

December 20, 2018



Naked Brand Group Limited Reports First Half Fiscal 2019 Financial Results

Company to Reschedule First Half Fiscal 2019 Financial Results and Operational Update Conference Call to a Soon to be Announced Time in Early 2019

SYDNEY, Australia, Dec. 20, 2018 (GLOBE NEWSWIRE) -- [Naked Brand Group Limited](#) (**Nasdaq: NAKD**) ("Naked" or the "Company"), a global leader in intimate apparel and swimwear, has reported its first half fiscal 2019 financial results for the six months ended July 31, 2018.

Key First Half Fiscal 2019 Financial Highlights:

- Net sales for the first half of 2019 decreased by 5.1% to NZD\$56.8 million, or USD\$38.6 million, compared to NZD\$59.8 million, or USD\$40.6 million, for the first half of 2018.
- Gross profit margin as a percentage of revenue decreased to 31.2% in the first half of 2019, as compared to approximately 32.7% in the first half of 2018.
- Operating expenses increased to NZD\$43.7 million, or USD\$29.7 million, in the first half of 2019, compared to NZD\$38.8 million, or USD\$26.4 million, in the first half of 2018. The increase in operating expenses was due to the costs incurred as part of the U.S. listing process NZD\$5.1million or USD \$3.5 million as well as non-cash impairment charges of NZD\$4.1 million or USD\$2.8 million.
- Net loss totaled NZD\$26.5 million, or USD\$18.07 million, in the first half of 2019, or (NZD\$1.28), or (USD\$0.87), per basic and diluted share, compared to a net loss of NZD\$18.42 million, or USD\$12.5 million, in the first half of 2018, or (NZD\$0.89), or (USD\$0.61), per basic and diluted share.
- Adjusted EBITDA loss totaled NZD\$15.4million, or USD\$10.5 million, in the first half of 2019 compared to the first half of 2018 of adjusted EBITDA loss of NZD\$16.2million or USD\$11.0million.

Key First Half Fiscal 2019 and Subsequent Operational Highlights:

- Completed merger between Naked Brand Group Inc. and Bendon Limited creating a global leader in intimate apparel and swimwear.
- Completed debt restructuring and equity financing to fortify balance sheet and realize

new supply chain cost savings.

- Appointed veteran apparel executives to accelerate rapidly growing e-commerce channel.
- Completed agreement with CVS Health and launched Heidi Klum Intimates Solutions line to over 4,000 CVS locations across the United States.
- Launched new Diffusion program nationwide with Costco Wholesale Australia.
- Launched retail and outlet store expansion strategy across Australia and New Zealand.
- Completed acquisition of Fredericks of Hollywood global e-commerce licensee, through the purchase of FOH Online Corp.

Management Commentary

“The first half fiscal 2019 was a very pivotal time for the newly combined company as we integrated both businesses, cleaned up our capital structure and eliminated some divisions in order to position Naked for the next phase of our e-commerce business,” said Justin Davis-Rice, CEO of Naked. “While today’s reported financial results reflect a period of transition, we believe the steps taken during this time will position the company for accelerated growth in the new year. We look forward to updating shareholders on these developments and new pending initiatives in early 2019 on our rescheduled conference call,” concluded Davis-Rice.

First Half Fiscal 2019 Financial Results

Net sales in the first half of 2019 totaled NZD\$56.8 million, or USD\$38.6 million, a decrease of 5.1% compared to NZD\$59.8 million, or USD\$40.6 million, in the first half of 2018. This decrease in net sales was primarily a result of vendor supply issues.

Gross profit totaled approximately NZD\$17.7 million, or USD\$12.1 million, in the first half of 2019 as compared to NZD\$19.6 million, or USD\$13.3 million, in the first half of 2018. Gross profit margin as a percentage of revenue decreased to 31.2% in the first half of 2019, as compared to approximately 32.7% in the first half of 2018. The reduction in gross margin was caused by increased discounts provided to customers and sub-optimal stock mix due to the vendor supply issue.

Operating expenses increased to NZD\$43.7 million, or USD\$29.7 million, in the first half of 2019, compared to NZD\$38.8 million, or USD\$26.4 million, in the first half of 2018.

Net loss totaled NZD\$26.5 million, or USD\$18.07 million, in the first half of 2019, or (NZD\$1.28), or (USD\$0.87), per basic and diluted share, compared to a net loss of NZD\$18.42 million, or USD\$12.5 million, in the first half of 2018, or (NZD\$0.89), or (USD\$0.61), per basic and diluted share. The increase in net loss was due to reduced gross profit and increased expenses.

Adjusted EBITDA loss decreased to NZD\$15.4 million, or USD\$10.5 million, in the first half of 2019 from NZD\$16.3 million, or USD\$11.1 million, in the first half of 2018. See below

under the heading “Use of Non-GAAP Financial Information” for a discussion of EBITDA and a reconciliation of such measure to the most comparable measure calculated under U.S. generally accepted accounting principles (“GAAP”).

Cash and cash equivalents at July 31, 2018 totaled NZD\$4.2 million, or USD\$2.9 million, as compared to \$3.5 million, or USD\$2.4 million, at July 31, 2017. Subsequent to the closing of the first half fiscal 2019, the company completed a USD\$3.4 million private placement of ordinary shares and warrants with two accredited investors, including Naked CEO, Justin Davis-Rice.

The New Zealand Dollar figures in this press release were converted to United States Dollar figures at an 0.68 exchange rate.

Further details about the Company’s results in the first half 2019 are available on Form 6-K, accessible in the investor relations section of the Company’s website at www.nakedbrands.com and through the U.S. Securities and Exchange Commission’s website [here](#).

First Half Fiscal 2019 Financial Results Conference Call Rescheduling

Naked Brand Group Limited will postpone its financial results conference call previously scheduled for Thursday, December 20, 2018 at 4:30 p.m. Eastern time due to the timing of key milestones that are now expected to occur in early 2019. Management will discuss its financial results for the first half fiscal 2019 ended July 31, 2018 and provide an update on operational milestones on a soon to be announced date in early 2019.

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.

Use of Non-GAAP Financial Information

This document includes “non-IFRS financial measures”, that is, financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS. Specifically, we make use of the non-IFRS measures “EBITDA”.

EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortization and impairment. Our management uses EBITDA as a measure of our operating results and considers it to be a meaningful supplement to profit (loss) before income tax as a

performance measurement, primarily because we incur significant depreciation and depletion and the exclusion of impairment losses in EBITDA eliminates the non-cash impact. The intent of EBITDA is to provide additional useful information to investors. However, the measure does not have any standardized meaning under IFRS. Accordingly, this measure should not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate EBITDA differently.

A reconciliation of EBITDA to profit (loss) before income tax, the most directly comparable IFRS financial measure, is as follows:

	6 months to 31 July 2018 NZ \$000's	6 months to 31 July 2017 NZ \$000's
EBITDA	(15,436)	(16,285)
Brand transition, restructure and transaction expenses	(5,157)	(1,112)
Finance expense	(2,454)	(4,776)
Impairment expense	(4,182)	-
Depreciation and amortization	(1,190)	(1,821)
Fair value (gain)/loss on foreign exchange contracts	2,306	(1,600)
Unrealized foreign exchange gain	383	3,309
Fair value gain/(loss) on convertible note derivative	(775)	3,246
Loss before income tax	(26,505)	(19,039)

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, 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.

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**Naked Brand Group Limited
 Condensed Consolidated Balance Sheet
 As at 31 July 2018**

	31 July 2018 NZ \$000's	31 January 2018 NZ \$000's
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4,173	10,739
Trade and other receivables	10,083	13,165
Inventories	24,030	31,113
Foreign currency derivative financial instruments	220	-
Related party receivables	16,002	15,326
TOTAL CURRENT ASSETS	54,508	70,343
NON-CURRENT ASSETS		
Property, plant and equipment	4,054	4,741
Intangible assets	17,287	13,012
TOTAL NON-CURRENT ASSETS	21,341	17,753
TOTAL ASSETS	75,849	88,096
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	34,734	32,516
Borrowings	21,167	52,121
Foreign currency derivative financial instruments	-	2,087

Derivative on Convertible Notes	-	1,110
Current tax liabilities	158	786
Related party payables	-	1,369
Provisions	1,393	1,106
TOTAL CURRENT LIABILITIES	57,452	91,095
NON-CURRENT LIABILITIES		
Provisions	2,165	2,711
TOTAL NON-CURRENT LIABILITIES	2,165	2,711
TOTAL LIABILITIES	59,617	93,806
NET ASSETS/(LIABILITIES)	16,232	(5,710)
EQUITY		
Share capital	117,183	68,727
Other reserves	(2,426)	(2,006)
Accumulated losses	(98,525)	(72,431)
TOTAL EQUITY	16,232	(5,710)

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Naked Brand Group Limited
Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 31 July 2018

	6 months to 31 July 2018 NZ \$000's	6 months to 31 July 2017 NZ \$000's
Continuing operations		
Revenue	56,750	59,787
Cost of sale of goods	(39,072)	(40,207)
Gross profit	17,678	19,580
Brand management	(25,399)	(25,873)
Administrative expenses	(1,851)	(1,891)
Corporate expenses	(7,901)	(7,028)
Finance expense	(2,454)	(5,027)
Brand transition, restructure and transaction expenses	(5,157)	(1,112)
Impairment expense	(4,181)	-
Other foreign currency gains/(losses)	3,535	(934)

Fair value gain/(loss) on Convertible Notes derivative	(775)	3,246
Loss before income tax	(26,505)	(19,039)
Income tax (expense)/benefit	411	(174)
Loss for the period	(26,094)	(19,213)

Other comprehensive income

Items that may be reclassified to profit or loss

Exchange differences on translation of foreign operations	(420)	757
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Other comprehensive income/(loss) for the period, net of tax

(420)	757
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Total comprehensive income/(loss) for the period

(26,515)	(18,456)
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Total comprehensive income/(loss) attributable to:

Owners of Naked Brand Group Limited

(26,515)	(18,456)
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6	6
months	months
to	to
31 July	31 July
2018	2017*
NZ	NZ
\$000's	\$000's

Earnings per share from loss from continuing operations attributable to the ordinary equity holders of Naked Brand Group Limited

Basic loss per share (NZ\$)	(1.28)	(0.89)
Diluted loss per share (NZ\$)	(1.28)	(0.89)

* As a result of the stock consolidation on 19 June 2018 the calculation of basic and diluted earnings per share for 2017 has been adjusted retrospectively. Number of ordinary shares outstanding has been adjusted to reflect the proportionate change in the number of shares. See note 16 for further information.

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



Source: Naked Brand Group Limited