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Naked Brand Group Limited Reports First Half Fiscal 2020 Operational Results

Recent Strategic Financings Reduce Trade Payables by 51% and Increase Inventory Levels by 25% Accelerating Naked's Breakeven Operations Goal by Fiscal 2020

SYDNEY / ACCESSWIRE / August 28, 2019 / [Naked Brand Group Limited](#)

(NASDAQ:NAKD) ("Naked" or the "Company"), a global leader in intimate apparel and swimwear, has reported its first half fiscal 2020 operational results for the six months ended July 31, 2019. Management expects to report financial results for the six months ended July 31, 2019 in the fourth quarter of 2019 in conjunction with a business update conference call.

Key First Half Fiscal 2020 Operational and Subsequent Highlights:

- Announced strategic brand divestiture initiative, through which the company is exploring the option to divest one or more of the [brands](#) in its portfolio as part of its new strategic direction to become an asset light direct to consumer business model with select strategic wholesale partners.
- Reduced trade payables to creditors by 51% year to date.
- Increased inventory levels by 25% to meet demand of brand portfolio channels.
- Appointed Anna Johnson as Chief Executive Officer, an industry veteran with a proven track record of restructuring and transforming established businesses.
- Appointed David Adams as Chief Financial Officer, an experienced financial executive who joins the Company having acted in finance leadership roles across several firms, including Vodafone NZ, United Biscuits, the publicly traded SKYCITY Entertainment Group, Fonterra and L'Oréal NZ.
- Conducted global strategic review and effectuated plan to realize an anticipated \$6.5 million in annual cost savings.
 - Fully exited unprofitable channels in the UK, EU and select Australian and New Zealand independent channels, inclusive of all related distribution and support infrastructure.
 - Naked will continue to service select EU and UK accounts due to strong brand strength in the region.
 - Downsized and optimized global offices in Sydney, Hong Kong and the U.S.
- Initiated targeted new marketing campaigns with a focus on empowerment and acceptance of 'EVERY BODY', coupled with driving awareness on the health benefits of the correct support and bra fit of the women's ever-changing body through life's

milestones.

- Fortified balance sheet through multiple financing and debt restructuring transactions, including:
 - \$3.9 million strategic financing and \$5.4 million debt restructuring transaction in March 2019 with investors and key manufacturing partners.
 - \$1.5 million strategic investment from TokenPay Swiss AG, a company that invests in firms which incorporate blockchain technology products and services.
 - Registered direct offering and private placement of warrants in July and August 2019, raising \$3.6 million in new capital while cancelling \$6.5 million in trade payables due to certain of the Company's suppliers.

Management Commentary

“The first half of fiscal 2020 was highlighted by the implementation of our new strategic direction, as the lean, direct-to-consumer future we envisioned for the company becomes a reality,” said Anna Johnson, Chief Executive Officer of Naked Brand Group Limited. “We are now focusing on ensuring that the business is structured to support the impending growth of our incredibly exciting direct-to-consumer channels.

“Due to our recent financing initiatives, which cleared a significant amount of supplier payables while providing us with additional cash to stock the channel and we now have sufficient inventory in place to supply our growing customer demand through the Christmas holiday enabling a resumption of revenue growth.

“Financially, our restructuring efforts are proceeding as planned and cost savings are being realized as expected. Through a continuation of these efforts and further structure changes, we now expect to deliver a total forecasted SG&A savings of over \$12.8 million through to FY21. We envision Naked as a lean, direct-to-consumer organization and are making significant efforts to realize this goal,” continued Johnson.

“Regarding our in-store initiatives, we have revamped our go-to-market strategy and media plan and expect to invest in our marketing spend with a positive ROI. Looking forward, the next planned phase is company-wide training, store layout changes and marketing efforts which are expected to return customer conversion to the 30-40% range with an increasingly large basket size as Naked has seen historically a major driver of the expected growth in our direct-to-consumer channel.

“I am proud of what our team accomplished in the first half of fiscal 2020 and with what we are poised to accomplish going forward. We have substantially streamlined Naked's operations and created an entity that is transitioning into a leaner, more capital efficient and higher-margin business than ever before. We are well positioned to accomplish our goal of cash flow breakeven in the second half of fiscal 2020 and I look forward to continued operational execution and long-term shareholder value creation,” concluded Johnson.

About Naked Brand Group Limited:

Naked Brand Group Limited (NASDAQ: NAKD) 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.

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 continued trading in our securities on Nasdaq, 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: the risk that we do not regain, or do not thereafter maintain, compliance with Nasdaq's continued listing standards; 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, 2019, as amended. 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.

Investor Contact:

Joel Primus
Naked Brand Group Limited
joel@thenakedshop.com

Chris Tyson
MZ North America
chris.tyson@mzgroup.us
949-491-8235

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