

July 2, 2018



# Naked Brand Group Limited Issues Shareholder Letter and Provides Operational Update on Key 2018 Milestone Achievements

*Recently Completed Transaction Between Naked Brand Group Inc. and Bendon Limited Creates a Global Leader in Intimate Apparel and Swimwear with Total Pro Forma Revenue of Approximately \$100 Million*

*Concurrent Debt Restructuring and Equity Financing Fortify Balance Sheet and Enable the Company to Realize New Supply Chain Cost Savings*

*Newly Appointed Veteran Apparel Executives Enhance Leadership Team to Accelerate Rapidly Growing E-Commerce Channel*

SYDNEY--(BUSINESS WIRE)-- **Naked Brand Group Limited (NASDAQ:NAKD)**, a global leader in intimate apparel and swimwear, has released a letter to its shareholders from CEO Justin Davis-Rice. The complete letter, which highlights operational milestones from the past fiscal year and key strategic initiatives targeted in 2018 and beyond, is set forth below.

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**Dear Fellow Shareholders,**

I am excited to be delivering my first shareholder letter as CEO of Naked Brand Group Limited following our recently completed transaction between Naked Brand Group Inc. and Bendon Limited and last week's filing of our Annual Report on Form 20-F that highlights our financial progress in fiscal year 2018.

For those of you that are new to our story, the fiscal year end for Naked Brand Group Limited is January 31, 2018 and as a foreign issuer we will report bi-annually as well as provide investors with consistent communication regarding our operational progress. Our ordinary shares now trade on the Nasdaq Capital Market under the same trading symbol (NAKD) previously used for Naked Brand Group Inc, and we were recently issued a new International Securities Identification Number (ISIN). All of this information, as well as the name and contact information for our transfer agent, auditor and legal counsel, can be found on our Investor Relations website [here](#). We realize the complexity of our recent transaction and want to be completely transparent as we integrate the two companies across all platforms including our co-branded corporate and IR website.

I would like to discuss why I am so energized about the new combined company.

The past six months have been thrilling for me both personally and professionally as we finalized the transaction and proceeded to our public listing on Nasdaq. I would like to take this opportunity to thank the shareholders of Naked Brand Group for their support throughout the process and for believing in our vision.

To recap on the current structure of our business, we are now a holding company with Bendon Limited (previously a private company) and Naked Brand Group Inc. (previously a Nasdaq-listed company) as wholly owned subsidiaries of ours. As a result, we have combined the Naked product brand with the Bendon portfolio of brands into a single corporate enterprise.

Given that this is my first introduction to most of you, I thought to share a quick snapshot of my background. I am now both the Chief Executive Officer of Naked Brand Group Limited and the Executive Chairman of Bendon Limited, having commenced with Bendon in 2010 after co-founding Pleasure State, an intimate apparel company which I merged with Bendon Limited in May 2010. Upon joining the ranks of this New Zealand icon, I observed significant potential and aimed to quickly transform the company through operational restructuring and a re-engineering of the key operational functions of the business, such as human resources, supply chain, design, development and sales. We also transitioned the company's largest brand into a partnership with globally iconic celebrity Heidi Klum.

Leading the newly combined company with me is a highly knowledgeable and experienced board of directors.

Chairman Carole Hochman has served as Naked's Chief Executive Officer and Chief Creative Officer and as a member of Naked's board of directors since June 2014. She founded Carole Hochman Design Group and served as CEO from September 1992 until its acquisition by Komar in 2010. She has been creating and manufacturing intimate apparel collections for more than 30 years, for brands such as Christian Dior, Oscar de la Renta, Ralph Lauren, Jockey, Donna Karan, Tommy Bahama and Betsey Johnson.

Chief Financial Officer Howard Herman is a Chartered Accountant with more than two decades of experience in the finance, property and retail sectors.

Paul Hayes is a non-executive director and is a certified public accountant, serving as a member of Naked's board of directors since February 2015. He has a wealth of M&A experience through his prior executive role as CFO with The Warnaco Group.

Andrew Shape also serves as a non-executive director and has over 25 years of branding, licensing, management, marketing and merchandising experience. In 1994, Mr. Shape co-founded and serves as the current President of Stran & Company Inc., a top 50 promotional marketing agency which provides leading consumer brands with collateral, merchandising and reward support across the United States.

There are interesting macro tailwinds that we expect will drive the growth in our business. This is an exciting time for the intimate apparel industry with some very promising growth indicators.

According to Allied Market Research, the [global intimate wear market is expected to generate \\$250 billion by 2022](#) and in the United States alone, the apparel market is expected to grow to \$285 billion by 2025. Globally, [the apparel market size is expected to reach over \\$2 trillion by 2025](#). These are very compelling numbers, with the projections primarily attributed to a shift in consumer demand based on changing priorities in lifestyle. Consumers are not only purchasing more (8 pieces of underwear per capita annually in 2017 compared to 6 per capita in 2010), but they are spending more as well, with the average price per unit increasing 11% since 2010.

These catalysts, combined with the strategic focus and significant patent growth opportunities presented by our recent transaction with Bendon Limited and Naked Brand Group Inc, combined with access to the public capital markets, reinforces the confidence that I have in our ability to execute a successful business plan for Naked Brand Group Limited.

We are committed to continuing to revolutionize the underwear industry through our dedication to design, quality, innovation and customer experience. The introduction of the Bio-fit pad is an example of our capability, with the revolutionary graduated cup technology that we developed and licensed to Victoria's Secret selling over 20 million units in the United States.

Our current stable of brands – Heidi Klum Intimates, Pleasure State, Naked, Bendon, Lovable, Bendon Man, Fayreform, Hickory, Davenport, Heidi Klum Swim and Heidi Klum Solutions – offers a product for every occasion, with fit and comfort always at the fore, and caters to a broad cross-section of consumers and market segments.

We have built Bendon today into a platform business, with core competencies in design and production and with trusted, valued business partners throughout China. The platform includes diverse capabilities in support services including supply chain, marketing, finance and technology and is uniquely positioned to take advantage of a fragmented intimates marketplace. The platform is well established and currently underleveraged and therefore scalable to operate at a much greater capacity – an opportunity eagerly accepted by all in the business, a reflection of our culture being one of progress, endeavor and accomplishment.

E-commerce is an exponential growth channel that in the future we expect will be a fundamental pillar of our business. With six brand and aggregated sites, E-commerce sales have grown from 4% in FY2015 to representing 24% of net sales in FY2018. Critical to our future is the development of the E-commerce channel and investment in technology and business models to effectively engage digital consumers at every touchpoint in the customer experience lifecycle.

Further, utilizing our optimized and under-leveraged infrastructure platform, we believe there are attractive strategic acquisition and roll-up opportunities within the e-commerce, intimate apparel, sleepwear and swimwear categories.

In fiscal 2018, Bendon generated revenues of \$93 million USD with gross profit of \$31 million USD or approximately 33% gross margin. The margin has been materially impacted by ongoing disruption to supply chain which in turn has affected both our access to product and the product mix on shop floors. We see this profile improving as the e-commerce

channel grows and the supply chain is recalibrated. To counter, Bendon undertook an extensive review into operating costs, and subsequently achieved annualized savings of \$6 million USD across the business. The injection of working capital from the actualizing of the merger should enable Bendon to remedy these past issues and correct the flow of inventory into our sales network, allowing the business to meet demand and generate meaningful revenue growth over the coming months and years.

## **2018 & Beyond**

On the IR front, for the back half of the year our team will be traveling across all global markets to attend conferences, roadshows, investor meetings and to meet with retailers. Communication will be pivotal in this foundational period, and our new investor relations team will be simultaneously keeping our shareholders current across key developments. We are excited to have Joel Primus, Founder of Naked, joining us in a full-time capacity to drive this pivotal aspect of the business.

In summary, I am again thrilled to be writing to you as the CEO of Naked Brand Group Limited. Our unrelenting progress will be the result of the perseverance and dedication of our incredible team. The merger enables Bendon to increase its footprint in the U.S. market, facilitating global business growth both organically and via strategic acquisitions. Thank you for your support and belief in our vision to capitalize on the opportunity before us in this business, to position Naked as a dominant industry force well into the future.

Sincerely,

Justin Davis-Rice  
CEO  
Naked Brand Group Limited

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## **About Naked Brand Group Limited:**

Naked Brand Group Limited is a leading intimate apparel and swimwear company with a diverse portfolio of brands. The company designs, manufactures and markets a portfolio of 11 company-owned and licensed brands, catering to a broad cross-section of consumers and market segments. Brands include Naked, Bendon, Bendon Man, Davenport, Fayreform, Hickory, Lovable, Pleasure State, Heidi Klum Intimates, Heidi Klum Man, Heidi Klum Swim. Naked Brand Group Limited products are available in 44 countries worldwide through 6,000 retail doors, a growing network of E-commerce sites and 61 company-owned Bendon retail and outlet stores in Australia and New Zealand. Brands are distributed through premier department stores, specialty stores, independent boutiques and third-party e-commerce sites globally, including Macy's, Nordstrom, Saks Fifth Avenue, Harrods, Selfridges, Amazon and asos among others. For more information please visit [www.nakedbrands.com](http://www.nakedbrands.com).

## **About Bendon Limited:**

Bendon is a global leader in intimate apparel and swimwear renowned for its best in category innovation in design, and technology and unwavering commitment to premium quality products throughout its 70-year history. Bendon has a portfolio of 11 highly productive

brands, including owned brands Bendon, Bendon Man, Davenport, Fayreform, Hickory, Lovable (in Australia and New Zealand) and Pleasure State, as well as licensed brands Heidi Klum Intimates and Swimwear. In October 2014 Bendon named supermodel and television host Heidi Klum as the Creative Director and face of Bendon's flagship Intimates collection, succeeding Elle Macpherson after 25 years with the brand. Bendon products are distributed through over 6,000 doors across 44 countries as well as through a growing network of 61 company-owned Bendon retail and outlet stores in Australia and New Zealand. Bendon's global supply chain is one of its strongest assets, controlling sourcing, manufacturing and production at over 30 partner facilities across Asia. Bendon has more than 700 staff at offices and stores in Auckland, Sydney, New York, London and Hong Kong and is poised for continued meaningful growth as it opens additional retail stores and expands its current portfolio of products. For more information please visit [www.bendongroup.com](http://www.bendongroup.com).

### **Forward-Looking Statements:**

This communication contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not historical facts. Such statements may be, but need not be, identified by words such as "may," "believe," "anticipate," "could," "should," "intend," "plan," "will," "aim(s)," "can," "would," "expect(s)," "estimate(s)," "project(s)," "forecast(s)," "positioned," "approximately," "potential," "goal," "pro forma," "strategy," "outlook" and similar expressions. Examples of forward-looking statements include, among other things, statements regarding future financial performance, future growth in our business, trends in our industry, product innovation and operational expansion. All such forward-looking statements are based on management's current beliefs, expectations and assumptions, and are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed or implied in this communication. Among the key factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements are the following: our ability to integrate the operations of Bendon Limited and Naked Brand Group Inc.; the risk that the projected value creation and efficiencies from the transaction with Bendon Limited and Naked Brand Group Inc. will not be realized; difficulties in maintaining customer, supplier, employee, operational and strategic relationships; the possibility that a robust market for our shares may not develop; our ability to raise additional financing; our ability to anticipate consumer preferences; and the other risks and uncertainties set forth under "Risk Factors" in our Annual Report on Form 20-F for the fiscal year ended January 31, 2018. Further, investors should keep in mind that our revenue and profits can fluctuate materially depending on many factors. Accordingly, our revenue and profits in any particular fiscal period may not be indicative of future results. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise, except as required by law.

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