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Naked Announces 72.6% First Quarter Net Sales Growth

NEW YORK, June 15, 2016 (GLOBE NEWSWIRE) -- [Naked Brand Group Inc.](#) (NASDAQ:NAKD) ("Naked" or the "Company"), an innovative fashion and lifestyle brand, announced yesterday results for its [first fiscal quarter](#) ended April 30, 2016.

During the period, net sales increased by 72.6% over the comparative three-month period ended April 30, 2015 to \$447,627. As part of the Company's strategic plan, the growth in net sales was primarily a result of executing the Company's first wholesale shipments of women's sleepwear, loungewear and intimate apparel collections to select department store and specialty store accounts. Sales of women's products at new accounts such as Bloomingdale's and Dillard's stores have been strong. As a result, Naked has already received purchase orders and planning indications from these stores for additional inventory and styles.

"Entering the robust women's sleepwear and intimates market has been our key objective since the day I joined Naked, so I am delighted that we are off to a good start with well-known retailers like Bloomingdale's, Dillard's and Soma," said CEO and Chairwoman, Carole Hochman. "The women's sleepwear and intimates market is nearly five times larger than the men's underwear market, so we believe it represents a substantial opportunity ahead for the Company. We believe we are now positioned for significant growth. We expect to add new wholesale customer accounts for our women's collections in the next several fiscal quarters and expect our sales of women's products to continue to increase throughout the fiscal year."

Sales of Naked's men's products continued to constitute the majority of total sales and accounted for 55% of the Company's wholesale and e-commerce revenues during the first fiscal quarter. The Company is focused on several strategic factors it believes will contribute to the ongoing expansion of its men's business: 1) the reduction of suggested retail prices for its core men's underwear products, which it completed in May 2016; 2) the launch of the Wade x Naked collection expected in the Fall of 2016; and 3) the introduction of new underwear and loungewear products for men, including the recent launch of innovative products such as Naked Shield™ and a Peruvian pima cotton loungewear collection.

Other operating highlights from the Company's quarterly report include:

- Gross margin increased to 31.2% compared to 26.2% in the fiscal quarter ended April 30, 2015. The increase was primarily due to production efficiencies and a higher proportion of direct to consumer sales, which generate a higher gross margin.

- Direct-to-consumer e-commerce sales via www.wearnaked.com increased by 250% to \$105,000 from \$30,000 in the fiscal quarter ended April 30, 2015.
- As an example of new customer accounts that can contribute to men's sales growth, Naked received a \$250,000 purchase order in May 2016 for a product test of a single style of men's underwear from a major retail store chain. This order is expected to ship in August 2016 and, if the test is successful, Naked believes it will represent a significant opportunity for sales growth through this new channel partner.

"First quarter results reflect execution on our commitment to expand into the women's market as well as the progress we are making to improve results on margin contribution through a focus on reducing production costs and improving other efficiencies," said Founder and President, Joel Primus. "We are also pleased to see success in our early efforts to build a direct e-commerce business. These important new opportunities are what we believe will drive and shape the future of Naked."

Additionally, on June 14, 2016, Naked entered into a Joint Factoring Agreement with Wells Fargo ("Wells Fargo") through which the Company may borrow the lesser of (i) \$6,000,000 or (ii) the sum of up to 80% of eligible trade receivables plus the lesser of up to (A) 50% of the value of eligible warehouse inventory or (B) \$500,000, plus the lesser of (a) up to 75% of securities held in a blocked security account, which must have a value of at least \$1,067,000 or (b) \$200,000, less any reserves that Wells Fargo may establish from time to time. The facility is secured by a general security interest over all of the Company assets and interests. Prior to the execution of this new arrangement with Wells Fargo, Naked terminated its factoring agreement with Capital Business Credit LLC through which the Company could previously borrow the lesser of (i) \$750,000 or (ii) the sum of up to 80% of trade receivables, 60% of finished goods inventory and 100% of any accepted side collateral, under the terms and conditions as outlined in such agreement. Further, the Company repaid all remaining principal and accrued interest due under convertible promissory notes ("Notes") previously issued in association with certain Agency Agreements with Kalamalka Partners and certain lenders. As such, these Notes are no longer outstanding and Wells Fargo is currently the only outstanding lender to Naked.

"Wells Fargo is the leading lender to the apparel industry and we are delighted they have agreed to partner with Naked," said Hochman. "We believe this relationship will be key to facilitating our continued growth."

A copy of the quarterly report on Form 10-Q for the quarter ended April 30, 2016 may be obtained through the company's website, <http://ir.nakedbrands.com/all-sec-filings>.

ABOUT NAKED

Naked was founded on one basic desire, to create a new standard for how products worn close to the skin fit, feel and function. Naked's women's and men's collections are available at www.wearnaked.com, and Naked has a growing retail footprint for its innovative and luxurious innerwear products in some of the leading online and department stores in North America including Nordstrom, Bloomingdale's, Dillard's, Soma, Saks Fifth Avenue, Amazon.com, BareNecessities.com and more. In 2014, renowned designer and sleepwear pioneer Carole Hochman joined Naked as Chief Executive Officer, Chief Creative Officer and Chairwoman with the goal of growing Naked into a global lifestyle brand. In June 2015,

Naked announced a strategic partnership with NBA Miami HEAT star Dwyane Wade. The 3-time NBA Champion, 11-time All Star and Olympic Gold Medalist joined the Company's Advisory Board, and is the Creative Director for a signature collection of men's innerwear launching 2016. Naked is now headquartered in New York City and plans to expand in the future into other apparel and product categories that can exemplify the mission of the brand, such as activewear, swimwear, sportswear and more. <http://www.nakedbrands.com/>

Forward-Looking Statements

This news release contains forward-looking statements, which reflect the expectations of management of the Company with respect to potential future events. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such forward-looking statements include, but are not limited to, statements regarding the launch of the Wade x Naked collection expected in the Fall of 2016, the introduction of new underwear and loungewear products for men, opportunities for growth, improving results on margin contribution, achievement of reductions in production costs and improving other efficiencies, relationships with retailers, wholesalers and other business partners (including Bloomingdale's Dillard's, Soma and Wells Fargo), Naked's ability to add new customer accounts, and future borrowings under the Factoring Agreement with Wells Fargo. These forward-looking statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. Actual results and the timing of events could differ materially from those anticipated in the forward-looking statements as a result of such risks and uncertainties, which include, without limitation: an economic downturn or economic uncertainty in the Company's key markets; the Company's inability to effectively manage the growth and the increased complexity of its business; the Company's highly competitive market and increasing competition in the market; the Company's inability to deliver its products to the market and to meet customer expectations due to problems with its distribution system; the Company's failure to maintain the value and reputation of its brand; the Company's failure to raise the capital necessary to carry out its business plan and operations; and other risk factors detailed in the Company's reports filed with the Securities and Exchange Commission and available at www.sec.gov. These forward-looking statements are made as of the date of this news release, and the Company disclaims any intent or obligation to update the forward-looking statements, or to update the reasons why actual results, performance or developments could differ from those anticipated in the forward-looking statements, except as required by applicable law, including the securities laws of the United States. Although the Company believes that any beliefs, plans, expectations and intentions contained in this news release are reasonable, there can be no assurance that any such beliefs, plans, expectations or intentions will prove to be accurate.

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