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Naked Wines Doubles Profitability to £3.6 Million Despite 18% Revenue Drop

Cost cuts, higher margins, and reduced customer acquisition spending drive turnaround as company narrows losses and boosts cash reserves

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Naked Wines reported a significant increase in profitability for the first half of its 2026 financial year, despite a continued decline in revenue. The company released its results for the 26 weeks ending September 29, 2025, showing that adjusted EBITDA, excluding

inventory liquidation and related costs, rose to £3.6 million. This is more than double the £1.7 million reported in the same period last year.

The statutory loss before tax narrowed to £3.0 million from £5.6 million a year earlier. This figure includes £2.5 million in adjusted items and £2.6 million in costs related to inventory liquidation. Revenue fell to £89.5 million from £112.3 million in the previous year, representing an 18% decline on a constant currency basis.

Naked Wines attributed the revenue drop to several factors. The company cited the expected decline of large customer groups acquired during fiscal years 2021 and 2022, a reduction in spending on new customer acquisition since late fiscal 2025, and what it described as cautious consumer behavior.

Despite lower sales, gross profit margin improved to 19.5%, up from 16.9%. The company said about half of this improvement came from price increases and cost savings, including reduced spending on acquiring new customers. The rest was mainly due to changes in inventory from the previous year.

Investment in customer acquisition dropped sharply to £3.9 million from £9.4 million last year. The cost to acquire each new customer also fell, down to £69 from £78. Naked Wines has shifted its performance metric for new customers from a five-year payback period to a break-even measure, reporting that break-even for new customer groups acquired between April and August 2025 has fallen to 44 months, compared with 75 months last year.

Revenue per member decreased slightly to £162 from £168, while member retention held steady at 76%. The company’s net cash position, excluding lease liabilities, increased to £31.1 million from £22.9 million last year. This improvement was driven by £10 million in cash generation, partially offset by a £2 million share buyback completed in September.

Inventory levels were down by £26 million compared with the previous year but rose by £5 million since March as the company built up stock ahead of peak trading periods. Free cash flow declined to £4.7 million from £7.4 million, which Naked Wines linked to higher inventory spending despite gains from payables and funds held on behalf of its

“angel” members.

Return on equity and cash rose to 11% from 5%, which the company attributed to growth in adjusted EBITDA.

In terms of leadership changes, Jack Pailing joined as non-executive chair, Jan Hendrik Mohr became a non-executive director, and David Atchison was appointed as a board adviser focusing on marketing and customer growth.

Naked Wines also reported that its recently acquired Sonoma winery has started generating initial revenue through custom crush services and bulk storage, with potential for private label wine production in the future. The company noted early productivity gains from its ongoing digital transformation program and said that work continues on redesigning its homepage and improving the customer journey.

The group stated that overall performance remains in line with its full-year guidance as it continues efforts to reduce excess inventory and control spending on customer acquisition.