

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission File Number 001-38544

NAKED BRAND GROUP LIMITED

(Exact name of registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Australia

(Jurisdiction of incorporation or organization)

Unit 7, 35-39 William Street
Double Bay

NSW 2028, Australia

(Address of principal executive offices)

Justin Davis-Rice, Executive Chairman

Unit 7, 35-39 William Street

Double Bay

NSW 2028, Australia

(Name, telephone, e-mail and/or facsimile number and address of Company contact person)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<u>Ordinary Shares</u>	<u>NAKD</u>	<u>The Nasdaq Capital Market</u>

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

At May 17, 2021, 781,704,296 of the issuer's ordinary shares were issued and outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this report is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

NAKED BRAND GROUP LIMITED

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INTRODUCTION

In this Annual Report on Form 20-F (this “Annual Report”), unless otherwise indicated, all references to “we,” “our,” “us,” the “Company,” or “Naked,” and all similar terms, refer to Naked Brand Group Limited and its consolidated subsidiaries. We publish our consolidated financial statements in New Zealand dollars. In this Annual Report, unless otherwise specified, all monetary amounts are in New Zealand dollars, and all references to “\$,” “NZD\$,” and “dollars” mean New Zealand dollars, unless otherwise indicated.

This Annual Report contains our audited consolidated financial statements and related notes as of January 31, 2021 and 2020 and for the fiscal years ended January 31, 2021, 2020 and 2019 (“Audited Consolidated Financial Statements”). Our Audited Annual Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

On December 20, 2019, we completed a reverse stock split of our Ordinary Shares, pursuant to which every 100 Ordinary Shares outstanding as of the effective time of the reverse stock split were combined into one Ordinary Share. Except as otherwise noted, all share and per share information in this prospectus is presented on post-reverse split basis.

On January 21, 2021, we announced plans to undertake a transformative restructure in which we would dispose of our bricks-and-mortar operations in order to focus exclusively on our e-commerce business. To that end, we signed a non-binding and non-exclusive term sheet to divest ourself of our Bendon Limited (“Bendon”) subsidiary, to a group composed of existing management of the Company, including Justin Davis-Rice, the Executive Chairman and Chief Executive Officer of the Company, and Anna Johnson, the Chief Executive Officer of Bendon (the “Bendon Sale”). On April 23, 2021, we held an Extraordinary General Meeting of Shareholders, at which our shareholders approved the Bendon Sale. On April 30, 2021, we signed a conditional share sale agreement for the Bendon Sale (the “Bendon Share Sale Agreement”) and simultaneously consummated the transactions contemplated thereby. See Item 5 of this Annual Report, “*Operating and Financial Review and Prospects—Recent Developments*,” for more information.

As a result of the Bendon Sale, our sole operating subsidiary is FOH Online Corp. (“FOH”). Through FOH, we are the exclusive licensee of the Frederick’s of Hollywood global online license, under which we sell Frederick’s of Hollywood intimates products, sleepwear and loungewear products, swimwear and swimwear accessories products, and costume products.

TRADEMARKS AND SERVICE MARKS

This Annual Report contains references to a number of trademarks which are our registered trademarks or trademarks for which we have pending applications or common law rights. Our major trademark is Frederick’s of Hollywood. Prior to the divestment of the Bendon business we also owned the trademarks and licenses disclosed below in Item 4.B of this Annual Report, “*Business Overview—Legacy Bendon Business*.”

Solely for convenience, the trademarks, service marks and trade names referred to in this Annual Report are listed without the ®, (sm) and (TM) symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements. Forward-looking statements include all statements that are not historical facts. Forward-looking statements can be identified by words such as “anticipate,” “believe,” “envision,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue,” “contemplate” and other similar expressions, although not all forward-looking statements contain these identifying words. They appear in a number of places throughout this Annual Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate. Forward-looking statements contained in this Annual Report include, among other things, statements relating to:

- our restructuring initiatives;
- expectations regarding industry trends and the size and growth rates of addressable markets;
- our business plan and our growth strategies, including plans for acquisitions and expansion to new markets and new products; and
- expectations for seasonal trends.

These statements are not assurances of future performance. Instead, they are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, and other future conditions. Although we base the forward-looking statements contained in this Annual Report on assumptions that we believe are reasonable, we caution you that actual results and developments (including our results of operations, financial condition and liquidity, and the development of the industry in which we operate) may differ materially from those made in or suggested by the forward-looking statements contained in this Annual Report. In addition, even if results and developments are consistent with the forward-looking statements contained in this Annual Report, those results and developments may not be indicative of results or developments in subsequent periods.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in Item 3.D of this Annual Report, “*Risk Factors*,” which include, but are not limited to, the following risks:

- our reliance on our Frederick’s of Hollywood brand.
- our ability to protect or preserve our brand image and proprietary rights;
- our ability to satisfy changing consumer preferences;
- an economic downturn affecting discretionary consumer spending;
- our ability to manage our growth effectively;
- the success of our business restructuring;
- our ability to raise any necessary capital;
- poor performance during our peak season affecting our operating results for the full year;
- our ability to manage our product distribution given our reliance on third-party distribution/fulfilment;
- the success of our marketing programs;
- the impact of the COVID-19 pandemic.

Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. As a result, any, or all of our forward-looking statements in this Annual Report may turn out to be inaccurate. We have included important factors in the cautionary statements included in this Annual Report, particularly in Item 3.D of this Annual Report, “*Risk Factors*,” that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not rely on our forward-looking statements. Moreover, we operate in a highly competitive and rapidly changing environment in which new risks often emerge. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make.

You should read this Annual Report and the documents that we reference herein and have filed as exhibits hereto completely and with the understanding that our actual future results may be materially different from what we expect. The forward-looking statements contained herein are made as of the date of this Annual Report, and we do not assume any obligation to update any forward-looking statements except as required by applicable law.

NON-IFRS FINANCIAL MEASURES

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 net income 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.

EBITDA is used by investors and analysts for the purpose of valuing an issuer. The intent of EBITDA is to provide additional useful information to investors and 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. For a reconciliation of net income from continuing operations to EBITDA, please see Item 5.A of this Annual Report, “*Operating Results*.”

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIME TABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The selected statement of operations data set forth below for the years ended January 31, 2021, 2020, 2019 and 2018, and the selected balance sheet data as at January 31, 2021, 2020 and 2019, has been derived from our audited consolidated financial statements prepared and presented in accordance with IFRS that are included in this Annual Report.

The selected statement of operations set forth below for the seven months ended January 31, 2017 and for the fiscal years ended June 30, 2016, and the selected balance sheet data as at January 31, 2017, June 30, 2016, has been derived from our audited consolidated financial information prepared and presented in accordance with IFRS that is not included in this Annual Report

The selected financial information below is only a summary and should be read in conjunction with our audited financial statements and notes thereto contained elsewhere herein. The financial results should not be construed as indicative of financial results for subsequent periods. See Item 5 of this Annual Report, “*Operating and Financial Review and Prospects*,” and the financial statements and the accompanying notes thereto included under Item 18 of this Annual Report, “*Financial Statements*,” for further information about our financial results and condition.

The selected financial information below includes financial information relating to our former subsidiary, Bendon. As a result of the Bendon Sale, presently, our sole operating subsidiary is FOH.

Consolidated Statement of Operations Data

	12 Months Jan. 31, 2021	12 Months Jan. 31, 2020	12 Months Jan. 31, 2019	12 Months Jan. 31, 2018	7 Months Jan. 31, 2017	12 Months June. 30, 2016
<i>Thousands of NZ\$'s</i>						
Revenue	80,039	90,065	111,920	131,388	96,284	151,000
Cost of goods sold	(46,147)	(56,247)	(74,480)	(87,459)	(57,144)	(83,525)
Gross profit	33,892	33,818	37,440	43,929	39,140	67,475
Other Income	4,223	0	0	0	0	0
Brand management	(28,880)	(35,555)	(49,256)	(53,653)	(32,040)	(48,362)
Administrative expenses	(9,556)	(11,837)	(3,432)	(4,131)	(2,383)	(4,090)
Corporate expenses	(9,350)	(12,772)	(14,145)	(12,851)	(8,082)	(13,002)
Finance expense	(8,214)	(5,213)	(4,041)	(8,791)	(6,238)	(10,409)
Brand transition, restructure and transaction expenses	(22,527)	(14,593)	(10,075)	(3,272)	(1,321)	(2,232)
Impairment expense	(4,895)	(8,904)	(8,173)	(1,914)	(292)	(2,157)
Other foreign currency gains/(losses)	3,642	615	1,963	757	(3,306)	(2,423)
Interest Income	5	12	0	0	0	0
Gain on intangible Assets	0	906	0	0	0	0
Fair value gain/(loss) on convertible notes derivative	(26,552)	0	(775)	2,393	(592)	0
Loss before income tax	(68,212)	(53,523)	(50,494)	(37,533)	(15,114)	(15,200)
Income tax benefit/(expense)	(134)	(782)	1,274	(60)	(865)	(5,546)
Loss for the period	(68,346)	(54,305)	(49,220)	(37,593)	(15,979)	(20,746)
<i>Other comprehensive loss</i>						
Exchange differences on translation of foreign operations	(4,484)	2,131	(7)	148	(29)	31
Total comprehensive loss for the period	(72,830)	(52,174)	(49,227)	(37,445)	(16,008)	(20,715)
<i>Loss per share for profit from continuing operations attributable to the ordinary equity holders of the company:</i>						
Basic loss per share (NZ\$)	(0.62)	(34.74)	(200.77)	(131.38)	(60.54)	(82.86)
Diluted loss per share (NZ\$)	(0.62)	(34.74)	(200.77)	(131.38)	(60.54)	(82.86)

* On December 20, 2019, the Company executed a 1-100 reverse share split reducing the number of shares. The reverse split has also been reflected in the prior year number of shares. See note 25 of our audited consolidated financial statements for further information.

Consolidated Balance Sheet Data

	Jan 31, 2021	Jan 31, 2020	Jan 31, 2019	Jan 31, 2018	Jan 31, 2017	June 30, 2016
<i>Thousands of NZ\$</i>						
Cash and cash equivalents	90,925	3,791	1,962	10,739	2,645	4,193
Working capital	63,775	(22,210)	(29,426)	(20,752)	(19,644)	(19,987)
Total assets	159,882	88,530	75,687	88,096	101,232	95,591
Borrowings	17,495	38,913	20,967	52,121	68,998	77,593
Total Shareholders equity	89,191	(6,284)	10,519	(5,710)	(9,044)	(17,876)

Unless otherwise noted, all translations from U.S. dollars to New Zealand dollars in this Annual Report were made at the closing rate as at January 31, 2021 of NZD\$1 = US\$0.7168. We make no representation that any New Zealand dollars or U.S. dollar amounts could have been, or could be, converted into U.S. dollar or New Zealand dollars, as the case may be, at any particular rate, at the rates stated below, or at all.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risk Related to Our Business and Industry

We have a history of operating losses that may continue into the foreseeable future.

We have a history of operating losses and negative cash flow that may continue into the foreseeable future. If we fail to execute our strategy to achieve and maintain profitability in the future, investors could lose confidence in the value of our Ordinary Shares, which could cause our share price to decline and adversely affect our ability to raise additional capital. Investors should evaluate an investment in our company in light of this.

We may require additional capital funding, the receipt of which may impair the value of our Ordinary Shares.

Our future capital requirements depend on many factors, including our restructuring, our sales and marketing and our acquisition activities. We may need to raise additional capital through public or private equity or debt offerings or through arrangements with strategic partners or other sources in order to continue to develop and commercialize our products and product candidates. There can be no assurance that additional capital will be available when needed or on terms satisfactory to us, if at all. To the extent we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution and the new equity securities may have greater rights, preferences or privileges than our existing Ordinary Shares.

We may issue additional securities in the future, which may result in dilution to our shareholders.

We are not restricted from issuing additional Ordinary Shares or securities convertible into or exchangeable for Ordinary Shares. We may conduct equity offerings in the future to raise additional capital to operate and/or expand our business or for acquisitions.

For instance, we may sell up to US\$99,500,000 of Ordinary Shares (of which US\$69,120,474 have been sold as of April 30, 2021) in an “at-the-market” offering pursuant to the February EDA (as defined in Item 4.B of this Annual Report, “*Business Overview—Recent Developments*”). It is not possible to predict the actual number of Ordinary Shares we will sell under the February EDA because the number of Ordinary Shares that are sold through Maxim will fluctuate based on a number of factors, including the market price of the Ordinary Shares during the sales period, the limits we set with Maxim in any applicable placement notice, and the demand for our Ordinary Shares during the sales period. However, we may sell a substantial number of Ordinary Shares in the ATM Offering.

We also may issue additional Ordinary Shares upon the exercise of our outstanding warrants. As of April 30, 2021, we had approximately 32,985,413 Ordinary Shares underlying our outstanding February 2021 Warrants (as defined in Item 4.B of this Annual Report, “*Business Overview—Recent Developments*”). However, the actual number of shares issued upon exercise of the February 2021 Warrants may be substantially more or less than this amount, depending, among other things, on whether the February 2021 Warrants are exercised through a Black-Scholes cashless exercise. In such event, the number of Ordinary Shares issuable upon exercise of the February 2021 Warrants would depend on the market price of the Ordinary Shares. We cannot predict the market price of our Ordinary Shares at any future date, and therefore, we are unable to accurately forecast or predict the total amount of shares that ultimately may be issued under the February 2021 Warrants. In no event will we be required to issue upon exercise of the warrants more than a fixed maximum number of Ordinary Shares specified in the warrants.

Furthermore, we also may issue additional Ordinary Shares upon exercise of our outstanding warrants (other than the February 2021 Warrants). As of May 17, 2021, there were 535,987 Ordinary Shares underlying such outstanding warrants.

There is no limit on the number of Ordinary Shares we may issue under our constitution. To the extent our outstanding warrants are exercised, our outstanding convertible promissory notes are converted, or we conduct additional equity offerings, additional Ordinary Shares will be issued, which may result in dilution to our shareholders. Sales of substantial numbers of shares in the public market could adversely affect the market price of our Ordinary Shares. In addition, issuances of a substantial number of shares will reduce the equity interest of our existing investors and could cause a change in control of our company.

Our new strategic direction may not be successful, which may adversely affect our results of operations and cause our share price to decline.

On January 21, 2021, we announced plans to undertake a transformative restructure in which we would dispose of our bricks-and-mortar operations in order to focus exclusively on our e-commerce business. To that end, we signed a non-binding and non-exclusive term sheet for the Bendon Sale (the divestment of our Bendon subsidiary, to a group composed of existing management of the Company, including Justin Davis-Rice, the Executive Chairman and Chief Executive Officer of the Company, and Anna Johnson, the Chief Executive Officer of Bendon). On April 23, 2021, we held an Extraordinary General Meeting of Shareholders, at which our shareholders approved the Bendon Sale. On April 30, 2021, we signed the Bendon Share Sale Agreement and simultaneously consummated the transactions contemplated thereby. See Item 5 of this Annual Report, “*Operating and Financial Review and Prospects—Recent Developments*,” for more information.

As a result of the Bendon Sale, our sole operating subsidiary is FOH. Through FOH, we are the exclusive licensee of the Frederick’s of Hollywood global online license, under which we sell Frederick’s of Hollywood intimates products, sleepwear and loungewear products, swimwear and swimwear accessories products, and costume products

Our strategy moving forward is, amongst other things, to organically grow the revenue and profitability of FOH, leverage our core capabilities and extract potential cross synergies, and actively pursue strategic acquisitions. Accordingly, our ability to achieve the anticipated benefits, including the anticipated cost savings or synergies of our new strategic direction is subject to many estimates, assumptions and uncertainties. Additional restructuring or reorganization activities may also be required in the future, which could further increase the risks associated with our new strategic direction. There is no assurance that we will successfully implement, or fully realize the anticipated impact of, our new strategic direction or execute successfully on our plan, in the timeframes we desire or at all. If we fail to realize the anticipated benefits from these measures, or if we incur charges or costs in amounts that are greater than anticipated, our financial condition and operating results may be adversely affected.

The changes and potential changes to our operations as a result of the new strategic direction, may introduce uncertainty regarding our prospects and may result in disruption of our business. These changes and activities caused our stock price to decline and may cause it to further decline in the future. As a result of these or other similar risks, our business, results of operations and financial condition may be adversely affected.

Acquisitions we complete may not be successful in achieving intended benefits, cost savings and synergies.

As discussed above, it is expected that acquisitions will be a key component of our strategy to build a leading pure play e-commerce business. We are well positioned with significant levels of available cash and a demonstrable track records of raising additional capital, if required, and have substantial flexibility in how we deploy the cash.

Acquisitions may divert management's time and focus from operating our business. Acquisitions also may require us to spend a substantial portion of our available cash, incur debt or other liabilities, amortize expenses related to intangible assets or incur write-offs of goodwill or other assets. Prior to completing any acquisition, our management team identifies expected synergies, cost savings and growth opportunities but, due to legal and business limitations, we may not have access to all necessary information. The integration process may be complex, costly and time-consuming. The potential difficulties of integrating the operations of an acquired business and realizing our expectations for an acquisition, including the benefits that may be realized, include, among other things:

- failure to implement our business plan for the combined business;
- delays or difficulties in completing the integration of acquired companies or assets;
- higher than expected costs, lower than expected cost savings or a need to allocate resources to manage unexpected operating difficulties;
- unanticipated issues in integrating manufacturing, logistics, information, communications and other systems;
- unanticipated changes in applicable laws and regulations affecting the acquired business;
- unanticipated changes in the combined business due to potential divestitures or other requirements imposed by antitrust regulators;
- retaining key customers, suppliers and employees;
- retaining and obtaining required regulatory approvals, licenses and permits;
- operating risks inherent in the acquired business;
- diversion of the attention and resources of management;
- consumers' failure to accept product offerings by us or our licensees;
- assumption of liabilities not identified in due diligence;
- the impact on our or an acquired business' internal controls and compliance with the requirements under the Sarbanes-Oxley Act of 2002; and
- other unanticipated issues, expenses and liabilities.

We also may issue additional equity securities in connection with an acquisition, which could cause dilution to our stockholders. Finally, acquisitions could be viewed negatively by analysts, investors or our customers.

We have completed acquisitions that have not performed as well as initially expected and cannot assure you that any acquisition will not have a material adverse impact on our financial condition and results of operations.

The loss of the services of Justin Davis-Rice as Executive Chairman and Chief Executive Officer, other members of our executive management team, or other key personnel could have a material adverse effect on our business.

Justin Davis-Rice's leadership in the business is critical to the successful pursuit of our business plan. The death or disability of Mr. Davis-Rice, or any other extended or permanent loss of his services, or any negative market or industry perception with respect to him or her or arising from his or her loss, could have a material adverse effect on our business, results of operations, and financial condition.

We also depend on the service and management experience of other key executive officers and other members of senior management who have substantial experience and expertise in our industry and our business and have made significant contributions to our growth and success. The loss of the services of any of our key executive officers or other members of senior management, or one or more of our other key personnel, or the concurrent loss of several of these individuals or any negative public perception with respect to these individuals, could also have a material adverse effect on our business, results of operations, and financial condition.

We are not protected by a material amount of key-man or similar life insurance covering our executive officers, including Mr. Davis-Rice, or other members of senior management. We have entered into employment agreements with certain of our executive officers, but competition for experienced executives in our industry is intense and the non-compete period with respect to certain of our executive officers could, in some circumstances in the event of their termination of employment with our company, be of limited duration or not apply at all.

We operate in a highly competitive market and the size and resources of some of our competitors may allow them to compete more effectively than we can, resulting in a loss of our market share and a decrease in our net revenue and profitability.

The market for intimate apparel products is highly competitive. Competition may result in pricing pressures, reduced profit margins or lost market share or a failure to grow our market share, any of which could substantially harm our business and results of operations. We compete directly against retailers of intimate apparel products, including large, diversified companies with substantial market share and strong worldwide brand recognition, such as L Brands Inc., Hanesbrands Inc. and PVH Corp., whose brands include Victoria's Secrets, Calvin Klein, Bonds, Yandy, Savage Fenty and others. Many of our competitors have significant competitive advantages, including longer operating histories, larger and broader customer bases, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution and other resources than we do. Our competitors may be able to achieve and maintain brand awareness and market share more quickly and effectively than we can. Many of our competitors promote their brands through traditional forms of advertising, such as print media and television commercials, and through celebrity endorsements, and have greater and substantial resources to devote to such efforts. Our competitors may also create and maintain brand awareness using traditional forms of advertising more quickly than we can. Our competitors may also be able to increase sales in their new and existing markets faster than we can by emphasizing different distribution channels than we do, such as catalog sales or an extensive franchise network, as opposed to distribution through retail stores, wholesale or internet, and many of our competitors have substantial resources to devote toward increasing sales in such ways.

Our net sales, profit and cash flows are sensitive to, and may be affected by, general economic conditions, consumer confidence, spending patterns, weather or other market disruptions.

Our net sales, profit, cash flows and future growth may be affected by negative local, regional, national or international political or economic trends or developments that reduce the consumers' ability or willingness to spend on discretionary products, including the effects of general economic conditions, employment, consumer debt, changes in personal net worth based on changes in securities market price levels, residential real estate and mortgage markets, taxation, healthcare costs, fuel and energy prices, interest rates, credit availability, consumer confidence and other macroeconomic factors, and national and international security concerns such as war, terrorism or the threat thereof. In addition, market disruptions due to severe weather conditions, natural disasters, health hazards or other major events or the prospect of these events could also impact discretionary consumer spending and confidence levels.

The worldwide apparel industry is heavily influenced by general economic cycles. Apparel retailing is a cyclical industry that is heavily dependent upon the overall level of consumer spending. Purchases of specialty apparel and related goods tend to be highly correlated with the cycles of the levels of disposable income of consumers. As a result, purchases of women's intimate and other apparel, beauty and personal care products and accessories often decline during periods when economic or market conditions are unsettled or weak. Downturns, or the expectation of a downturn, in general economic conditions could materially and adversely affect consumer spending patterns. Because apparel generally is a discretionary purchase, declines in consumer spending may have a more negative effect on apparel retailers than on other retailers. A decline in consumer spending may negatively affect our profitability, because, in such circumstances, our sales may decrease and we may increase the number of promotional sales, either of which could have a material adverse effect on our results of operations, financial condition and cash flows.

Extreme weather conditions in the areas in which our stores or the stores of our wholesale customers are located, particularly in markets where we have multiple such stores, could adversely affect our business. For example, heavy snowfall, rainfall or other extreme weather conditions over a prolonged period might make it difficult for our customers to travel to such stores and thereby reduce our sales and profitability.

Our financial condition and results of operations have been and may continue to be adversely affected by outbreaks of contagious disease such as the recent COVID-19 pandemic.

Our business has been and may continue to be adversely affected by a widespread outbreak of contagious disease, including the recent COVID-19 pandemic, resulting in business closures and a limit on consumer and employee travel across the globe. Any outbreak of contagious diseases, or other adverse public health developments, could have a material and adverse effect on our business operations. These could include disruptions or restrictions on our ability to travel, reduced traffic in our stores and the stores of our wholesale customers, temporary closures of our stores and/or office buildings or the facilities of our wholesale customers or suppliers. We may also see disruptions or delays in shipments and negative impacts to pricing of certain components of our products. Further, any disruption of our customers or suppliers would likely impact our sales and operating results. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for our end customers' products and likely impact our operating results. The resulting economic downturn can also negatively impact our stock price.

As of the time of this filing, the impacts of the COVID-19 pandemic have been broad reaching, including impacts to our retail licensed ecommerce business impacting customer demand and through the impact on the supply chain and logistics side of the business. Throughout the period the business has been able to continue to trade through the Frederick's of Hollywood online store with orders fulfilled through the U.S. warehouse. There have been periods when fulfilment has been negatively impacted by reduced productivity in the third-party warehouse due to requirements for social distancing or reduced employee availability. The impact of COVID-19 in Asia initially delayed stock flow due to temporary factory closures, however, the business was able to work with suppliers to prioritise and reschedule orders.

Management and the directors continue to monitor the situation on a daily basis to minimize the total impact to the group.

Our financial performance may be affected by credit and financial market conditions.

Future increases in interest rates or other tightening of the credit markets, or future turmoil in the financial markets, could make it more difficult for us to access funds, to enter into agreements for new indebtedness, to refinance any indebtedness we may incur (if necessary), or to obtain funding through the issuance of our securities. Any such adverse changes in the credit or financial markets could also impact the ability of our suppliers to access liquidity, or could result in the insolvency of suppliers, which in turn could lead to their failure to deliver our merchandise. Worsening economic conditions could also result in difficulties for financial institutions (including bank failures) and other parties that we may do business with, which could potentially impair our ability to access financing under existing arrangements or to otherwise recover amounts as they become due under our other contractual arrangements. Any such events could have a material adverse effect on our results of operations, financial condition and cash flows.

Our net sales, operating income, cash and inventory levels fluctuate on a seasonal basis.

We experience major seasonal fluctuations in our net sales and operating income, with a significant portion of our operating income typically realized during the fourth quarter holiday season. Any decrease in sales or margins during this period could have a material adverse effect on our results of operations, financial condition and cash flows.

Seasonal fluctuations also affect our cash and inventory levels, since we usually order merchandise in advance of peak selling periods and sometimes before new fashion trends are confirmed by customer purchases. We must carry a significant amount of inventory, especially before the holiday season selling period. If we are not successful in selling inventory, we may have to sell the inventory at significantly reduced prices or may not be able to sell the inventory at all, which could have a material adverse effect on our results of operations, financial condition and cash flows.

Our business is exposed to foreign currency exchange rate fluctuations and control regulations.

Our business has substantial international components that expose us to significant foreign exchange risk. Changes in exchange rates can impact our financial results in two ways: a translation impact and a transaction impact. The translation impact refers to the impact that changes in exchange rates can have on our financial results, as our operating results in local foreign currencies are translated into New Zealand dollars (or any other currency we use for financial reporting in the future) using an average exchange rate over the representative period. Accordingly, during times of a strengthening New Zealand dollar (or other reporting currency), particularly against the Australian dollar, the Euro, the British pound sterling and the U.S. dollar, our results of operations will be negatively impacted, and during times of a weakening New Zealand dollar (or other reporting currency), our results of operations will be favorably impacted.

The transaction impact on financial results is common for apparel companies operating outside the U.S. that purchase goods in U.S. dollars, as is the case with most of our foreign operations. During times of a strengthening U.S. dollar, our results of operations will be negatively impacted from these transactions as the increased local currency value of inventory results in higher cost of goods sold in local currency when the goods are sold, and during times of a weakening U.S. dollar, our results of operations will be favorably impacted. We also have exposure to changes in foreign currency exchange rates related to certain intercompany transactions and, to a lesser extent, SG&A expenses that are denominated in currencies other than the functional currency of a particular entity.

We are also exposed to market risk for changes in exchange rates for the U.S. dollar in connection with our business as a licensee. Most of our license agreements require us to pay in United States dollars based on the exchange rate as of the last day of the contractual selling period but the sales are reported in the relevant territories' local currencies. Thus we are exposed to exchange rate changes during and up to the last day of the selling period. In addition, we are exposed to exchange rate changes up to the date we make payment in U.S. dollars. As a result, during times of a strengthening U.S. dollar, our royalty fees will be positively impacted, and during times of a weakening U.S. dollar, our royalty fees will be negatively impacted.

We conduct business, directly or through licensees and other partners, in countries that are or have been subject to exchange rate control regulations and have, as a result, experienced difficulties in receiving payments owed to us when due, with amounts left unpaid for extended periods of time. Although the amounts to date have been immaterial to our results, as our international businesses grow and if controls are enacted or enforced in additional countries, there can be no assurance that such controls would not have a material and adverse effect on our business, financial condition or results of operations.

We are subject to payment-related risks.

We accept payments using a variety of methods, including credit card, gift cards, debit card, PayPal and other third-party payment vendors, which subjects us to certain regulations and the risk of fraud, and we may in the future offer new payment options to customers that would be subject to additional regulations and risks. We pay interchange and other fees in connection with credit card payments, which may increase over time and adversely affect our operating results. While we use a third party to process payments, we are subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard, or PCI-DSS, and rules governing electronic funds transfers. If we fail to comply with applicable rules and regulations, we may be subject to fines or higher transaction fees and may lose our ability to accept online payments or other payment card transactions. If any of these events were to occur, our business, financial condition and operating results could be adversely affected.

We may incur significant losses from fraud.

We have in the past incurred and may in the future incur losses from various types of fraud, including stolen credit card numbers, claims that a customer did not authorize a purchase, merchant fraud and customers who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payments. Although we have measures in place to detect and reduce the occurrence of fraudulent activity in our marketplace, those measures may not always be effective. In addition to the direct costs of such losses, if the fraud is related to credit card transactions and becomes excessive, it could potentially result in us paying higher fees or losing the right to accept credit cards for payment. In addition, under current credit card practices, we are liable for fraudulent credit card transactions because we do not obtain a cardholder's signature. Our failure to adequately prevent fraudulent transactions could damage our reputation, result in litigation or regulatory action and lead to expenses that could substantially impact our operating results.

Risk Related to Our Products, Brands and Customers

If we are unable to anticipate consumer preferences and successfully develop and introduce new, innovative and updated products, we may not be able to maintain or increase our sales and profitability.

Our success depends on our ability to identify and originate product trends as well as to anticipate and react to changing consumer demands in a timely manner. All of our products are subject to changing consumer preferences that cannot be predicted with certainty. We may be unable to introduce new products in a timely manner. Our customers may not accept our new products, or our competitors may introduce similar products in a more timely fashion. Failure to anticipate and respond in a timely manner to changing consumer preferences could lead to, among other things, lower sales and excess inventory levels. Even if we are successful in anticipating consumer preferences, our ability to adequately react to and address those preferences will in part depend upon our continued ability to develop and introduce innovative, high-quality products. Our failure to effectively introduce new products that are accepted by consumers could have a material adverse effect on our financial condition.

We presently are substantially dependent on our license of the Frederick's of Hollywood brand. If we lose this license agreement, there will be significant loss of revenues and a negative effect on our business.

There are certain payments as well as other requirements associated with the license agreement for the Frederick's of Hollywood brand. Failure to meet any of these requirements could result in the loss of the license. Additionally, after the term of the license agreement has concluded, the licensor may decide not to renew with us. We presently are substantially dependent on this licensed brand, and the loss of this licensed brands would have a material adverse effect on our results of operations and financial condition.

In addition, our revenues and profitability under this license agreement may change from period to period due to various factors, including the amount of the royalty fees, changes in consumer preferences, brand repositioning activities and other factors, some of which are outside of our control. We also depend to a certain extent on the marketing efforts of the owners of this licensed brand, and there can be no assurance that their efforts will be successful. If the profitability of this licensed brand is less than initially expected, the license agreement could have a material adverse effect on our results of operations and financial condition.

Our business depends on effective marketing, advertising and promotional programs.

Customer traffic and demand for our merchandise is influenced by our advertising, marketing and promotional activities, the name recognition and reputation of our brands, and the location of and service offered in our stores, in addition to many initiatives focused on direct channel and mobile applications, including social media. Although we use marketing, advertising and promotional programs to attract customers through various media, including social media, database marketing and print, if our competitors increase their spending on marketing, advertising and promotional programs, if our marketing, advertising and promotional expenses increase, if our programs become less effective than those of our competitors, or if we do not adequately leverage technology and data analytic capabilities needed to generate concise and effective competitive insight, our business, operational results, financial position and cash flows could be adversely impacted.

If we fail to acquire new customers, or fail to do so in a cost-effective manner, our financial results may be materially adversely impacted.

Our success depends on our ability to acquire customers in a cost-effective manner. In order to expand our customer base, we must appeal to and acquire customers who have historically used other means of commerce in shopping for apparel and may prefer alternatives to our offerings, such as traditional brick-and-mortar retailers and the websites of our competitors. We have made significant investments related to customer acquisition and expect to continue to spend significant amounts to acquire additional customers.

We cannot assure you that the net sales contribution from new customers we acquire will ultimately exceed the cost of acquiring those customers. If we fail to deliver a quality shopping experience, or if consumers do not perceive the products we offer to be of high value and quality, we may not be able to acquire new customers. If we are unable to acquire new customers who purchase products in numbers sufficient to grow our business, we may not be able to generate the scale necessary to drive beneficial network effects with our suppliers, our net sales may decrease, and our business, financial condition and operating results may be materially adversely affected.

We anticipate that our marketing initiatives may become increasingly expensive as competition increases, and generating a meaningful return on those initiatives may be difficult. If our marketing efforts are not successful in promoting awareness of our brands and products, driving customer engagement or attracting new customers, or if we are not able to cost-effectively manage our marketing expenses, our operating results will be adversely affected.

We obtain a significant amount of traffic via social networking websites and other channels used by our current and prospective customers. As e-commerce continues to rapidly evolve, we must continue to establish a presence in these channels and may be unable to develop or maintain these relationships on acceptable terms. We also use paid and non-paid advertising. We acquire and retain customers through retargeting, paid search/product listing ads, affiliate marketing, paid social, personalized email marketing and mobile "push" communications through our mobile apps. If we are unable to cost-effectively drive traffic to our sites, our ability to acquire new customers and our financial condition would suffer.

If we fail to retain existing customers, or fail to maintain average order value levels, we may not be able to maintain our revenue base and margins, which would have a material adverse effect on our business and operating results.

A significant portion of our net sales are generated from sales to existing customers, particularly those existing customers who are highly engaged and make frequent and/or large purchases of the merchandise we offer. If existing customers no longer find our offerings appealing, or if we are unable to timely update our offerings to meet current trends and customer demands, our existing customers may make fewer or smaller purchases in the future. A decrease in the number of our customers who make repeat purchases or a decrease in their spending on the merchandise we offer could negatively impact our operating results. Further, we believe that our future success will depend in part on our ability to increase sales to our existing customers over time, and if we are unable to do so, our business may suffer. If we fail to generate repeat purchases or maintain high levels of customer engagement and average order value, our growth prospects, operating results and financial condition could be materially adversely affected.

We purchase inventory in anticipation of sales, and if we are unable to manage our inventory effectively, our operating results could be adversely affected.

Our business requires us to manage a large volume of inventory effectively. We frequently add new apparel to our sites every week, and we depend on our forecasts of demand for and popularity of various products to make purchase decisions and to manage our inventory of stock-keeping units, or SKUs. Demand for products, however, can change significantly between the time inventory is ordered and the date of sale. Demand may be affected by, among other things, the COVID-19 pandemic, seasonality, new product launches, rapid changes in product cycles and pricing, product defects, promotions, changes in consumer spending patterns, changes in consumer tastes with respect to our products and other factors, political instability and social unrest, and our consumers may not purchase products in the quantities that we expect.

It may be difficult to accurately forecast demand and determine appropriate levels of product. We generally do not have the right to return unsold products to our suppliers. If we fail to manage our inventory effectively or negotiate favorable credit terms with third-party suppliers, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, if we are required to lower sale prices in order to reduce inventory levels or to pay higher prices to our suppliers, our profit margins might be negatively affected. Any failure to accurately forecast demand for our brands could adversely affect growth, margins and inventory levels. In addition, our ability to meet customer demand may be negatively impacted by a shortage in inventory due to reduced inventory purchases or disruptions in the supply chain due to a number of factors, including the COVID-19 pandemic.

Merchandise returns could harm our business.

We allow our customers to return products, subject to our return policy. If the rate of merchandise returns increases significantly or if merchandise return economics become less efficient, our business, financial condition and operating results could be harmed. Further, we modify our policies relating to returns from time to time, which may result in customer dissatisfaction or an increase in the number of product returns. From time to time our products are damaged in transit, which can increase return rates and harm our brand. We generally accept merchandise returns for full refund if returned within 60 days of the delivery date and for returns up to 90 days we offer store credit, the customer can request a refund in this period by contacting the contact center.

Risk Related to Manufacturing and Distribution

We rely on third-party suppliers and manufacturers to provide fabrics for and to produce our products, and we have limited control over them and may not be able to obtain quality products on a timely basis or in sufficient quantity.

We do not manufacture our products or the raw materials for them and rely instead on third-party suppliers and manufacturers. Many of the specialty fabrics used in our products are technically advanced textile products developed and manufactured by third parties and may be available, in the short-term, from only one or a very limited number of sources. We have experienced and may continue to experience a significant disruption in the supply of fabrics or raw materials from current sources or, in the event of a disruption, we may be unable to locate alternative materials suppliers of comparable quality at an acceptable price, or at all. In addition, if we experience significant increased demand, or if we need to replace an existing supplier manufacturer, we may be unable to locate additional suppliers of fabrics or raw materials or additional manufacturing capacity on terms that are acceptable to us, or at all, or we may be unable to locate any supplier or manufacturer with sufficient capacity to meet our requirements or to fill our orders in a timely manner. Identifying a suitable supplier is an involved process that requires us to become satisfied with their quality control, responsiveness and service, financial stability and labor and other ethical practices. Even if we are able to expand existing or find new manufacturing or fabric sources, we may encounter delays in production and added costs as a result of the time it takes to train our suppliers and manufacturers in our methods, products and quality control standards. Delays related to supplier changes could also arise due to an increase in shipping times if new suppliers are located farther away from other participants in our supply chain. Any delays, interruption or increased costs in the supply of fabric or manufacture of our products could have an adverse effect on our ability to meet customer demand for our products and result in lower net revenue and income from operations both in the short and long term. We have occasionally received, and may in the future continue to receive, shipments of products that fail to comply with our technical specifications or that fail to conform to our quality control standards. In that event, unless we are able to obtain replacement products in a timely manner, we risk the loss of net revenue resulting from the inability to sell those products and related increased administrative and shipping costs. If defects in the manufacture of our products are not discovered until after our customers purchase such products, our customers could lose confidence in the technical attributes of our products and our results of operations could suffer and our business could be harmed.

The fluctuating cost of raw materials could increase our cost of goods sold and cause our results of operations and financial condition to suffer.

The fabrics used by our suppliers and manufacturers include synthetic fabrics whose raw materials include petroleum-based products. Our products also include natural fibers, including cotton. Our costs for raw materials are affected by, among other things, weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond our control. Increases in the cost of raw materials could have a material adverse effect on our cost of goods sold, results of operations, financial condition and cash flows.

We rely upon independent third-party transportation providers for substantially all of our merchandise shipments.

We currently rely primarily on independent third-party transportation providers for substantially all of our merchandise shipments, including shipments to our customers. Our use of third-party delivery services for shipments is subject to risks, including increased fuel prices, which would increase our shipping costs, and employee strikes and inclement weather, which may impact a shipper's ability to provide delivery services that adequately meet our shipping needs. If we change shipping companies, we could face logistical difficulties that could adversely impact deliveries and we would incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those received from the independent third-party transportation providers we currently use, which could have a material adverse impact on our business, operational results, financial position and cash flows.

We rely on an independent third-party distribution/fulfilment center.

We currently rely on an independent third party to warehouse and fulfil our customer orders, if this were shut down, or fail to operate efficiently this would impact our business. We operate this centre to manage the receipt, storage, sorting, packing and distribution of our merchandise to the customer directly. We depend in large part on the orderly operation of our receiving and distribution process, which depends, in turn, on adherence to shipping schedules, proper functioning of our information technology and inventory control systems and overall effective management of our distribution and fulfillment centers. As a result of damage to, or prolonged interruption of, operations at any of these facilities, or with respect to our third-party transportation provider, due to a work stoppage, operations significantly below historical efficiency levels, supply chain disruption, inclement weather, natural or man-made disasters, system failures, slowdowns or strikes, acts of terror or other unforeseen events, we could incur significantly higher costs and longer lead times associated with distributing our products to our stores or customers, which in turn could have a material adverse effect on our business, operational results, financial position and cash flows. Although we maintain business interruption and property insurance for these facilities, there can be no assurance that our insurance coverage will be sufficient, or that insurance proceeds will be timely paid to us, if our distribution/fulfillment center is shut down or interrupted for any unplanned reason.

The successful operation of our business depends on our ability to maintain the efficient and continuous operation of our website and our associated fulfillment operations, and to provide a customer engaging shopping experience that will generate orders and return visits to our website.

Our direct channel services are subject to numerous risks, including:

- system failures, including but not limited to, inadequate system capacity, human error, change in programming, website downtimes, system upgrades or migrations, Internet service or power outages;
- cyber incidents, including but not limited to, security breaches and computer viruses;
- reliance on third-party computer hardware/software fulfillment and delivery providers;
- unfavorable federal or state regulations or laws;
- violations of federal, state or other applicable laws, including those related to online privacy;
- disruptions in telecommunication systems, power outages or other technical failures;
- ability to anticipate and implement innovations in technology and logistics;
- credit card fraud;
- constantly evolving technology;
- liability for online content;
- natural or man-made disasters or adverse weather conditions.

Our failure to maintain efficient and uninterrupted order-taking and fulfillment operations or our failure to successfully address and respond to any one or more of these risks could damage the reputation of our brands and have a material adverse effect on our business, operational results, financial position and cash flows.

Risk Related to Our Technology and Intellectual Property

If our technology-based e-commerce systems do not function properly, our operating results could be negatively affected.

Customers are increasingly using computers, tablets and smart phones to shop online and to do price and comparison shopping. We strive to anticipate and meet our customers' changing expectations and are focused on building a seamless shopping experience across our omnichannel business. Any failure to provide user-friendly, secure e-commerce platforms that offer a variety of merchandise at competitive prices with low cost and quick delivery options that meet customers' expectations could place us at a competitive disadvantage, result in the loss of e-commerce and other sales, harm our reputation with customers and have a material adverse impact on the growth of our business and our operating results.

A material disruption in our computer systems could adversely affect our business or results of operations.

We rely extensively on our computer systems to process transactions, summarize results and manage our business. Our computer systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyber-attack or other security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors by our employees. If our computer systems are damaged or cease to function properly, including a material disruption in our ability to authorize and process transactions at our stores or on our online systems, we may have to make a significant investment to fix or replace them, and we may suffer loss of critical data and interruptions or delays in our operations. Any material interruption in our computer systems could negatively affect our business and results of operations.

If we are unable to safeguard against security breaches with respect to our information systems, our business may be adversely affected.

In the course of our business, we gather, transmit and retain confidential information, including personal information about our customers, and process payment transactions through our information systems. Although we endeavor to protect confidential information and payment information through the implementation of security technologies, processes and procedures, it is possible that an individual or group could defeat security measures and access sensitive information about our customers, employees and other third parties. Any misappropriation, loss or other unauthorized disclosure of confidential or personally identifiable information gathered, stored or used by us could have a material impact on the operation of our business, including damaging our reputation with our customers, employees, third parties and investors. We could also incur significant costs implementing additional security measures to comply with applicable federal, state or international laws and regulations governing the unauthorized disclosure of confidential or personally identifiable information, as well as increased costs such as organizational changes, training employees or engaging consultants. In addition, we could incur lost revenues and face increased litigation as a result of any potential cyber-security breach. We are not aware that we have experienced any material misappropriation, loss or other unauthorized disclosure of confidential or personally identifiable information as a result of a cyber-security breach or other act. However, a cyber-security breach or other act and/or disruption to our information technology systems could have a material adverse effect on our business, prospects, financial condition or results of operations.

Our fabrics and manufacturing technology are not patented and can be imitated by our competitors.

The intellectual property rights in the technology, fabrics and processes used to manufacture our products are owned or controlled by our suppliers and are generally not unique to us. Our ability to obtain intellectual property protection for our products is therefore limited and we currently own no patents or exclusive intellectual property rights in the technology, fabrics or processes underlying our products. As a result, our current and future competitors are able to manufacture and sell products with performance characteristics, fabrics and styling similar to our products. Because many of our competitors have significantly greater financial, distribution, marketing and other resources than we do, they may be able to manufacture and sell products based on our fabrics and manufacturing technology at lower prices than we can. If our competitors do sell similar products to ours at lower prices, our net revenue and profitability could suffer.

Our failure or inability to protect our intellectual property rights could diminish the value of our brand and weaken our competitive position.

We currently rely on trademarks, as well as confidentiality procedures, to establish and protect our intellectual property rights. We cannot assure you that the steps taken by us to protect our intellectual property rights will be adequate to prevent infringement of such rights by others, including imitation of our products and misappropriation of our brand. In addition, intellectual property protection may be unavailable or limited in some foreign countries where laws or law enforcement practices may not protect our intellectual property rights as fully as in the U.S. or the E.U. and it may be more difficult for us to successfully challenge the use of our intellectual property rights by other parties in these countries. If we fail to protect and maintain our intellectual property rights, the value of our brand could be diminished, and our competitive position may suffer. In addition, any litigation necessary to protect our intellectual property rights could result in significant costs to us and divert the attention of our management and key personnel from our business operations and the implementation of our business strategy.

We may be subject to intellectual property infringement claims by third parties which could be costly to defend, divert management's attention and resources, and may result in liability.

Third parties may assert against us their patent, copyright, trademark and other intellectual property rights relating to intellectual property that is important to our business. Any claims that our products or processes infringe these rights, regardless of their merit or resolution, could be costly, time consuming and may divert the efforts and attention of our management and technical personnel. In addition, we may not prevail in such proceedings given the inherent uncertainties in intellectual property litigation.

Government regulation of the Internet and e-commerce is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business and results of operations.

We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet and e-commerce. Existing and future regulations and laws could impede the growth of the Internet, e-commerce or mobile commerce. These regulations and laws may involve taxes, tariffs, privacy, data protection, data security, anti-spam, content protection, electronic contracts and communications, consumer protection, website accessibility, Internet neutrality and gift cards. It is not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the Internet as many of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or e-commerce. It is possible that general business regulations and laws, or those specifically governing the Internet or e-commerce, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our sites by consumers and suppliers and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. In addition, it is possible that governments of one or more countries or territories may seek to censor content available on our sites or may even attempt to completely block access to our sites. Adverse legal or regulatory developments could substantially harm our business. In particular, in the event that we are restricted, in whole or in part, from operating in one or more countries or territories, our ability to retain or increase our customer base may be adversely affected, and we may not be able to maintain or grow our net sales and expand our business as anticipated.

Our reported financial results may be adversely affected by changes in accounting principles

Generally accepted accounting principles are subject to interpretation by the SEC and the Public Company Accounting Oversight Board and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change.

We may be impacted by changes in taxation, trade and other regulatory requirements.

We are subject to income tax in local, national and international jurisdictions. In addition, our products are subject to import and excise duties and/or sales or value-added taxes in many jurisdictions. We are also subject to the examination of our tax returns and other tax matters by the Internal Revenue Service and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. Fluctuations in tax rates and duties, changes in tax legislation or regulation or adverse outcomes of these examinations could have a material adverse effect on our results of operations, financial condition and cash flows.

We have significant tax losses arising on historical trading losses. The availability to utilize these tax losses to offset future taxable profit is dependent on future performance and trade of the business. There can be no assurance as to the availability of these losses for utilization.

A significant shift in the relative sources of our earnings, adverse decisions of tax authorities or changes in tax treaties, laws, rules or interpretations could have a material adverse effect on our results of operations and cash flow.

We have direct operations in the U.S. and in Australia and the applicable tax rates vary by jurisdiction. As a result, our overall effective tax rate could be materially affected by the relative level of earnings in the various taxing jurisdictions to which our earnings are subject. In addition, the tax laws and regulations in the countries where we operate may be subject to change and there may be changes in interpretation and enforcement of tax law. As a result, we may pay additional taxes if tax rates increase or if tax laws, regulations or treaties in the jurisdictions where we operate are modified by the competent authorities in an adverse manner.

In addition, various national and local taxing authorities periodically examine us and our subsidiaries. The resolution of an examination or audit may result in us paying more than the amount that we may have reserved for a particular tax matter, which could have a material adverse effect on our cash flows, business, financial condition and results of operations for any affected reporting period.

We and our subsidiaries are engaged in a number of intercompany transactions. Although we believe that these transactions reflect arm's length terms and that proper transfer pricing documentation is in place, which should be respected for tax purposes, the transfer prices and conditions may be scrutinized by local tax authorities, which could result in additional tax liabilities.

Our current operations in international markets and our efforts to expand into additional international markets may be affected by legal and regulatory risks.

We are subject to Australian anti-corruption laws, the U.S. Foreign Corrupt Practices Act, and the anti-corruption laws of the other foreign countries in which we operate and manufacture our products. Although we implement policies and procedures designed to promote compliance with these laws, our employees, contractors and agents, as well as those companies to which we outsource certain of our business operations, may take actions in violation of our policies. Any such violation could result in sanctions or other penalties and have an adverse effect on our business, reputation and operating results.

We are and may become the subject of various claims, threats of litigation, litigation or investigations which could have a material adverse effect on our business, financial condition, results of operations or price of our ordinary shares.

We are and may become subject to various claims, threats of litigation (including, from current and former shareholders of our company), litigation or investigations, including commercial disputes and employee claims, and from time to time may be involved in governmental or regulatory investigations or similar matters. Any claims asserted against us or our management, regardless of merit or eventual outcome, could harm our reputation and have an adverse impact on our relationship with our clients, distribution partners and other third parties and could lead to additional related claims. Furthermore, there is no guarantee that we will be successful in defending ourselves in pending or future litigation or similar matters under various laws. Any judgments or settlements in any pending litigation or future claims, litigation or investigation could have a material adverse effect on our business, financial condition, results of operations and price of our Ordinary Shares.

Federal, state and international governmental authorities continue to evaluate the privacy implications inherent in the use of third-party "cookies" and other methods of online tracking for behavioral advertising and other purposes. The United States and foreign governments have enacted, have considered or are considering legislation or regulations that could significantly restrict the ability of companies and individuals to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Additionally, some providers of consumer devices and web browsers have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, which could if widely adopted result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. Regulation of the use of these cookies and other online tracking and advertising practices, or a loss in our ability to make effective use of services that employ such technologies, could increase our costs of operations and limit our ability to track trends, optimize our product assortment or acquire new customers on cost-effective terms and consequently, materially adversely affect our business, financial condition and operating results.

Foreign laws and regulations relating to privacy, data protection, information security, and consumer protection often are more restrictive than those in the United States. As a general matter, compliance with laws, regulations, and any applicable rules or guidance from self-regulatory organizations relating to privacy, data protection, information security and consumer protection may result in substantial costs and may necessitate changes to our business practices, which may compromise our growth strategy, adversely affect our ability to acquire customers, and otherwise adversely affect our business, financial condition and operating results.

Risk Related to Our Ordinary Shares

If we fail to implement and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations.

We have identified deficiencies in our internal controls that are deemed to be material weaknesses. A material weakness is a deficiency, or a combination of deficiencies in internal controls over financial reporting, such that if there is a material misstatement in our financial statements, they will not necessarily be prevented or detected on a timely basis. As of January 31, 2021, the matters involving internal controls and procedures that our management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board were:

- 1) Lack of sufficient resources and key accounting personnel with sufficient knowledge and experience in the reporting and compliance with IFRS, SEC and PCAOB.
- 2) No formally implemented system of internal control over financial reporting and no associated written documentation of our internal control policies and procedures.
- 3) We did not maintain an effective process for reviewing financial information and did not have a sufficient number of personnel with an appropriate level of accounting knowledge, experience and training in the application of IFRS commensurate with management's financial reporting requirements.
- 4) Lack of appropriate oversight from the Board of Directors, especially Audit Committee in ensuring the Company takes the appropriate steps to remediate the weaknesses in their financial reporting and internal controls in a timely manner.
- 5) Lack of design controls to understand and to evaluate the completeness, accuracy and valuation of non-routine transactions

We are developing a plan to remediate these material weaknesses as follows:

- We appointed a new Chief Financial Officer with extensive public company finance and audit committee experience and Financial Controller. In addition, we will look to supplement any gaps with external consultants to supplement gaps of knowledge with complex transactions and help with the formal process documentation.
- The divestment of the Bendon Legacy Business leaves a much simpler business, as such it will be a significantly less time-consuming job to document controls and procedures.
- The divestment also removes the old Bendon ERP system which is outdated in terms of some of the control elements, which is the key finding of this weakness.

The system and process related weaknesses relate largely to the Legacy Bendon Business and as a result of the divestiture the going forward risk associated with these areas is reduced.

We cannot guarantee that we will be able to complete such actions successfully. In addition, such actions may not be effective in remediating these material weaknesses. If our efforts to remediate these material weaknesses are not successful, the remediated material weaknesses may reoccur, or other material weaknesses could occur in the future. As a result of these material weaknesses, we may be unable to report our financial results accurately on a timely basis, which could cause our reported financial results to be materially misstated and result in the loss of investor confidence and could cause the stock price to decline. As a result of such failures, we could also become subject to investigation by the stock exchange on which our shares are listed, the SEC, or other regulatory authorities, and become subject to litigation from investors, which would harm our reputation, business, financial condition and results or operations, and divert financial and management recoveries from our core business.

In addition, any future testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm, if and when required, may reveal additional deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our consolidated financial statements or identify other areas for further attention or improvement. If we are unable to remedy the existing material weaknesses in our internal control over financial reporting, if in the future we identify additional material weaknesses in our internal control over financial reporting, if we are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is required to and is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are then listed, the SEC, or other regulatory authorities, which could require additional financial and management resources. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

Our share price may be volatile, and purchasers of our securities could incur substantial losses.

Our share price is likely to be volatile. The stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of particular companies, and our share price recently has experienced the effects of such extreme volatility. For example, the closing price of our Ordinary Shares on Nasdaq was US\$0.99 on March 3, 2021. Between January 4, 2021 and March 3, 2021, the highest intra-day sale price of our Ordinary Shares was US\$3.60 and the lowest intra-day sale price of our Ordinary Shares was US\$0.19. During this time, we did not make any announcements regarding our financial condition or results of operations, although we did announce a planned restructuring on January 21, 2021. Since March 3, 2021, the sales price of our Ordinary Shares on Nasdaq has been between \$0.46 and \$1.11.

We may continue to experience rapid and substantial increases or decreases in our stock price in the foreseeable future that are do not coincide in timing with the disclosure of news or developments by us. Accordingly, the market price of the Ordinary Shares may fluctuate dramatically, and may decline rapidly, after you purchase shares from the Selling Shareholders, irrespective of any developments in our business.

The market price for our Ordinary Shares may be influenced by many factors, including the following:

- factors in the public trading market for our stock that may produce price movements that may or may not comport with macro, industry or company-specific fundamentals, including, without limitation, the sentiment of retail investors (including as may be expressed on financial trading and other social media sites and online forums), the direct access by retail investors to broadly available trading platforms, the amount and status of short interest in our securities, access to margin debt, trading in options and other derivatives on our Ordinary Shares and any related hedging and other trading factors;
- speculation in the press or investment community about our company or industry;
- the political, economic and social situation in the Australia, New Zealand, the United States and the other countries in which we operate, including privacy laws;
- actual or expected variations in operating results;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, capital commitments, or other business developments;
- adoption of new accounting standards affecting the industry in which we operate;
- operations and stock performance of competitors;
- litigation or governmental action involving or affecting us or our subsidiaries;
- recruitment or departure of key personnel;
- purchases or sales of blocks of our Ordinary Shares; and
- operating and stock performance of the companies that investors may consider to be comparable to us.

These broad market and industry factors may seriously harm the market price of our Ordinary Shares, regardless of our operating performance. In the past, following periods of volatility in the market, securities class action litigation has often been instituted against companies. Such litigation, if instituted against us, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

Our Ordinary Shares may become the target of a “short squeeze.”

Recently, securities of certain companies have increasingly experienced significant and extreme volatility in stock price due to short sellers of shares of common stock, known as a “short squeeze.” These short squeezes have caused extreme volatility in those companies and in the market and have led to the price per share of those companies to trade at a significantly inflated rate that is disconnected from the underlying value of the company. Many investors who have purchased shares in those companies at an inflated rate face the risk of losing a significant portion of their original investment as the price per share has declined steadily as interest in those stocks have abated. There can be no assurance that we will not, in the future be, a target of a short squeeze, and you may lose a significant portion or all of your investment if you purchase our shares at a rate that is significantly disconnected from our underlying value.

Nasdaq may delist the Ordinary Shares from quotation on its exchange, which could limit investors’ ability to sell and purchase our securities and subject us to additional trading restrictions.

The Ordinary Shares are currently listed on the Nasdaq Capital Market of The Nasdaq Stock Market LLC (“Nasdaq”) under the trading symbol “NAKD.” However, on April 26, 2021, we received a notice from Nasdaq’s Listing Qualifications Department stating that, for the 30 consecutive business days ending April 23, 2021, the closing bid price for the Ordinary Shares had been below the minimum of \$1.00 per share required for continued inclusion on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). The notification letter stated that we would be afforded 180 calendar days (until October 25, 2021) to regain compliance with the minimum bid price requirement. In order to regain compliance, the closing bid price for the Ordinary Shares must be at least \$1.00 per share for a minimum of ten consecutive business days. The notification letter also stated that in the event we do not regain compliance within the 180-day period, we may be eligible for additional time.

If the Ordinary Shares are not listed on Nasdaq at any time, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity;
- a determination that the Ordinary Shares are a “penny stock” which will require brokers trading in our shares to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for the Ordinary Shares;
- a limited amount of news and analyst coverage for our company; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

As a foreign private issuer, we are permitted and expect to follow certain home country corporate governance practices (in our case Australian) in lieu of certain Nasdaq requirements applicable to domestic issuers and we are permitted to file less information with the Securities and Exchange Commission than a company that is not a foreign private issuer. This may afford less protection to holders of our securities.

As a foreign private issuer under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), Nasdaq allows us to follow home country governance practices (in our case Australian) in lieu of the otherwise applicable Nasdaq corporate governance requirements. In accordance with this exception, we follow Australian corporate governance practices in lieu of certain of the Nasdaq corporate governance standards, as more fully described in Item 16G of this Annual Report, “Corporate Governance.” In particular, we will follow Australian law and corporate governance practices with respect to the composition of our board and audit committee, and with respect to quorum requirements applicable to shareholder meetings. These differences may result in a board that is more difficult to remove as well as less shareholder approvals required generally. We will also follow Australian law instead of the Nasdaq requirement to obtain shareholder approval prior to the issuance of securities in connection with a change of control, certain acquisitions, private placements of securities, or the establishment or amendment of certain stock option, purchase, or other equity compensation plans or arrangements. These differences may result in less shareholder oversight and requisite approvals for certain acquisition or financing related decisions or for certain company compensation related decisions. The Australian home country practices described above may afford less protection to holders of our securities than that provided under the Nasdaq Listing Rules.

We do not intend to pay any dividends on our Ordinary Shares at this time.

We have not paid any cash dividends on our Ordinary Shares to date. The payment of cash dividends on our Ordinary Shares in the future will be dependent upon our revenue and earnings, if any, capital requirements, and general financial condition, as well as the limitations on dividends and distributions that exist under the laws and regulations of Australia, and will be within the discretion of our board of directors. It is the present intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board of directors does not anticipate declaring any dividends on our Ordinary Shares in the foreseeable future. As a result, any gain you will realize on our Ordinary Shares will result solely from the appreciation of such shares.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Office Location

Our principal executive office and registered office is located at Unit 7, 35-39 William Street Double Bay New South Wales 2028, Australia. Our agent for service of process in the U.S. is Graubard Miller, our U.S. counsel, located at The Chrysler Building, 405 Lexington Avenue, New York, New York 10174.

Principal Legal Advisers

Our principal legal adviser in the U.S. is Graubard Miller, located at The Chrysler Building, 405 Lexington Avenue, New York, New York 10174.

History and Development

We are an Australian public limited company formed on May 11, 2017 under the name “Bendon Group Holdings Limited.”

On June 19, 2018, we completed a business combination with Bendon, a New Zealand company formed in 1947, and Naked Brand Group, Inc. (“Naked (NV)”), a Nevada corporation formed in 2005 under the name “Search By Headlines.com Corp.” The business combination was completed by means of (i) a reorganization of Bendon, pursuant to which all of the shareholders of Bendon exchanged all of the outstanding ordinary shares of Bendon for our Ordinary Shares, and (ii) immediately thereafter, a merger between a wholly owned subsidiary of ours and Naked (NV), with Naked (NV) surviving as a wholly owned subsidiary of ours and the Naked (NV) stockholders receiving our Ordinary Shares in exchange for all of the outstanding shares of common stock of Naked (NV). Prior to the completion of the business combination, we had no assets and had not conducted any material activities other than those incidental to our formation. Effective on and from the closing of the business combination, our business became the business of Bendon and Naked (NV) and we changed our name from Bendon Group Holdings Limited to “Naked Brand Group Limited.”

On November 15, 2018, we and Bendon entered into a stock purchase agreement with the shareholders of FOH, including Cullen Investments Limited (“Cullen”), at the time a significant shareholder of ours and also a debtor of ours. Pursuant to the agreement, on December 6, 2018, we purchased all of the issued and outstanding shares of FOH, in order to gain direct ownership of the Frederick’s of Hollywood license arrangement FOH had with ABG-Frederick’s of Hollywood, LLC (“ABG”). We previously marketed merchandise under the Frederick’s of Hollywood brand through a sub-license arrangement with FOH. As a result of the acquisition of FOH, we obtained a direct relationship with ABG in relation to the Frederick’s of Hollywood license. Under the terms of the stock purchase agreement, we paid a purchase price of approximately US\$18.2 million, as follows (i) we forgave debt owed to Bendon by FOH and Cullen, in the aggregate amount of approximately US\$9.9 million, and (ii) we issued 3,765,087 of our Ordinary Shares to FOH’s shareholders, valued at a price per share of US\$2.20. We also agreed to satisfy certain obligations with respect to certain claims involving the parties.

On December 20, 2019, we completed a reverse stock split of our Ordinary Shares, pursuant to which every 100 Ordinary Shares outstanding as of the effective time of the reverse stock split were combined into one Ordinary Share.

On January 21, 2020, we entered into an agreement to sell all of our rights, title and interest in the trademarks related to the “Naked” and “NKD” brands to Gogogo SRL for a purchase price of US\$600,000 in cash. We were permitted to continue to sell off any inventory bearing the Naked brand that was in existence as of the closing. The closing of the sale occurred on January 28, 2020.

On January 21, 2021, we announced plans to undertake a transformative restructure in which we would dispose of our bricks-and-mortar operations in order to focus exclusively on our e-commerce business. To that end, we signed a non-binding and non-exclusive term sheet for the Bendon Sale (the divestment of our Bendon subsidiary, to a group composed of existing management of the Company, including Justin Davis-Rice, the Executive Chairman and Chief Executive Officer of the Company, and Anna Johnson, the Chief Executive Officer of Bendon). On April 23, 2021, we held an Extraordinary General Meeting of Shareholders, at which our shareholders approved the Bendon Sale. On April 30, 2021, we signed the Bendon Share Sale Agreement and simultaneously consummated the transactions contemplated thereby. See Item 5 of this Annual Report, “*Operating and Financial Review and Prospects—Recent Developments*,” for more information.

As a result of the Bendon Sale, our sole operating subsidiary is FOH. Through FOH, we are the exclusive licensee of the Frederick’s of Hollywood global online license, under which we sell Frederick’s of Hollywood intimates products, sleepwear and loungewear products, swimwear and swimwear accessories products, and costume products.

Principal Capital Expenditures

Our capital expenditures for the twelve months ended January 31, 2021, 2020 and 2019 amounted to \$1.7m, \$1.3m, and \$0.2m, respectively. Our capital expenditures during those years consisted of investments in property, plant and equipment for new and existing stores. We anticipate our capital expenditures in fiscal year 2022 to include investments in technology, which will be financed through existing cashflows along with from operations and from financing transactions.

Additional Information

The SEC maintains an internet site, www.sec.gov, that contains reports, proxy and information statements, and other information regarding issuers, like us, that file electronically with the SEC. We also maintain a website at www.nakedbrands.com, which contains information about our company. The information on our website shall not be deemed part of this Annual Report.

B. Business Overview

Naked E-Commerce Business

Summary

Currently our sole business is operated through our operating subsidiary FOH. Through FOH, we are the exclusive licensee of the Frederick’s of Hollywood global online license, under which we sell Frederick’s of Hollywood intimates products, sleepwear and loungewear products, swimwear and swimwear accessories products, and costume products.

We sell our Frederick’s of Hollywood products online at www.fredericks.com.

FOH has entered into a services agreement with Bendon Limited whereby Bendon will continue to provide a full range of services to FOH covering selling, marketing, advertising, manufacturing, designing, distribution and logistics, inventory management, e-commerce and website management, customer service and associated MIS-business systems and operational financial support.

Following the divestment of Bendon and having recently raised capital, Naked is in a strong financial position to further leverage and build on its leading e-commerce position in intimate apparel through the addition of synergistic, high growth and high margin e-commerce businesses as part of its new strategy to a pure-play e-commerce leader.

Brands

Since 1946, Frederick's of Hollywood has set the standard for innovative apparel, introducing the push-up bra, the padded bra, and black lingerie to the U.S. market. The brand's rich history has led it to become one of the most recognized in the world. Through FOH, we are the exclusive licensee of the Frederick's of Hollywood global online license, under which we sell Frederick's of Hollywood intimates products, sleepwear and loungewear products, swimwear and swimwear accessories products, and costume products.

Our Strategy

Our strategy is to build a leading pure-play e-commerce business in intimate apparel through:

- Leveraging our managements and board's extensive operational, corporate development and capital market expertise and deep industry knowledge and experience in intimates, apparel and consumer brand building.
- Growing and retaining customers, drive sales growth and improve profitability of the FOH business.
- Continuing to innovate our business model, products, offerings and platforms.
- Investment in brands and technology to strengthen and enhance our customer experience.
- Utilizing our demonstrated track record of successful capital raising and advantaged access to growth capital via shelf filing, ATM and registered direct share issuances.

We intend to pursue accretive, strategic acquisitions with synergistic benefits that complement our business and operations and help us expand our brands, categories, product offerings and geographies.

Additional Information

Competition

The sale of women's intimate and other apparel, personal care and beauty products and accessories through retail stores is a highly competitive business. Our competitors are numerous and include individual and chain specialty stores, department stores and discount retailers. Brand image, marketing, design, price, service, assortment and quality are the principal competitive factors in retail store sales. Our online businesses compete with numerous online merchandisers. Image presentation, fulfillment and the factors affecting retail store sales discussed above are the principal competitive factors in online sales.

Seasonality of Business

Our operations are seasonal in nature and consist of two selling periods across the year, where the second selling season generates the most sales (the August to January period). This second selling period, which includes the holiday season, accounted for approximately 57%, 53% and 57% of our net sales for the twelve months ended January 31, 2021, 2020 and 2019, respectively, and is typically our most profitable period.

Merchandise Suppliers and Merchandise Inventory

During the twelve months ended January 31, 2021, 2020 and 2019, we purchased merchandise from approximately 64, 54, and 59 suppliers respectively located primarily in China. We believe price volatility is low. Of these vendors 30 relate to our FOH Business and 34 related to the Legacy Bendon Business.

Marketing, Sales and Distribution

Our merchandise is shipped from our suppliers to our sole distribution center in CA. We use a variety of shipping terms that result in the transfer to us of title to the merchandise at either the point of origin or point of destination. From our distribution centers, our merchandise is transported to our customers who purchase online.

Our policy is to maintain sufficient quantities of inventories on hand at our distribution centers to enable us to offer customers an appropriate selection of current merchandise. We emphasize rapid turnover and take markdowns as required to keep merchandise fresh and current.

Information Systems

Our management information systems consist of a range of retail, financial and merchandising systems. The systems include applications related to e-commerce, merchandising, planning, sourcing, logistics, inventory management, data security and support systems including human resources and finance. These systems are partially run by Naked Brand Group Ltd and for FOH mainly through Bendon Ltd as part of the FOH services agreement.

Trademarks and Patents

The Frederick's of Hollywood trademarks are licensed under a license agreement. Prior to the divestment of Bendon we also held the trademarks and licenses disclosed in the Legacy Bendon Business section.

Employee Relations

After the Bendon Sale, we have two executive officers who are engaged through consulting agreements and one Naked employee all based in Australia. In addition, there are 9 employees in the Bendon business who worked directly on the FOH business, including 2 designers based in Australia, 4 e-commerce specialists based in New Zealand and a customer service team of 4 based in New Zealand. In addition, there are a number of the Bendon team in New Zealand, largely in support function roles, who continue to support the FOH business along with the Bendon business. We have substantially fewer employees as a result of the Bendon Sale. None of the employees are currently covered by a collective bargaining agreement. We have had no labor-related work stoppages and believes its relations with its employees are excellent.

Regulation

We and our products are subject to regulation by various federal, state, local and foreign regulatory authorities. We are subject to a variety of customs regulations and international trade arrangements.

Legal Proceedings

From time to time, we are subject to certain legal proceedings and claims in the ordinary course of business. Except as described below, we are not presently party to any legal proceedings the resolution of which we believe would have a material adverse effect on our business, financial condition, operating results or cash flows. We establish reserves for specific legal matters when we determine that the likelihood of an unfavorable outcome is probable, and the loss is reasonably estimable.

Real Estate

Our principal executive office is located at Unit 7, 35-39 William Street, Double Bay, New South Wales, 2028, Australia. We use an independent warehousing contractor in the U.S. to facilitate distribution of FOH products, which is located in Ontario, California.

Working Capital

We fund our business operations through a combination of available cash and cash equivalents, cash flows generated from operations and equity and debt financing transactions.

Legacy Bendon Business

Summary

Prior to the completion of the MBO, we operated the Bendon business. Bendon was a designer, distributor, wholesaler, and retailer of women's and men's intimate apparel, as well as women's swimwear. Its merchandise was sold through Bendon-owned retail stores in Australia and New Zealand; through online channels; and through wholesale partners in Australia and New Zealand and, on a more limited basis, through wholesale partners and distributors in the E.U. (collectively, "partners").

Brands

Bendon's brands include their flagship Bendon brand, as well as Bendon Man, Me, By Bendon, Davenport, Fayreform, Lovable, Pleasure State, VaVoom, Evollove, and Hickory brands. They sold products under these brands at 59 Bendon stores in Australia and New Zealand and online at www.bendonlingerie.com. Additionally, they sold products under these brands in 100+ wholesale stores in Australia, New Zealand, the U.K. and the E.U., and through distributors in the E.U.

Company-Owned Retail Stores

Bendon had company-owned retail stores which are located in shopping malls and strips in Australia and New Zealand.

The following table provides the number of our company-owned retail stores in operation for each location as of January 1, 2021, 2020 and 2019.

<u>Store Location (State/City)</u>	<u>Country</u>	<u>January 1, 2019</u>	<u>January 1, 2020</u>	<u>January 1, 2021</u>
Australian Capital Territory	Australia	1	1	1
New South Wales	Australia	8	8	7
Queensland	Australia	6	6	6
South Australia	Australia	1	1	1
Victoria	Australia	9	7	6
Western Australia	Australia	2	2	2
North Island	New Zealand	29	29	29
South Island	New Zealand	7	7	7

The following table provides the changes in the number of our company-owned retail stores operated for the past five calendar years.

<u>Calendar Year</u>	<u>As of January 1</u>	<u>Opened</u>	<u>Closed</u>	<u>As of December 31</u>
2020	61	1	(3)	59
2019	63	1	(3)	61
2018	62	4	(3)	63
2017	59	5	(2)	62
2016	52	8	(1)	59

The following table provides the number of wholesale partner stores that sell our products as of January 1, 2021, 2020 and 2019. In addition to our wholesale partner stores, we also sell through distributors in the E.U., which is not reflected in the following table.

<u>Wholesale doors, excluding distributors</u>	<u>January 1, 2019</u>	<u>January 1, 2020</u>	<u>January 1, 2021</u>
Australia & New Zealand	1,078	324	178
U.K.	2	1	3
International	5	0	0
U.S.	4,456	0	0
Total	5,241	325	181

Employee Relations

As of January 31, 2021, we employed approximately 506 employees, 67% of whom were part-time or casual.

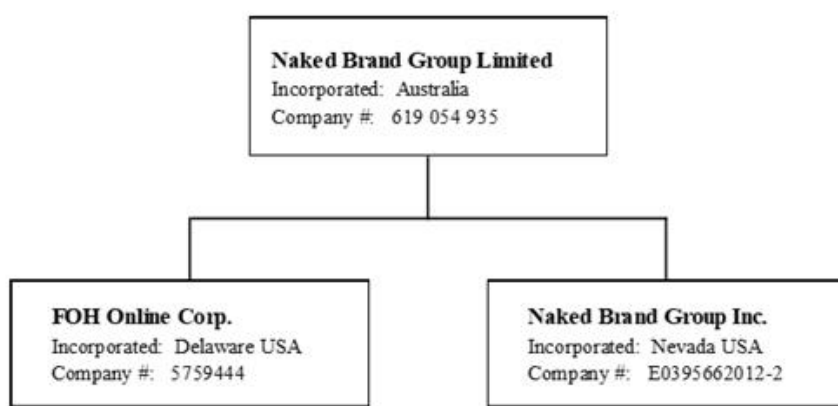
These employees were part of the Legacy Bendon Business. The number of employees, by geography, is noted in the table below.

Region	Employees
Australia	127
New Zealand	379
United Kingdom	0
Hong Kong	0
U.S.	0

None of the employees are currently covered by a collective bargaining agreement. We have had no labor-related work stoppages and believes its relations with its employees are excellent.

C. Organizational Structure

The following chart illustrates the organizational structure of us and our subsidiaries as of the date of this Annual Report:



D. Property, Plants and Equipment

The disclosure set forth under “Naked E-Commerce Business—Real Estate” on page 25 and “Legacy Bendon Business—Real Estate” on page 26 is incorporated herein by reference.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following management’s discussion and analysis (this “MD&A”) provides information concerning our financial condition and results of operations for the fiscal years ended January 31, 2021, 2020 and 2019 and should be read in conjunction with our audited consolidated financial statements and the related notes included in Item 17 of this Annual Report, “Financial Statements.”

The following discussion contains forward-looking statements that reflect our future plans, estimates, belief, and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed elsewhere in this Annual Report, particularly in Item 3.D of this Annual Report, “Risk Factors,” and in “Cautionary Note Regarding Forward-Looking Statements.” In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur.

Introduction

We are a designer and e-commerce retailer of women's and men's intimates apparel and swimwear. We sell products under the licensed brand, Frederick's of Hollywood in the U.S. We are the exclusive licensee of the Frederick's of Hollywood global online license, under which we sell Frederick's of Hollywood intimates products, sleepwear and loungewear products, swimwear and swimwear accessories products, and costume products.

We previously sold products through the Bendon business in Australia and New Zealand. On January 21, 2021, we announced plans to undertake a transformative restructure in which we would dispose of our bricks-and-mortar operations in order to focus exclusively on our e-commerce business. To that end, on April 30, 2021, we signed the Bendon Share Sale Agreement and simultaneously consummated the Bendon Sale contemplated thereby. As a result of the Bendon Sale, our sole operating subsidiary is FOH, through which we hold the Frederick's of Hollywood global online license. Post sale Naked has been legally released from the leases relating to the Bendon business.

On December 20, 2019, we completed a reverse stock split of our Ordinary Shares, pursuant to which every 100 Ordinary Shares outstanding as of the effective time of the reverse stock split were combined into one Ordinary Share. Except as otherwise noted, all share and per share information in this prospectus is presented on post-reverse split basis.

Basis of Presentation

Our audited annual consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB, and are presented in thousands of New Zealand dollars, except where otherwise indicated. However, certain financial measures contained in this MD&A are non-IFRS measures and are discussed further under "Non-IFRS Measures" below. All references to "\$" and "dollars" refer to New Zealand dollars, unless otherwise indicated. Certain totals, subtotals and percentages throughout this MD&A may not reconcile due to rounding. All references to the "12 months" ended January 31 are to the fiscal year ended January 31.

Proforma Financial Statements

The below information shows on an unaudited basis the proforma results of the remaining Naked business. It is provided for illustrative purposes to give an indication of how the business will look following the divestment of the Bendon business. Proforma Naked being the operations, including FOH, that will be retained post-sale of Bendon, and Sale of Bendon being the operations of Bendon, subject of the sale.

The pro forma financial information, is unaudited and uses certain financial measures which are not prescribed by IFRS, including adjusted EBITDA that represents the profit adjusted for specific non-cash and significant items, it therefore includes the rent component of the business within the brand management costs. The Company believes that these pro-forma financial statements and measures provide useful information about the underlying financial performance of these businesses and they should be considered as supplements to the income statement measures that have been presented in accordance with International Accounting Standards and not as a replacement for them.

(a) Naked pro-forma historical profit or loss statement

The unaudited pro-forma historical profit or loss statement below discloses, on a pro-forma basis, the effect on the Company of the divestiture of Bendon assets, liabilities and operations, as if (1) for the pro forma balance sheet, the divestiture occurred on January 31, 2021, and (2) for the pro forma P&L, the divestiture occurred on February 1, 2020.

The entity groups are based on internal management reports that have not been audited and have been prepared based on making certain pro-forma adjustments, as detailed below, that management have identified to materially reflect these separate operating segments. The accounting policies adopted in preparing these operating segments are materially consistent with those adopted in the Group financial statements other than as noted below.

Unaudited pro forma profit or loss statement for the 12 Months Ended January 2021

	Group as reported NZ\$'000	Sale of Bendon NZ\$'000	Proforma Naked NZ\$'000
Revenue	80,039	55,624	24,415
Gross margin	33,892	27,512	6,380
Brand management expenses ¹	(37,429)	(29,151)	(8,278)
Administrative expenses	(856)	(292)	(564)
Corporate expenses	(9,350)	(7,009)	(2,341)
Other income – COVID support	4,223	4,223	-
Other foreign exchange gain/loss	1,661	526	1,135
Adjusted EBITDA ²	(7,859)	(4,191)	(3,668)
Brand transition, restructure and transaction expenses ³	(22,527)	(3,147)	(19,380)
Finance costs ^{1,4}	(6,809)	(2,929)	(3,880)
Interest income	5	5	-
Impairment expense ⁵	(4,895)	(4,895)	-
Depreciation and amortisation ^{1,6}	(1,556)	(1,106)	(450)
Unrealised foreign exchange gain	1,981	(213)	2,194
Fair value loss on Convertible Notes derivative	(26,552)	(14,158)	(12,394)
Loss before income tax	(68,212)	(30,634)	(37,578)
Income tax expense	(134)	(108)	(26)
Loss of for the period	(68,346)	(30,742)	(37,604)

Pro forma adjustments

The following transactions and events contemplated in these pro-forma financial statements are to present operating segments that materially represent the operations that will remain after the sale of Bendon and the Bendon operations that are to be divested.

1. Prepared as if IFRS 16 – “Leases” does not apply by recognising lease expenses of \$7.1m in brand expenses and by adjusting depreciation costs by an equivalent amount.
2. Above adjusted EBITDA all expenses are allocated on the basis of matching costs to the revenue generating segment.
3. Management’s discretion was used to allocate brand transition, restructure and transaction expenses below the line based on the nature of expense and the entity it related to.
4. Finance and interest costs and those associated with capital raises are allocated based on the adjusted EBITDA ratio as an indicator of cash requirements
5. Impairment expense relates to the Bendon brands
6. Depreciation and amortisation have been allocated based on the entity holding the assets.

(b) Naked pro-forma historical balance sheet

The purpose of this is to reflect how the Naked group will look following the divestment of the Bendon business.

	Group as reported 31 January 2021 <u>NZ\$000's</u>	Sale of Bendon 31 January 2021 <u>NZ\$000's</u>	Naked 31 January 2021 <u>NZ\$000's</u>	Repay BNZ	Bendon Inventory Adjustment and costs adjustment	Eliminate Inter Co debt	Naked Group Divestment Proforma
Assets							
Current Assets							
Cash and cash equivalents	90,925	508	90,417	(14,500)	(5,164)		70,753
Trade and other receivables (excluding group undertakings)	8,134	7,593	541				541
Inventory	16,596	13,337	3,259				3,259
Group undertakings	-	(43,583)	43,583			(43,583)	-
Current tax receivable	-	-	-				-
Total current assets	<u>115,655</u>	<u>(22,145)</u>	<u>137,800</u>				<u>74,553</u>
Non-current assets							
Property, plant and equipment	2,977	2,976	1				1
Right-of-use assets	18,401	18,401	-				-
Intangible assets	22,849	3,547	19,302				19,302
Deferred tax assets	-	-	-				-
Total non-current assets	<u>44,227</u>	<u>24,924</u>	<u>19,303</u>				<u>19,303</u>
Total assets	<u>159,882</u>	<u>2,779</u>	<u>157,103</u>				<u>93,856</u>
Liabilities							
Current liabilities							
Trade and other payables	28,728	11,326	17,402				17,402
Lease liabilities	6,955	6,955	-				-
Borrowings	14,493	14,493	-				-
Derivative on convertible notes	629	-	629				629
Current tax liabilities	205	180	25				25
Provisions	870	870	-				-
Total current liabilities	<u>51,880</u>	<u>33,824</u>	<u>18,056</u>				<u>18,056</u>
Non-current liabilities							
Lease liabilities	14,597	14,597	-				-
Convertible loan notes	3,002	-	3,002				3,002
Provisions	1,212	1,212	-				-
Total non-current liabilities	<u>18,811</u>	<u>15,809</u>	<u>3,002</u>				<u>3,002</u>
Total liabilities	<u>70,691</u>	<u>49,633</u>	<u>21,058</u>				<u>21,058</u>
Net assets/(liabilities)	<u>89,191</u>	<u>(46,854)</u>	<u>136,045</u>				<u>72,798</u>
Net Equity	<u>89,191</u>	<u>(46,854)</u>	<u>136,045</u>				<u>72,798</u>

Pro forma adjustments

Detailed below are adjustments made to reflect the separate pro-forma historical statements of financial position of Bendon, Naked and Naked Divestment Pro-Forma that gives effect to the sale of Bendon as if the transaction had occurred on 31 January 2021.

1. Interim Bendon Sale consideration:

	NZ\$
(a) Inventory adjustment payment	4.8m
(b) Intercompany debt forgiveness	43.6m
(c) Buyers costs	0.3m
(d) BNZ loan repayment	14.5m
Total interim consideration	<u>63.2m</u>

2. Completion accounting has not been finalised and is, amongst other things, subject to finalisation to a completion adjustment for actual Net Cash/(Debt) and actual Net Working Capital at the Accounts Date (31 January 2021) along with a reconciliation of inter-company debt. The completion adjustments are to be prepared within 30 days after Completion (30 April 2021).

3. Outline of assumptions approach to balance sheets

- a. All balance sheet items follow the entity the asset/liability relates to.

Recent Developments

COVID-19

On January 30, 2020, the World Health Organization (the “WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China, COVID-19, and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the business’ financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

As of the time of this filing, the impacts of the COVID-19 pandemic have been broad reaching, including impacts to our retail, wholesale and licensing businesses. Throughout the financial period reported and to this date the business has had periods where it has temporarily closed its bricks and mortar stores. Throughout these periods the business has been able to continue to trade through the Bendon Lingerie and Frederick’s of Hollywood online stores and has been able to fulfil online orders from the New Zealand and U.S. warehouses. To mitigate the significant impact on cashflow the business was able to work with suppliers to get support with delayed payments and to negotiate support from the majority of landlords to provide rent abatements through the periods of closure. Employees agreed to work reduced hours for the initial key shutdown periods. For the Bendon part of the business, we were able to apply for Government wage subsidies from the New Zealand and Australian governments. At the date of this report, we had received \$2.0m in subsidies from the New Zealand government and \$0.8m from the Australian Government. The business was able to receive support from the Bank of New Zealand (“BNZ”) to defer loan repayments and has subsequently repaid this loan and closed the facility (see “Senior Secured Credit Facility” below). The impact of COVID-19 in Asia initially delayed stock flow due to temporary factory closures, however, the business was able to work with suppliers to prioritise and reschedule orders.

Management and the directors continue to monitor the situation on a daily basis to minimize the total impact to the group.

Bendon Sale

On April 30, 2021, we signed the Bendon Share Sale Agreement with JADR Holdings Pty Limited as trustee for the JDR Family Trust No 2, an entity affiliated with Justin Davis-Rice, and Matana Intimates Holdings Trustee Limited as trustee for the Matana Intimates Holding Trust, an entity affiliated with Anna Johnson (together, the “Buyers”), and simultaneously consummated the Bendon Sale contemplated thereby. Pursuant to the Bendon Share Sale Agreement, we sold all of the issued share capital in Bendon together with any accrued rights free from encumbrances for the consideration described below on the terms and conditions set out in the Bendon Share Sale Agreement. The Bendon Sale had an economic close of January 31, 2021 (the “Accounts Date”) notwithstanding that closing of the Transaction (the “Completion”) occurred on April 30, 2021.

Because the Buyers are related parties of ours, we adopted strict governance and information protocols to ensure independent consideration and assessment of the Buyers’ proposal and the Bendon Share Sale Agreement. Our independent directors formed an independent committee of the board of directors, which considered, on our behalf, the Bendon Sale. The consideration paid for the share capital of Bendon was determined through negotiations between the independent committee and the Buyers.

The key terms of the Bendon Share Sale Agreement are as follows:

Consideration. The consideration paid by the Buyers was NZ\$1.00 as adjusted based on the target inventory amount of NZ\$18.2 million and by a true up adjustment for estimated Net Cash/(Debt) and Working Capital as at the Accounts Date. The inventory adjustment resulted in a payment by us to Bendon in the amount of NZ\$4.8 million. The Net Cash/(Debt) and Working Capital adjustments are to be prepared within 30 business days after Completion.

Exit Event Proceeds. If the Buyers or Mr. Davis-Rice and Ms. Johnson agree to sell the shares in Bendon or its business within three years following Completion, we will be entitled to the following percentage of the net proceeds of the sale: in the first year following Completion, 75%; in the second year following Completion, 50%; and in the third year following Completion, 25%.

Profit share. We are entitled to a tiered percentage of net profits of Bendon and the entities controlled by Bendon (the “Bendon Group”) for three years commencing on July 1, 2021, being in: the first year, 30%; the second year, 20%; and the third year, 10%. The net profits are to be calculated on a cumulative basis so that any losses from the first or second year are offset against any profits in a subsequent year.

Forgiveness of the Intra Group Loans. We forgave all inter-company debt owing by the Bendon Group to us and our subsidiaries other than the Bendon Group effective as of January 30, 2021 (which is approximately NZ\$43.6 million).

Naked Facility. We will provide Bendon with a 5 year loan of up to NZ\$7 million (the “Naked Facility”) at an initial interest rate per annum of 5% and, following Bendon obtaining additional external senior debt which the Buyers and Bendon are proposing to raise after Completion, an interest rate of 50 basis points above the rate of this senior debt. The Naked Facility will also be subordinated to this senior debt.

Costs. We agreed to pay up to NZ\$300,000 of the Buyers’ and Bendon’s costs in relation to the Bendon Sale, which was agreed in exchange for the Buyers’ agreeing for the term sheet to be entered into on a non-exclusive basis.

FOH Services Agreement. FOH, our wholly owned subsidiary, entered into a management services agreement (the “FOH Services Agreement”) with Bendon pursuant to which Bendon will provide certain management services.

As a result of the Bendon Sale, our sole operating subsidiary is FOH. Through FOH, we are the exclusive licensee of the Frederick’s of Hollywood global online license, under which we sell Frederick’s of Hollywood intimates products, sleepwear and loungewear products, swimwear and swimwear accessories products, and costume products.

Management Changes

On January 21, 2021, our board of directors appointed Justin Davis-Rice as our Chief Executive Officer, replacing Anna Johnson. Ms. Johnson remained the Chief Executive Officer of Bendon. In connection with his appointment, our board of directors, upon the recommendation of the compensation committee, granted to Mr. Davis-Rice phantom warrants with a strike price equal to \$0.37 (the 20-day volume-weighted average price of the Ordinary Shares). The phantom warrants will vest in three tranches, with the first tranche vesting immediately, the second tranche vesting on July 21, 2021 and the third tranche vesting on January 21, 2022. Each tranche will cover 1.5% of our outstanding Ordinary Shares as of the date of vesting and will expire three years after its vesting date. Upon exercise, the Company will net cash settle the phantom warrants. As a result, no Ordinary Shares will be issued.

On January 18, 2021, our board of directors appointed Simon Tripp as a director of the Company. Mr. Tripp replaced Paul Hayes, who resigned as a director of the Company on the same day. See Item 6 of this Annual Report, “*Directors, Senior Management and Employees,*” for biographical information about Mr. Tripp.

On April 19, 2021 Mark Ziirsen was appointed as Chief Financial Officer, replacing Cheryl Durose. See Item 6 of this Annual Report, “*Directors, Senior Management and Employees,*” for biographical information about Mr. Ziirsen.

Nasdaq Compliance

On April 26, 2021, we received a notice from Nasdaq’s Listing Qualifications Department stating that, for the 30 consecutive business days ending April 23, 2021, the closing bid price for the Ordinary Shares had been below the minimum of \$1.00 per share required for continued inclusion on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). The notification letter stated that we would be afforded 180 calendar days (until October 25, 2021) to regain compliance with the minimum bid price requirement. In order to regain compliance, the closing bid price for the Ordinary Shares must be at least \$1.00 per share for a minimum of ten consecutive business days. The notification letter also stated that in the event we do not regain compliance within the 180-day period, we may be eligible for additional time.

The Nasdaq notification did not have any immediate effect on the listing of the Ordinary Shares, and the Ordinary Shares continue to trade uninterrupted under the symbol “NAKD”. Naked management intends to actively monitor the bid price for the Ordinary Shares and will consider all available options to regain compliance with the Nasdaq minimum bid price requirement.

Financing Transactions

February 2021 Private Placement

On February 24, 2021, we entered into a securities purchase agreement (the “February 2021 SPA”) with certain accredited investors, pursuant to which we agreed to sell in a private placement an aggregate of US\$100,000,000 of units, each unit consisting of one Ordinary Share and one warrant to purchase Ordinary Shares (the “February 2021 Warrants”). On March 10, 2021, we entered into an amendment to the February 2021 SPA, which reduced the price per unit sold under the February 2021 SPA and made certain changes to the form of the February 2021 Warrant to, among other things, reduce the initial exercise price and limit the number of ordinary shares which may be issued upon a Black-Scholes value cashless exercise of the February 2021 Warrant (as more fully described below), by increasing the floor price specified in the warrants, lowering the underlying price used in the calculation of the Black-Scholes value per warrant and establishing a maximum number of Ordinary Shares that may be issued under the warrants. On the same day, we consummated the sale of the units pursuant to the February 2021 SPA. The purchase price per unit was US\$0.85, resulting in the issuance of an aggregate of 117,647,059 Units (representing an aggregate of 117,647,059 Ordinary Shares and 117,647,059 February 2021 Warrants). We granted a financing rebate to the investors, resulting in net proceeds to us, after offering expenses, of approximately US\$94.9 million.

The February 2021 Warrants have an exercise price of US\$0.935 per share and will expire on March 10, 2026. The February 2021 Warrants contain a Black-Scholes cashless exercise feature, which permits the February 2021 Warrants to be exercised on a cashless basis for a number of Ordinary Shares equal to the Black-Scholes value per share, multiplied by the number of Ordinary Shares as to which the warrant is being exercised, divided by the closing bid price on Nasdaq as of two trading days prior to the exercise date, as reported by Bloomberg (but not less than a specified floor price). For this purpose, the Black-Scholes value per share is calculated using an underlying price equal to US\$0.95 (as may be adjusted for stock dividends, subdivisions, or combinations); a risk-free interest rate corresponding to the U.S. Treasury rate; a strike price equal to the \$0.935 exercise price; an expected volatility equal to 135%; and a deemed remaining term of five years (regardless of the actual remaining term of the February 2021 Warrant). Accordingly, the Black-Scholes value calculation will not change as a result of future changes in the stock price, risk-free interest rate, volatility or remaining life of the February 2021 Warrants. As a result, the number of Ordinary Shares issued upon exercise of the February 2021 Warrants may substantially exceed 117,647,059 shares. The February 2021 Warrants may not be exercised to the extent the holder or any of its affiliates would beneficially own more than 9.9% of the Ordinary Shares outstanding on the closing date after giving effect to such exercise. Further, in no event will we be required to issue upon exercise of the warrants more than a fixed maximum number of Ordinary Shares specified in the February 2021 Warrants.

As of the date of this Annual Report, the February 2021 Warrants have been exercised as to 85,468,897 Ordinary Shares, pursuant to the Black-Scholes cashless exercise provision, for an aggregate issuance of 142,842,302 Ordinary Shares. These amounts include exercises as to 17,106,545 shares, for which notices of exercise have been received but the shares have not yet been issued, which will result in the issuance 28,055,275 ordinary shares.”

ATM Offerings

On February 24, 2021, we entered into an equity distribution agreement (the “February EDA”) with Maxim Group LLC (“Maxim”), pursuant to which we may sell, from time to time, through Maxim, Ordinary Shares having an aggregate offering price of up to US\$99,500,000 (the “ATM Offering”). Sales of Ordinary Shares in the ATM Offering, if any, will be made by any method permitted that is deemed an “at the market offering” as defined in Rule 415 under the Securities Act. Maxim is not required to sell any specific amount but will act as our exclusive sales agent using commercially reasonable efforts consistent with its normal trading and sales practices, on mutually agreed terms between Maxim and us. We have no obligation to sell any of the Ordinary Shares under the February EDA and may at any time suspend solicitation and offers under the February EDA. As of April 30, 2021, we sold an aggregate of 69,269,818 Ordinary Shares pursuant to the February EDA, for gross proceeds of US\$69,120,474 (NZ\$96,429,232) and net proceeds of US\$67,046,860 (NZ\$93,536,355), after payment to Maxim of an aggregate of US\$2,073,614 (NZ\$2,892,877) in commissions.

In addition, we conducted two prior “at the market” offerings through Maxim. On October 19, 2020, we entered into an equity distribution agreement with Maxim (the “October EDA”), pursuant to which we sold an aggregate of 107,036,117 Ordinary Shares, for gross proceeds of US\$49,999,716 (NZ\$69,754,068) and net proceeds of US\$48,499,724 (NZ\$67,661,446), after payment to Maxim of an aggregate of US\$1,499,991 (NZ\$2,092,622) in commissions. In connection with the execution of the February EDA, we terminated the offering under the October EDA. On August 20, 2020, we entered into an equity distribution agreement with Maxim, as amended on September 25, 2020 (the “August EDA”), pursuant to which we sold an aggregate of 138,252,413 Ordinary Shares, for gross proceeds of US\$17,998,700 (NZ\$25,109,793) and net proceeds of US\$17,458,739 (NZ\$24,356,500), after payment to Maxim of an aggregate of US\$539,961 (NZ\$753,294) in commissions. In connection with the commencement of sales under the October EDA, we terminated the offering under the August EDA.

Repayment of Credit Facility

Through February 10, 2021, we were party to a facility agreement, originally dated June 27, 2016, as amended from time to time, by and among Bendon, as borrower, us and certain subsidiaries and affiliates of ours, as guarantors, and the Bank of New Zealand (“BNZ”), as lender. Under the facility agreement, BNZ had made available to us and our subsidiaries a revolving credit facility and an instrument facility. On February 10, 2021, we paid approximately US\$10,394,000 (NZ\$14,500,000) to BNZ, which constituted repayment in full of all amounts due under the facility with BNZ, and the facility was terminated.

Registered Direct Offering

On February 1, 2021, we closed on the sale of 29,415,000 Ordinary Shares in a public offering to certain institutional investors at a price of \$1.70 per share, for gross proceeds of US\$50,005,500. Maxim acted as the sole placement agent in connection with the Offering. The net proceeds to the Company from the offering were approximately US\$46,900,000 (NZ\$65,429,688), after deducting the placement agent's fees of US\$3,000,330 and other estimated offering expenses.

Note and Purchase Warrant Issued in July 2020

In July 2020, we completed a private placement of a convertible promissory note (the "July 2020 Note") and a warrant to purchase ordinary shares (the "July 2020 Purchase Warrant") to an accredited investor Iliad Research Trading L.P., pursuant to a securities purchase agreement, for an aggregate purchase price of US\$8,000,000 (NZ\$11,161,000). The July 2020 Note was issued with an original issue discount of 5%, and certain expenses of the investor were added to the balance of the July Note, for an original principal balance of US\$8,420,000. We also granted a financing rebate to the investor, resulting in net proceeds to us of approximately US\$7,200,000 (NZ\$10,045,000) from the sale of the July 2020 Note. The July 2020 Note provided for interest at the following rate: (i) for a period of 90 days starting on its issuance date, 2.0% per annum, (ii) for the next 90 days, 10.0% per annum and (iii) thereafter, 15.0% per annum, and provided for maturity on the second anniversary of its issuance. The July 2020 Note was convertible, at our election (subject to certain limitations) or at the election of the investor, into Ordinary Shares at a conversion price equal to US\$0.2424. The July 2020 Purchase Warrant entitled the investor to purchase Ordinary Shares at an exercise price of US\$0.6707 per share. In addition, if the exercise price of the July 2020 Purchase Warrant was higher than the last closing bid price of the Ordinary Shares, the July 2020 Purchase Warrant could be exercised on a cashless basis for a number of shares equal to the Black-Scholes value per share underlying the July 2020 Purchase Warrant, multiplied by the number of shares as to which the July 2020 Purchase Warrant was being exercised, divided by the closing bid price as of two business days prior to the exercise date, but in any event not less than the floor price specified in the July 2020 Purchase Warrant. For this purpose, the Black-Scholes value per share underlying the July 2020 Purchase Warrant was a fixed value as set forth in the July 2020 Purchase Warrant.

As of the date of January 27, 2021, the July 2020 Note had been converted in full into an aggregate of 35,081,733 Ordinary Shares and the July 2020 Purchase Warrant had been exercised in full, pursuant to the Black-Scholes cashless exercise provision, for an aggregate of 47,817,633 Ordinary Shares.

The profit or loss account recognises NZ\$25.5m in relation to the fair value of the convertible note and warrant liability.

Bendon Conversion Shares

On October 5, 2020, we and one of our operating subsidiaries, Bendon, entered into a settlement agreement with each of (i) Timothy D. Connell and (ii) William Gibson and Ivory Castle Limited (collectively, the "Lenders"). The Lenders had alleged that specific repayment terms of loans made by them were not met as promised and sought repayment of the loans. Pursuant to the settlement agreements, the Lenders agreed to settle the dispute in consideration for Bendon's issuance to them of redeemable conversion shares of Bendon (the "Bendon Conversion Shares") with an aggregate value of US\$3,789,654. The Bendon Conversion Shares were convertible into our ordinary shares at a conversion price equal to the closing market price of our ordinary shares on the trading day immediately preceding the date of conversion (but in any event at not less than a specified floor price). As of December 4, 2020, the Bendon Conversion Shares had been converted in full into an aggregate of 45,930,930 Ordinary Shares.

Notes Issued in October, November, and December 2019 and January, February, and April 2020

In each of October, November and December 2019 and January, February, and April 2020, we completed a private placement of a convertible promissory note (each, a "Prior Note") and a warrant to purchase ordinary shares to either St. George Investments LLC or Iliad Research and Trading L.P., which are affiliates of one another (together, the "Affiliated Holders"). Each private placement of a Prior Note was made pursuant to a Securities Purchase Agreement with the applicable Affiliated Holder. The aggregate purchase price of the Prior Notes was US\$15,500,000 (NZ\$21,624,000). Each of the Prior Notes was issued with an original issue discount of 5%, and certain expenses of the Affiliated Holder were added to the balance of each Prior Note. In addition, the applicable Affiliated Holder had the right to exchange each warrant for a 5% increase in the outstanding balance of the related Prior Note, a right the Affiliated Holder exercised in each case. Because we did not timely complete an equity financing as required by each of the Prior Notes and did not timely file a registration statement as required by the Prior Notes issued in February and April 2020, the outstanding balance of each applicable Prior Note was increased by 10% for each such occurrence. Each of the Prior Notes provided for an interest rate of 20% per annum, compounded daily, and for maturity on the second anniversary of its issuance. Each of the Prior Notes originally provided for a fixed conversion price, but we agreed to three temporary reductions of the conversion price of the Prior Note issued in December 2019 and subsequently agreed to amend each of the Prior Notes issued in October, November and December 2019 and in January and February 2020 so that each such note could be converted at a floating conversion price (but in any event at not less than a specified floor price), provided we approved each such conversion.

As of November 27, 2020, the Prior Notes issued in October, November and December 2019 and January and February 2020 had been converted in full into an aggregate of 66,580,270 Ordinary Shares. In addition, on February 25, 2021, we exchanged the Prior Note issued in April 2021 for 4,002,789 Ordinary Shares.

Overview

Comparison of 12 Months Ended January 31, 2021 and 2020

During the 12 months ended January 31, 2021 and 12 months ended January 31, 2020, we incurred a net comprehensive loss of \$72.8m and \$52.2m, respectively.

Net sales in the 12 months ended January 31, 2021 decreased by \$10.0m, or 11.1%, to \$80.0m when compared with \$90.1m in the 12 months ended January 31, 2020. The sales in the 12 months ending January 31, 2021 were negatively impacted by Covid-19 which led to temporary store closures and a disruption of the supply chain.

For this period the FOH business net sales were \$24.4m and the remaining \$55.6m related to the Bendon business. This compared to net sales of \$27.0m for FOH (-9.6%) in the 12 months ended January 31, 2020 and \$63.1m for the Bendon business (-11.8%).

Gross Profit in the 12 months ended January 31, 2021 increased slightly to \$33.9m compared to \$33.8m in the 12 months prior, despite the reduction in sales due to reduced royalty payments, changed customer mix (reduced wholesale business) and better purchasing pricing. The Gross Profit was split \$6.4m FOH and \$27.5m Bendon.

Loss for the 12 months ended January 31, 2021 increased by \$14.0m, or 25.8%, to -\$68.3m from -\$54.3m in the 12 months prior with the fair valuation of the convertible notes and warrants being a key contributing factor. This loss for the 12 months was split -\$37.6m Naked and -\$30.7m Bendon.

Comparison of 12 Months Ended January 31, 2020 and 2019

During the 12 months ended January 31, 2020 and 12 months ended January 31, 2019, we incurred a net comprehensive loss of \$52.2m and \$49.2m, respectively.

Net sales in the 12 months ended January 31, 2020 decreased by \$21.9m, or 19.5%, to \$90.1m when compared with \$111.9m in the 12 months ended January 31, 2019. The sales in the 12 months ending January 31, 2020 were negatively impacted by a stock supply issue because of liquidity issues. Our strategic decision to exit the U.S. wholesale market and substantially exit the E.U./U.K. wholesale market also contributed to the reduction in sales for the Company.

Gross Profit in the 12 months ended January 31, 2020 reduced by \$3.6m, or 9.6%, to \$33.8m, compared to \$37.4m in the 12 months prior, reflecting the reduction in sales.

Loss for the 12 months ended January 31, 2020 increased by \$5.1m, or 10.3%, to -\$54.3m from -49.2m in the 12 months prior with a reduction margin and in costs being a key contributing factor.

Application of Critical Accounting Policies, Estimates, and Judgements

Our accounting policies form the basis for preparation of our financial statements and our financial statements in turn are an essential factor in understanding our operations. Our accounting policies are in accordance with IFRS as issued by the IASB and are fully described in the notes to our audited financial statements as of and for the fiscal years ended January 31, 2021, 2020 and 2019. The preparation of our financial statements required management to make judgments, estimates, assumptions and judgments that affect the reported amounts of revenue, assets, liabilities and expenses. Our management re-evaluates estimates on an on-going basis and such estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Critical Accounting Policies

Critical accounting policies are those that reflect our industry and activity specific accounting treatments used in preparing our financial statements for the 12 months ended January 31, 2021, 2020 and 2019, or that have significant potential to result in a material adjustment to the carrying amounts of assets and liabilities during each of the years.

Going concern

For the financial year ended January 31, 2021, we experienced a loss after income tax from continuing operations of \$68.3 million with operating cash outflows of \$11.0 million. However, following successful equity raises throughout the year we are in a net current asset position of \$63.8 million and a positive shareholder equity position of \$89.2 million.

As at the January 31, 2021 we had a cash balance of \$90.9 million, subsequently the Company raised further funds through an At The Market selling of shares and through a direct placement, along as disclosed in this document. As such, with over \$300 million of cash in the business and a substantially strengthened Balance Sheet the directors have no reasonable doubt that the company has adequate resources to apply the going concern basis of accounting in preparing the financial statements. Furthermore, whilst global macro-economic conditions remain uncertain with continued potential impacts from the COVID-19 pandemic, the now even further substantially strengthened debt free balance sheet following the repayment of the BNZ loan and divestment of the Bendon business puts the Company in a confident position to safeguard the Group's ability to continue as a going concern.

Revenue recognition

Sale of goods

Sales of goods through retail stores, e commerce and wholesale channels are recognised when control of the products have been transferred to the customer which is a point in time. For wholesale and e commerce sales, risks and rewards are transferred when goods are delivered to customers, and therefore reflects an estimate of shipments that have not been received at year end based on shipping terms and historical delivery times. We also provide a reserve for projected merchandise returns based on prior experience. We sell gift cards to customers. We recognise revenue from gift cards when they are redeemed by the customers. In addition, we recognise revenue on all of our unredeemed gift cards when the gift cards have expired.

Sale of goods – wholesale

We sell a range of lingerie products in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. The estimates of discount are based on the trading terms in the contracts, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume payable to customers in relation to sales made until the end of the reporting period. Our obligation to provide a refund for faulty products under the standard trading terms is recognised as a provision.

Sale of goods – retail/e commerce

We operate a chain of retail stores and e commerce websites selling lingerie products. Revenue from the sale of goods is recognised when we sell a product to the customer.

Payment of the transaction price is due immediately when the customer purchases the product. It is our policy to sell our products to the end customer with a right of return within 30 days. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in inventory if deemed saleable) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Interest revenue

Interest is recognised using the effective interest method.

Other income

Other income is recognised on an accruals basis when we are entitled to it.

Significant Accounting Judgments, Estimates, and Assumptions

Significant accounting judgments, estimates, and assumptions that have been used in the preparation of our financial statements are set out below. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

We make estimates and assumptions concerning the future in determining accounting treatments and quantifying amounts for transactions and balances in certain circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Inventory

Each item on inventory is reviewed on an annual basis to determine whether it is being carried at higher than its net realizable value. During the period, management have written down inventory based on best estimate of the net realizable value, although until the time that inventory is sold this is an estimate.

Impairment of Goodwill

In accordance with IAS 36 Impairment of Assets, we are required to estimate the recoverable amount of goodwill at each reporting period.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate and using a terminal value to incorporate expectations of growth thereafter.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA future cash flows;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect our impairment evaluation and hence results.

Our review includes the key assumptions related to sensitivity in the cash flow projections. Further details are provided in note 20 to the consolidated financial statements.

Fair Value of Financial Instruments

We have certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Impairment of Brands

In accordance with IFRS 36, Impairment of Assets, the Company is required to estimate the recoverable amount of indefinite-lived brand assets at each reporting period.

As at January 31, 2021 the Brands held by the group included Pleasure State, Davenport and Loveable, which belonged to the legacy Bendon business.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by their value in use or fair value less cost to sell.

In calculating the fair value less costs to sell, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in brand revenues,
- market royalty rate,
- the selection of discount rates to reflect the risks involved, and
- long-term growth rates.

Changing the assumptions selected by management, in particular the growth rate, discount rate and market royalty rate assumption used, could significantly affect our impairment evaluation and hence results.

Our review includes the key assumptions related to sensitivity in the model. Further details are provided in note 20(d) to the consolidated financial statements.

Determining the lease term of contracts with renewal options

We determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised within the next 12 months. As per our policy, the options are not exercised when the lease terms are beyond 12 months as of the assessment date. When we have the option to lease the assets for additional terms, we apply judgement in evaluating whether we are reasonably certain to exercise the option to renew, considering all relevant factors that create an economic incentive for us to exercise the renewal. After the commencement date, we reassess the lease term if there is a significant event or change in circumstances that is within our control and affect our ability to exercise (or not to exercise) the option to renew.

Taxes

Determining income tax provisions and the recognition of deferred tax assets including carried forward income tax involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable income being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

Recent Accounting Pronouncements

See “Consolidated Financial Statements Note 2b - New standards, interpretations, and amendments not yet effective.”

A. Operating Results

Overview of Operating Results

The following table sets forth certain operating results and other financial information for each of the years ended January 31, 2021, 2020 and 2019:

<i>Thousands of NZ\$'s</i>	Jan. 31, 2021 12 months	Jan. 31, 2020 12 months	Jan. 31, 2019 12 months	% movement FY21 v FY20	% movement FY20 v FY19
Revenue	80,039	90,065	111,920	-11.1%	-19.5%
Cost of goods sold	(46,147)	(56,247)	(74,480)	18.0%	24.5%
Gross profit	33,892	33,818	37,440	0.2%	-9.7%
Other Income - (including wage subsidy re covid)	4,223	0	0		
Brand management	(28,880)	(35,555)	(49,256)	18.8%	27.8%
Administrative expenses	(9,556)	(11,837)	(3,432)	19.3%	-244.9%
Corporate expenses	(9,350)	(12,772)	(14,145)	26.8%	9.7%
Finance expense	(8,214)	(5,213)	(4,041)	-57.6%	-29.0%
Brand transition, restructure and transaction expenses	(22,527)	(14,593)	(10,075)	-54.4%	-44.8%
Impairment expense	(4,895)	(8,904)	(8,173)	45.0%	-8.9%
Other foreign currency gains/(losses)	3,642	615	1,963	492.2%	68.7%
Interest Income	5	12	0	58.3%	0.0%
Gain on sale of intangible asset	0	906	0	100.0%	0.0%
Fair value gain/(loss) on convertible notes derivative	(26,552)	0	(775)	0.0%	100.0%
Loss before income tax	(68,212)	(53,523)	(50,494)	-27.4%	-6.0%
Income tax benefit/(expense)	(134)	(782)	1,274	82.9%	161.4%
Loss for the period	(68,346)	(54,305)	(49,220)	-25.9%	-10.3%
<i>Other comprehensive loss</i>					
Exchange differences on translation of foreign operations	(4,484)	2,131	(7)	-310.4%	-30542.9%
Total comprehensive loss for the period	(72,830)	(52,174)	(49,227)	-39.6%	-6.0%

Revenue

Comparison of 12 Months Ended January 31, 2021 and 2020

During the 12 months ended January 31, 2021, net sales decreased by \$10.0m, or 11.1%, to \$80m when compared with \$90.1m in the 12 months ended January 31, 2020. The sales in the 12 months ended January 31, 2021 sales were impacted by Covid-19 which lead to temporary store closures and a disruption of the supply chain.

One new store was opened in New Zealand and three stores were closed, one in New Zealand and two in Australia.

For this period the FOH business net sales were \$24.4m and the remaining \$55.6m related to the Bendon business.

This compared to net sales of \$27.0m for FOH (-9.6%) in the 12 months ended January 31, 2020 and 63.1m for the Bendon (-11.8%) business.

Comparison of 12 Months Ended January 31, 2020 and 2019

During the 12 months ended January 31, 2020, net sales decreased by \$21.9m, or 19.5%, when compared with \$111.9m in the 12 months ended January 31, 2019. The sales in the 12 months ended January 31, 2020 continued to be negatively impacted by a stock supply issue because of liquidity issues. Our strategic decision to exit the U.S. wholesale market and substantially exit the E.U./U.K. wholesale markets also contributed to the reduction in sales for the Company.

One new store was opened in New Zealand and three stores were closed in Australia.

Gross margins

Comparison of 12 Months Ended January 31, 2021 and 2020

During the 12 months ended January 31, 2021 and the 12 months ended January 31, 2020, gross margin was 42.3% and 37.5% respectively. Reduced royalty payments and customer mix (reduced wholesale mix) were key drivers influencing this, along with improved purchase pricing. The Gross Profit was split \$6.4m FOH and \$27.5m Bendon.

Comparison of 12 Months Ended January 31, 2020 and 2019

During the 12 months ended January 31, 2020 and the 12 months ended January 31, 2019, gross margin was 37.5% and 33.5% respectively. Higher margin product and promotional activity along with customer mix have influenced this however there is room for improvement as margin does continue to be impacted by supply issues.

Operating expenses

The following table sets forth operating expenses for each of the years ended January 31, 2021, 2020 and 2019:

<i>Thousands of NZ\$'s</i>	Jan. 31, 2021 12 months	Jan. 31, 2020 12 months	Jan. 31, 2019 12 months	% movement FY21 v FY20	% movement FY20 v FY19
Other Income	4,223	0	0	0.0%	0.0%
Brand management	(28,880)	(35,555)	(49,256)	18.8%	27.8%
Administrative expenses	(9,556)	(11,837)	(3,432)	19.3%	-244.9%
Corporate expenses	(9,350)	(12,772)	(14,145)	26.8%	9.7%
Finance expense	(8,214)	(5,213)	(4,041)	-57.6%	-29.0%
Brand transition, restructure and transaction expenses	(22,527)	(14,593)	(10,075)	-54.4%	-44.8%
Impairment expense	(4,895)	(8,904)	(8,173)	45.0%	-8.9%
Other foreign currency gains/(losses)	3,642	615	1,963	492.2%	-68.7%
Fair value gain/(loss) on convertible notes derivative	(26,552)	0	(775)	0.0%	100.0%
Interest Income	5	12	0	-58.3%	0.0%
Gain on Sale of Intangible	0	906	0	-100.0%	0.0%
Net Expenses	(102,104)	(87,341)	(87,934)	-16.9%	0.7%
Income tax benefit/(expense)	(134)	(782)	1,274	82.9%	-161.4%
Total Operating Expenses	(102,238)	(88,123)	(86,660)	-16.0%	-1.7%

Comparison of 12 Months Ended January 31, 2021 and 2020

Other Income increased by \$4.2m, or 100%, from \$0.0m to \$4.2m in the 12 months ended January 31, 2021 as compared with the 12 months ended January 31, 2020, this was a result of receiving \$2.8m for the wage subsidy due to COVID-19, along with \$1.3m for rent relief concession under IFRS 16 amendment.

Brand management expenses decreased by \$6.7m, or 18.8%, from \$35.6m to \$28.9m in the 12 months ended January 31, 2021 as compared with the 12 months ended January 31, 2020. This was largely due to cost savings in our store overheads and reduced marketing spend.

Administrative expenses decreased by \$2.3m, or 19.3%, from \$11.8m to \$9.6m in the 12 months ended January 31, 2021 as compared with the 12 months ended January 31, 2020. This was due to decreased depreciation costs following the impairment of right of use assets and PPE.

Corporate expenses decreased by \$3.4m, or 26.8%, from \$12.8m to \$9.4m in the 12 months ended January 31, 2021 as compared with the 12 months ended January 31, 2020. This was largely due to cost savings in our overheads, specifically a reduction of support office costs.

Finance expenses increased by \$3.0m, or 57.6% from \$5.2m to \$8.2m in the 12 months ended January 31, 2021 as compared with the 12 months ended January 31, 2020. Lower interest on reduced bank borrowings was offset by higher interest on convertible loan notes.

Brand transition, restructure and transaction expenses increased by 7.9m, or 54.4%, from \$14.6m to \$22.5m in the 12 months ended January 31, 2021 as compared with the 12 months ended January 31, 2020, which was driven by the introduction of the phantom warrants, an \$11.6m expense in the current year.

Impairment expense decreased by \$4.0m, or 45%, from \$8.9m to \$4.9m in the 12 months ended January 31, 2021 as compared with the 12 months ended January 31, 2020. The charge this year related to an impairment of the brands and store tangible assets whereas last year included similar level of tangible and brand impairment but also included impairment of goodwill relating to the Naked brand and impairment of licenses relating to FOH.

Other foreign currency gains increased by \$3.0m, or 492%, from \$0.6m to \$3.6m in the 12 months ended January 31, 2021 as compared with the 12 months ended January 31, 2020, due to the strengthening of the NZD against the USD and AUD.

Fair value loss on convertible notes derivatives increased by \$26.6m in the 12 month ended January 31, 2021 as compared with the 12 months ended January 31, 2020 due to the fair value of convertible notes and associated warrants.

Gains on sale of intangible assets decreased by \$0.9m, or 100%, from \$0.9m to \$0.0m in the 12 months ended January 31, 2021 as compared with the 12 months ended January 31, 2020. This was due to last year there were gains on sale of the Naked brand, but there were no such gains this year.

Comparison of 12 Months Ended January 31, 2020 and 2019

Brand management expenses decreased by \$13.7m, or 27.8%, from \$49.2m to \$35.6m in the 12 months ended January 31, 2020 as compared with the 12 months ended January 31, 2019. This was largely due to cost savings in our store overheads and reduced marketing spend.

Administrative expenses increased by \$8.4m, or 244.9%, from \$3.4m to \$11.8m in the 12 months ended January 31, 2020 as compared with the 12 months ended January 31, 2019. This was due to a change in accounting standard. Under IFRS 16, operating leases that were traditionally charged to profit or loss account have been replaced by depreciation and an implied interest charge.

Corporate expenses decreased by \$1.4m, or 9.7%, from \$14.1m to \$12.8m in the 12 months ended January 31, 2020 as compared with the 12 months ended January 31, 2019. This was largely due to cost savings in our overheads, specifically lower salaries due to headcount reductions and collection of previously impaired receivables

Finance expenses increased by \$1.2m, or 29.0%, from \$4.0m to \$5.2m in the 12 months ended January 31, 2020 as compared with the 12 months ended January 31, 2019. Lower interest on reduced bank borrowings and derecognition of interest on a shareholder loan was offset by interest on convertible loan notes and the implied interest due to the change in accounting standard for operating leases under IFRS 16.

Brand transition, restructure and transaction expenses increased by \$4.5m, or 44.8%, from \$10.1m to \$14.6m in the 12 months ended January 31, 2020 as compared with the 12 months ended January 31, 2019, which was driven by contract termination costs.

Impairment expense increased by \$0.7m, or 8.9%, from \$8.2m to \$8.9m in the 12 months ended January 31, 2020 as compared with the 12 months ended January 31, 2019, which was driven by stock supply issue due to liquidity issues.

Other foreign currency gains decreased by \$1.4m, or 68.7%, from \$1.9m to \$0.6m in the 12 months ended January 31, 2020 as compared with the 12 months ended January 31, 2019, due to fluctuating exchange rates and reduced foreign exchange contracts.

Fair value loss on convertible notes derivative decreased by \$0.7m, or 100%, from \$0.7m to \$0.0m in the 12 months ended January 31, 2020 as compared with the 12 months ended January 31, 2019, due to the underlying features of the outstanding convertible loan notes.

Gains on sale of intangible assets increased by \$0.9m, or 100%, from \$0.0m to \$0.9m in the 12 months ended January 31, 2020 as compared with the 12 months ended January 31, 2019, due to gains on sale of Naked brand.

Taxation

Comparison of 12 Months Ended January 31, 2021 and 2020

The tax expense of \$134k in the 12 months ended January 31, 2021 was a decrease of \$648k when compared to the tax expense of \$782k for the 12 months ended January 31, 2020. This year on year movement is due to the write off of deferred tax.

Comparison of 12 Months Ended January 31, 2020 and 2019

The tax expense of \$782k in the 12 months ended January 31, 2020 was a decrease of \$2,056k when compared to the tax benefit of \$1,274k for the 12 months ended January 31, 2019. This year on year movement is due to current tax charges in the current year and adjustment for current tax related to prior periods.

Net loss and comprehensive loss

Comparison 12 Months Ended January 31, 2021 and 2020

The net loss in the 12 months ended January 31, 2021 increased by \$14.0m, or 25.9%, to \$68.3m when compared with \$54.3m in the 12 months ended January 31, 2020. A contributing factor to this was the fair value loss on convertible notes and warrants.

Comparison 12 Months Ended January 31, 2020 and 2019

The net loss in the 12 months ended January 31, 2020 increased by \$5.1m, or 10.3%, to \$5m when compared with \$49.2m in the 12 months ended January 31, 2019. This was due to both the decrease in gross profit of \$3.6m and the decrease in expense of \$0.6m and increase in tax of \$2.0m in the 12 months ended January 31, 2020 when compared with the 12 months ended January 31, 2019.

Segmented Reporting

For the fiscal year ended January 31, 2021, the consolidated entities' Director examined the group's performance from both sales channel and geographical perspective and identified three reportable segments being Retail, Wholesale and e-commerce.

- *Retail*. This segment covers retail and outlet stores located in Australia and New Zealand.
- *Wholesale*. This segment covers wholesale intimates apparel to customers in New Zealand, Australia, Europe and USA.
- *E-commerce*. This segment covers the group's online retail activities. E-commerce revenue includes revenue from a US brand called Frederick's of Hollywood (FOH) for which the Group currently has a license agreement.

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Sales of goods by geography			
- New Zealand	34,131	33,786	40,703
- Australia	21,011	24,365	32,065
- United States	24,432	30,863	34,156
- Europe	465	1,051	4,996
	80,039	90,065	111,920

The following tables provide our segment net sales, gross margin and EBITDA for the 12 months ended January 31, 2021, 2020 and 2019.

	12 Months Ended January 31, 2021 Thousands of NZ\$				
	Retail	Wholesale	E-Commerce	Unallocated	Total
Revenue	40,492	7,496	32,051	0	80,039
Gross Margin	21,304	2,860	10,447	(719)	33,892
EBITDA	3,945	1,435	351	(5,041)	690

12 Months Ended January 31, 2020

Thousands of NZ\$

	Retail	Wholesale	E-Commerce	Unallocated	Total
Revenue	42,576	15,554	31,935	0	90,065
Gross Margin	22,994	4,211	11,020	(4,407)	33,818
EBITDA	4,210	1,099	(2,639)	(18,837)	(16,167)

12 Months Ended January 31, 2019

Thousands of NZ\$

	Retail	Wholesale	E-Commerce	Unallocated	Total
Revenue	50,348	29,439	32,133	0	111,920
Gross Margin	25,732	4,857	10,885	(4,034)	37,440
EBITDA	1,192	(4,810)	(362)	(21,622)	(25,602)

Retail Segment

Comparison of 12 Months ended January 31, 2021 and 2020

In the 12 months ended January 31, 2021, Retail Revenue was \$40.4m compared with Revenue of \$42.6m in the 12 months to January 31, 2020.

In the 12 months ended January 31, 2021, Retail Gross Margin was \$21.3m compared with Gross Margin of \$23m in the 12 months to January 31, 2020.

In the 12 months ended January 31, 2021, EBITDA was a profit of \$3.9m compared with a profit of \$4.2m in the 12 months to January 31, 2020.

The retail environment continued to be challenging for our Bendon stores, with temporary closures due to Covid-19 playing a large part in the decline in revenue.

Comparison of 12 Months ended January 31, 2020 and 2019

In the 12 months ended January 31, 2020, Retail Revenue was \$42.6m compared with Revenue of \$50.3m in the 12 months to January 31, 2019.

In the 12 months ended January 31, 2020, Retail Gross Margin was \$23m profit compared with Gross Margin loss of \$24.6m in the 12 months to January 31, 2019.

In the 12 months ended January 31, 2020, Retail EBITDA was \$4.2m compared with \$1.2m in the 12 months to January 31, 2019.

The retail environment continued to be challenging for our Bendon stores, and this along with a lack of current season stock supply were the key reasons for the reduction in the New Zealand market sales year on year as well as the continued operating loss in the Australian market.

Wholesale Segment

Comparison of 12 Months ended January 31, 2021 and 2020

In the 12 months ended January 31, 2021, Wholesale Revenue was \$7.5m compared with Revenue of \$15.6m in the 12 months to January 31, 2020.

In the 12 months ended January 31, 2021, Wholesale Gross Margin was \$2.9m compared with Gross Margin of \$4.2m in the 12 months to January 31, 2020.

In the 12 months ended January 31, 2021, Wholesale EBITDA was a profit of \$1.4m compared with a profit of \$1.1m in the 12 months to January 31, 2020.

The Wholesale Revenue channel was significantly impacted by Covid-19 due to temporary store closures by our wholesale partners, however, the decision to move away from unprofitable partners and the downscaling of the wholesale operating costs led to an increased EBITDA.

Comparison of 12 Months ended January 31, 2020 and 2019

In the 12 months ended January 31, 2020, Wholesale Revenue was \$15.6m compared with Revenue of \$29.4m in the 12 months to January 31, 2019.

In the 12 months ended January 31, 2020, Wholesale Gross Margin was a profit of \$4.2m compared with Gross Margin Loss of \$24.6m in the 12 months to January 31, 2019.

In the 12 months ended January 31, 2020, the EBITDA was a profit of \$1.1m compared with a \$4.8m loss in the 12 months ended January 31, 2019.

The downturn in the wholesale market was attributed to a lack of order fulfillment due to the reduced stock supply, additional costs were also incurred as a result of unfulfilled orders, this was offset partially by withdrawing from unprofitable customers which led to an increased gross margin and a reduction in operating costs.

E-commerce Segment

Comparison of 12 Months ended January 31, 2021 and 2020

The E-commerce business includes Frederick's of Hollywood along with the Bendon Lingerie webstores. The temporary closure of the Bendon bricks & mortar stores resulted in growth in the Bendon Lingerie website revenue, however, the overall impact of Covid-19 negatively impacted the Frederick's of Hollywood revenue offsetting this growth. A strategic restructure of the operating activities resulted in cost savings which led to a significant EBITDA improvement.

In the 12 months ended January 31, 2021, E-Commerce Revenue was \$32.1m compared with Revenue of \$31.9m in the 12 months to January 31, 2020. For this period the FOH business net sales were \$24.4m and the remaining \$7.7m related to the Bendon Legacy Business.

In the 12 months ended January 31, 2021, E-Commerce Gross Margin was \$10.4m compared with Gross Margin of \$11.0m in the 12 months to January 31, 2020. For this period \$6.4m related to the FOH business and the remaining \$4.0m related to the Bendon Legacy Business.

In the 12 months ended January 31, 2021, E-Commerce EBITDA was a profit of \$0.4m compared with a loss of \$2.6m in the 12 months to January 31, 2020. For this period -1.9m related to the FOH business and the remaining \$2.2m related to the Bendon Legacy Business.

Comparison of 12 Months ended January 31, 2020 and 2019

For the 12 months ended January 31, 2020, E-Commerce Revenue was \$31.9m compared with Revenue of \$32.1m in the 12 months to January 31, 2019.

For the 12 months ended January 31, 2020, E-Commerce Gross Margin was \$11.0m compared with Gross Margin of \$21.2m in the 12 months to January 31, 2019.

For the 12-months ended January 31, 2020, e-commerce EBITDA was a loss of \$2.6m compared with a loss of \$0.4m for the 12-months ended January 31, 2019.

The loss for this period was impacted by increase in operating costs in this sector. Sales are comparable year on year.

Non-IFRS Financial Measures

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 net income as a performance measurement, primarily because we incur significant depreciation and depletion and impairment charges, and the exclusion of such amounts in EBITDA eliminates the non-cash impact.

A reconciliation of EBITDA to the consolidated statements of profit or loss and other comprehensive income for the 12 months ended January 31, 2021, 2020 and 2019 is as follows:

	Jan. 31, 2021	Jan. 31, 2020	Jan. 31, 2019
<i>Thousands of NZ\$'s</i>	12 months	12 months	12 months
Segment EBITDA	690	(16,167)	(25,602)
Income tax (expense) benefit	(134)	(782)	1,274
Any other reconciling items	(68,902)	(37,356)	(24,892)
Total net loss after tax	(68,346)	(54,305)	(49,220)

The below table shows a reconciliation from EBITDA to Total net loss after tax

	For the Year Ended 31 January 2021	For the Year Ended 31 January 2020	For the Year Ended 31 January 2019
	NZ\$ 000's	NZ\$ 000's	NZ\$ 000's
Adjusted EBITDA	690	(16,167)	(25,602)
Brand transition, restructure and transaction expenses	(22,527)	(13,687)	(10,075)
Finance expense	(8,214)	(5,213)	(4,041)
Interest income	5	12	0
Impairment expense	(4,895)	(8,904)	(8,173)
Depreciation and amortisation	(8,700)	(10,603)	(2,382)
Fair Value gain on foreign exchange contracts	0	729	(1,704)
Unrealised foreign exchange gain	1,981	310	2,258
Fair value gain/(loss) on Convertible Notes derivative	(26,552)	0	(775)
Income/(loss) before income tax expense	(68,212)	(53,523)	(50,494)
Income tax expense	(134)	(782)	1,274
Income/(loss) after income tax expense	(68,346)	(54,305)	(49,220)

B. Liquidity, and Capital Resources

Liquidity

We finance our business through cash from operations and equity and debt financing. Our cash requirements have been principally to fund working capital needs, to support the growth of the business and to repay our bank loan.

Management intends to continue to raise funds from equity and debt financing to fund our operations and objectives. There is no assurance the additional funding will be achieved. If we are unable to achieve the additional funding, we may not be able to conduct our operations and pursue our objectives as presently contemplated, which may adversely affect our results of operations and financial condition.

As at January 31, 2021, 2020 and 2019, we had cash totaling \$90.9m, \$3.8m and \$1.9m, respectively. During the 12-months ended January 31, 2020, 2019 and 2018 insufficient cash availability directly contributed to a lack of stock.

During the year ended January 31, 2021, we undertook a number of financing activities and raised \$102m. Of this amount, \$3.4m was utilized to repay the BNZ debt and the balance was utilized as working capital in the operating business. During the year ended January 31, 2020, we undertook a number of financing activities and raised \$34.2m. Of this amount, \$1.2m was utilized to repay the BNZ debt and the balance was utilized as working capital in the operating business. A further \$0.9m from the sale of the Naked trademark was also used to repay BNZ debt.

Following the balance date, we have continued to raise funds and have repaid the balance of the BNZ debt. Going forward we intend to use these funds for potential acquisitions and to accelerate growth in the FOH business.

Working capital

Our working capital position is in a much strong position than in previous years due to capital raised in the period.

<i>Thousands of NZ\$'s</i>	Jan 31, 2021	Jan 31, 2020	Jan 31, 2019
Current Assets	115,655	33,391	33,369
Current Liabilities	(51,880)	(55,601)	(62,795)
Working Capital	63,775	(22,210)	(29,426)

As of January 31, 2021, current assets increased by \$82.3m, from \$33.4m to \$115.7m, this was due to the increase in cash by \$87.1m, which was offset slightly by a decrease in Inventory levels and Trade Receivables. This resulted in an increase in Working Capital of \$86.0m. Current liabilities reduced by \$3.7m from \$55.6m as at the year ended January 31, 2020 to \$51.9m at January 31, 2021. This was due to a reduction in provisions by \$5.0m, a decrease in Borrowings of \$4.7m and a reduction in lease liabilities of \$1.1m which was offset by an increase in Trade & Other payables by \$7.1m

As of January 31, 2020, current assets were flat. Our current liabilities reduced by \$7.2m from \$62.8m as at the year ended January 31, 2019 to \$55.6m as at the year ended January 31, 2020 due to reduction in accounts payable, and related party payables, offset by increases in lease liabilities and provisions. Our cash balance increased by \$1.9m from \$1.9m as at the year ended January 31, 2019 to \$3.8m as at the year ended January 31, 2020.

Cash flows

<i>Thousands of NZ\$'s</i>	12 months ended Jan 31, 2021	12 months ended Jan 31, 2020	12 months ended Jan 31, 2019	12 months January 31, 2018	12 months January 31, 2017
Net cash outflow from operating activities	(11,018)	(19,894)	(9,434)	(4,116)	(15,160)
Net cash outflow from investing activities	(1,709)	(388)	(1,867)	(2,312)	(2,933)
Net cash inflow from financing activities	101,301	22,098	2,168	14,496	17,039
Net increase/(decrease) in cash and cash equivalents held	88,574	1,816	(9,133)	8,068	(1,053)
Cash and cash equivalents at end of the year	90,925	3,791	1,962	10,739	2,645

Operating Activities

Net cash outflow from operating activities for the 12 months to January 31, 2021 and 12 months to January 31, 2020 was \$11.0m, and \$19.9m, respectively. This was largely because of the reduction in inventory and accounts payable during the period.

Net cash outflow from operating activities for the 12 months to January 31, 2020 and 12 months to January 31, 2019 was \$19.9m, and \$9.4m, respectively. This was largely because of the reduction in accounts payable during the period.

Investing Activities

Net cash outflow from investing activities for the 12 months to January 31, 2021 and for the 12 months to January 31, 2020 was \$1.7m and \$0.4m, respectively. This was driven by increased investing activities during the period, investing in the store network opening a new store and relocating another and in the ecommerce websites

Net cash outflow from investing activities for the 12 months to January 31, 2020 and for the 12 months to January 31, 2019 was \$0.4m and \$1.9m respectively. This was driven by reduced investing activities during the period.

Financing Activities

Net cash inflow from financing activities for the 12 months to January 31, 2021 and 12 months to January 31, 2020 was \$101.3m, and \$22.1m, respectively. During the 12 months to January 31, 2021 the company raised \$93.7m through the issue of shares and \$19.3m through the issuance of convertible notes. These funds were partially used to reduce accounts payable during the period and to repay the bank \$3.4m.

Net cash inflow from financing activities for the 12 months to January 31, 2020 and 12 months to January 31, 2019 was \$22.1m, and \$2.2m, respectively. During the 12 months to January 31, 2020 the company raised \$34.2m through the issue of convertible notes and shares. These funds were partially used to reduce accounts payable during the period and to repay the bank \$2.1m.

Financing Transactions

We have financed our business in part through equity and debt financing transactions, as described below and in “—Recent Developments—Financing Transactions.”

Senior Secured Credit Facility

Through February 10, 2021, we were party to a facility agreement, originally dated June 27, 2016, as amended from time to time, by and among Bendon, as borrower, us and certain subsidiaries and affiliates of ours, as guarantors, and BNZ, as lender.

Originally, the facility provided for a term loan and a revolving loan. The facility limits of the term loan and revolving loan were NZ\$54,000,000 in aggregate. On June 13, 2018, we entered into a deed of amendment with BNZ to reduce the term loan and revolving loan facility limits from NZ\$54,000,000 in the aggregate to a single revolving loan facility limit of NZ\$20,000,000. In addition, the facility took over certain guarantees and other financial instruments totalling \$1,345,000. In connection with the deed of amendment, we repaid approximately NZ\$18 million of the outstanding loans. Effective March 12, 2020, we entered into an amended and restated facility agreement with BNZ. Under the amended and restated facility agreement, BNZ continued to make available (i) the revolving loan facility, for which the facility limit, as amended, initially was NZ\$16.7 million, and (ii) the instrument facility, for which the facility limit was NZ\$1.345 million. We agreed to reduce our indebtedness under the amended and restated facility agreement by an aggregate of NZ\$7.0 million in instalments between March 31, 2020 and November 30, 2021, which would also reduce the facility limit under the revolving loan facility.

Drawings in New Zealand dollars bore interest for each interest period at a rate per annum equal to the sum of (i) the New Zealand bank bill reference rate administered by the New Zealand Financial Markets Association, as determined and adjusted in accordance with the facility agreement, (ii) a liquidity premium determined by BNZ from time to time and advised to us, (iii) a business basis premium published by BNZ on its website, if the interest period is greater than one month but less than three months, and (iv) 2.00% per annum. Each interest period was three months, unless otherwise agreed by BNZ.

BNZ made instruments available under the instrument facility, subject to the facility limit and certain other conditions being satisfied. The types of available instruments included letters of credit, bank guarantees and performance bonds.

The Borrower paid BNZ a one-time establishment fee equal to 3% of the aggregate facility limit and paid BNZ an annual line fee equal to 2% of the aggregate facility limit.

All of the obligations under the amended and restated facility agreement were guaranteed by us and certain subsidiaries and affiliates of ours. The obligations were secured pursuant to a general security interest granted over the assets of Bendon, us and certain subsidiaries and affiliates of ours.

The amended and restated agreement contained certain customary representations, covenants and events of default. The agreement also included financial covenants providing that (i) for any calendar month in the 12-month period preceding each fiscal quarter end, our actual sales and gross profit would not vary adversely by more than 15% from our budget and (ii) for each calendar month, the ratio of inventory to debt under the Revolving Facility would be more than 1.35 times until July 31, 2020 and more than 1.65 times thereafter.

The amount outstanding under the revolving facility was \$14.5m, \$16.7m and \$17.9m as of January 31, 2021, 2020 and 2019 respectively. The average interest rate on the Revolving Facility was 4.55%, 5.28% and 5.57% for the 12 months ended January 31, 2021, 2020 and 2019 respectively.

On February 9, 2021, we paid approximately NZ\$14.5 million to BNZ, which constituted repayment in full of all amounts due under the facility with BNZ, and the facility was terminated.

Other Equity Transactions

In addition to the transactions described above under “—Recent Developments—Financing Transactions,” we have engaged in the material financing transactions described below.

On the March 27, 2019, we closed on the following share issuances.

- US\$4.50 million (NZ\$6.60 million) related to the issue of 11,248,415 Ordinary Shares to trade creditors in satisfaction of trade payables due to them, at an effective per share price of US\$0.40.
- US\$0.85 million (NZ\$1.25 million) related to the issue of 2,119,178 Ordinary Shares to the holder of one of our outstanding promissory notes in the amount of US\$847,671, at an effective per share price of US\$0.40 per share.
- US\$1.15 million (NZ\$1.69 million) related to the issue of 4,510,588 Ordinary Shares to investors in a private placement at a share price of US\$0.255. The investors also received warrants to purchase 100% of the number of Ordinary Shares for which they had subscribed. The warrants have an exercise price of US\$0.306 and expire two years from the date of issuance. The exercise price and the number of shares covered by the warrants are subject to adjustment for stock splits, stock combinations and certain other transactions affecting the share capital as a whole.

- US\$2.75 million (NZ\$4.05 million) relating to the issue of 10,784,313 Ordinary Shares to certain accredited investors at an agreed per share price of US\$0.255, except that, to the extent an investor would beneficially own more than 9.9% of our outstanding Ordinary Shares after the closing, we agreed to issue the investor a “pre-funded” warrant in lieu of such shares. Each investor also received an “investment” warrant to purchase 100% of the number of Ordinary Shares for which it had agreed to subscribe. As a result, we issued 3,914,846 Ordinary Shares, pre-funded warrant to purchase 6,869,467 Ordinary Shares and “investment” warrants to purchase 10,784,313 Ordinary Shares to the investor at the closing. The “pre-funded” warrants subsequently were exercised in full for cash. The “investment” warrants subsequently were exercised on a cashless basis for a number of shares equal to the Black-Scholes value of the warrants (as calculated in accordance with the formula set forth in such warrants), divided by the closing bid price as of two business days prior to the exercise date, resulting in the issuance of 30,256,932 Ordinary Shares.

On May 13, 2019, we completed a private placement to one of the Affiliated Holders of a convertible note (the “May 2019 Note”) and a warrant with terms similar to the Prior Notes and warrants issued by us in October, November and December 2019 and January, February, and April 2020. The purchase price of the May 2019 Note was US\$3,000,000. The May 2019 Note bore interest at 10% per annum, compounded daily, and would have matured 18 months after its issuance. Pursuant to the related securities purchase agreement, a 10% original issue discount and certain expenses of the Affiliated Holder were added to the principal balance, resulting in an aggregate initial principal balance of the May 2019 Note of US\$3,320,000. In addition, the Affiliated Holder had the right to exchange the warrant for a 5% increase in the outstanding balance of the May 2019 Note, a right the Affiliated Holder exercised. From November 2019 through January 2020, we entered into a series of exchange agreements with the Affiliated Holder, pursuant to which the Affiliated Holder exchanged the entire outstanding balance of the May 2019 Note for an aggregate of 1,985,259 Ordinary shares.

On May 16, 2019, we issued 6,536 ordinary shares in exchange for the cancellation of \$200,000 in debt held by a shareholder, or an effective purchase price of \$30.60 per share.

On July 21, 2019, we sold 15,750,000 Ordinary Shares in a registered direct offering, at a purchase price of US\$0.10 per share. Each of the investors also received, in a concurrent private placement, a warrant to purchase up to 100% of the aggregate number of shares purchased by such investor in the offering. The warrants expire five and one-half years from the date of issuance. The warrants have an exercise price per share equal to US\$0.10, subject to adjustment for stock dividends, stock splits, stock combinations, stock dividends and stock reclassifications. In connection with offering, we reduced the exercise price (to US\$0.10 per share) of certain outstanding warrants held by one of the investors, consisting of a warrant to purchase up to 2,000,000 Ordinary Shares at an exercise price of US\$1.55 per share and a warrant to purchase up to 800,000 Ordinary Shares at an exercise price of US\$3.75 per share. We also sold 25,068,250 Ordinary Shares to certain of our suppliers at a price of US\$0.10 per share, with the purchase price paid through the cancellation of trade payables due to them in an aggregate amount equal to the purchase price. After deducting the placement agent’s fees and estimated expenses payable by us in connection with the offerings, the net cash proceeds to us were approximately US\$1.36 million (which does not include the cancellation of approximately US\$2.5 million in trade payables in the Supplier Offering).

On August 19, 2019, we sold 28,571,431 Ordinary Shares in a registered direct offering, at a purchase price of US\$0.07 per share. Each of the investors also received, in a concurrent private placement, a warrant to purchase up to 100% of the aggregate number of shares purchased by such investor in the offering. The warrants expire five and one-half years from the date of issuance. The warrants have an exercise price per share equal to US\$0.07, subject to adjustment for stock dividends, stock splits, stock combinations, stock dividends and stock reclassifications. In connection with offering, we reduced the exercise price (from US\$0.10 per share to US\$0.07 share) of outstanding warrants to purchase up to 18,550,000 Ordinary Shares held by certain of the investors. We also sold 57,142,857 Ordinary Shares to certain of our suppliers at a price of US\$0.07 per share, with the purchase price paid through the cancellation of trade payables due to them and the establishment of prepayment credits in an aggregate amount equal to the purchase price. After deducting the placement agent’s fees and estimated expenses payable by us in connection with the offerings, the net cash proceeds to us were approximately US\$1.75 million (which does not include approximately US\$4.00 million in cancelled trade payables and prepayment credits in the offering to our suppliers).

On July 3, 2020, we entered into an exchange agreement with MV Finances SARL (the “MVF”), pursuant to which MVF exchanged a promissory note issued by us for Ordinary Shares. Immediately prior to the exchange, the note had an outstanding balance, including principal and accrued interest, of approximately US\$1,360,000. Upon the closing of the exchange, we issued 1,666,667 ordinary shares to MVF.

C. Research and Development, Patents and Licenses

We do not have any set research and development policies and have not spent a significant amount on research and development in the last three fiscal years

D. Trend Information

For a discussion of trends relating to revenues, please see Item 5.A of this Annual Report, “Operating Results,” contained in this Annual Report and incorporated herein by reference.

E. Off-balance Sheet Arrangements

Except for amounts due under operating lease commitments disclosed below under Item 5.F of this Annual Report, “Contractual Obligations,” we do not have any material off-balance sheet commitments or arrangements.

F. Contractual Obligations

As of January 31, 2021, our contractual, obligations, excluding trade creditors, were as set forth below:

	Total January 31, 2021 NZ\$000	Not later than one year NZ\$000	Between one year and five years NZ\$000	Later than five years NZ\$000
Bank loan (i)	14,493	14,493	-	-
Convertible notes (ii)	3,002	-	3,002	-
Other Loans	-	-	-	-
Payments under lease agreements	21,552	5,543	15,073	936
Contracted Commitments	-	-	-	-
Total	39,047	20,036	18,075	936

(i) Loan repaid to BNZ as of February 10, 2021.

(ii) Convertible notes fully converted as of February 2021.

G. Safe Harbor

The safe harbor provided in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act applies to forward-looking information provided under “Off-Balance Sheet Arrangements” and “Contractual Obligations.”

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Currently, our officers and directors are as follows:

Name	Age	Position
Justin Davis-Rice	50	Executive Chairman, Director and Chief Executive Officer
Mark Ziirsen	58	Chief Financial Officer
Kelvin Fitzalan	51	Independent Non Executive Director
Andrew Shape	48	Independent Non Executive Director
Simon Tripp	59	Independent Non Executive Director

Justin Davis-Rice has been a member of our board of directors since our formation and has served as our Executive Chairman since April 2019 and as our Chief Executive Officer since January 2021. Previously, Mr. Davis-Rice served as our Chief Executive Officer from June 2018 to April 2019 and as the Chief Executive Officer of Bendon from May 2010 to April 2019. As Chief Executive Officer of Bendon, he transformed the company through an operational restructuring and a re-engineering of key functional and operational aspects of the business including, supply chain, human resources, design and development, sourcing, wholesale and retail sales. Prior to joining the Company, Mr. Davis-Rice co-founded Pleasure State, an intimate apparel company which merged with Bendon Limited in May 2010. Mr. Davis-Rice helped turn Pleasure State into a business with multi-million-dollar earnings. The Company believes Mr. Davis-Rice's experience in the fashion industry makes him well suited to serve as a member of the board of directors.

Mark Ziirsen became our Chief Financial Officer on in April 2021. He has over 30 years' experience with public company finance as a corporate officer and audit committee member. His executive career spans senior finance leadership roles with major ASX-listed companies such as Cochlear, Aristocrat, Coca-Cola Amatil and Goodman Fielder. Currently, he serves as a non-executive director and chair of the Audit and Risk Committee of Opyl Limited, an ASX-listed artificial intelligence technology business focused on life sciences. Previously, he was non-executive director and chair of Respire Limited, an eHealth SaaS company, and non-executive director and chair of the Audit and Risk Committee of Orcoda Limited, a SaaS based technology company. Mark commenced his career with EY, working in business advisory, tax and management consulting. His most recent executive roles include Chief Financial Officer and Company Secretary for Wiseway Group Limited (who he successfully led through an IPO and listing on ASX) and Chief Financial Officer of ASX-listed global medtech company Anteris Technologies Limited. Prior to this, Mark was Director of Finance and IT for Asia Pacific at Cochlear. He has a strong track record of delivering growth and improvement across multiple industry sectors including medtech/health, technology and consumer, and geographies across the Americas, Europe and Oceania. Mark has also worked extensively in Asia for more than 25 years. Mr. Ziirsen received his Bachelor of Commerce from University of Queensland and his Masters of Business Administration, majoring in international business, from University of New England. He holds the CPA designation from CPA Australia.

Kelvin Fitzalan became a member of our board of directors in July 2019. He is a tax professional with over 30 years of experience working with closely held active businesses and their owners across a wide range of industries. He has been a senior partner at Rothsay Chartered Accountants since January 2019. From September 2006 to December 2018, he was a senior partner at PwC Australia. Prior to working at PwC Australia, Mr. Fitzalan held roles of increasing responsibility at Deloitte Australia, Arthur Andersen, Nexia Australia and StewartBrown Chartered Accountants. He holds a Master of Taxation (Honours) and a Bachelor of Business from the University of Technology Sydney. Mr Fitzalan holds directorships with Taxxat Pty Ltd, a tax advisory company and Chairman of Sumo Australia Pty Limited an energy and telecommunications retailer as well as a member of the advisory board assisting Partners for Growth LLC an alternate lender to the Venture Capital Industry. He also is a chartered accountant with the Chartered Accountants of Australia and New Zealand and a chartered tax advisor with The Tax Institute (Australia). The Company believes Mr. Fitzalan's extensive finance experience him well suited to serve as a member of the board of directors.

Andrew Shape became a member of our board of directors in June 2018. Mr. Shape has over 25 years of merchandising, marketing, branding, licensing, and management experience. He also has provided consulting and management services to early stage brands on launching of the brand, creating a marketing plan, establishing distribution models, earning market share, and formulating an exit strategy. Mr. Shape is a co-founder of Stran & Company, Inc., a promotional merchandise and marketing agency that provides leading consumer brands with promotional merchandise and marketing support, and has served as its President since September 1996. From 2018-2020, he served as Chief Executive Officer and as a member of the board of directors of Long Blockchain Corp (OTC: LBCC), a public company focused on developing and investing in globally scalable blockchain technology solutions. Prior to forming Stran & Company, Inc., he worked at Copithorne & Bellows Public Relations (a Porter Novelli company) as an Account Executive covering the technology industry. Mr. Shape received a BA from the University of New Hampshire. The Company believes Mr. Shape's extensive experience in branding and licensing makes him well suited to serve as a member of the board of directors.

Simon Tripp joined the board in January 2021. He has an honours degree in Chemical Engineering from Cape Town University and an MBA from Massey University in New Zealand. Simon has an extensive background in investment banking and capital markets. He was previously a director of Ord Minnett (subsequently acquired by JP Morgan) in Sydney where he was involved in many significant transactions involving IPO's, capital raisings, M&A and divestments across many sectors including aviation, media, tourism, property and financial services. Simon then established a fund with two other partners that raised the funding for and developed the Citibank Centre, a major commercial and retail centre in the Sydney CBD. The development was listed on the Australian ASX. During this time, the fund also managed the Sydney Olympic Stadium and Simon was on the board of the stadium during the Sydney 2000 Olympics. Since divesting his interests in the fund, Simon has been involved in a number of venture capital deals across many sectors including financial services, mining, retail and property. The Company believes Mr. Tripp's extensive experience in venture capital and financing makes him well suited to serve as a member of the board of directors

B. Compensation

Compensation of Senior Management/Executive Officers

Justin Davis-Rice and Cheryl Durose served as our executive officers as of January 31, 2021. During the 12 months ended January 31, 2021, Anna Johnson served as our Chief Executive Officer (until January 2020). Mark Ziirsen became Chief Financial Officer in April 2021.

During the 12 months ended January 31, 2021, the aggregate amount of compensation paid to our executive officers (former and current) was approximately NZ\$1.9m. This excludes the issue of phantom warrants covered under the Davis-Rice agreement, described in Management Changes in section 5 of this report (*further details in the detailed Financial Statements*)

Davis-Rice Consulting Agreement

In connection with the Bendon Sale, we entered into a consultant service agreement with JADR Consulting Group Pty Ltd, an entity controlled by Mr. Davis-Rice ("JADR Consulting"), pursuant to which JADR Consulting agreed to make Mr. Davis-Rice available to serve as our Chief Executive Officer and Chairman. The consultant agreement has a term of 2 years. On the date 12 months prior to the end of the existing term, the consultant agreement will be automatically extended by a further 2 years unless prior to such date either party gives written notice to the other party that the term will not be extended. As compensation for the services, we will pay JADR Consulting US\$500,000 per year. JADR Consulting also may be awarded bonuses as agreed with the board of directors from time to time. We also will reimburse JADR Consulting for expenses reasonably incurred in connection with the services. Either party may immediately terminate the consultant agreement if the other party material breaches the consultant agreement and the breach is not curable or is not cured within 10 business days' after written notice. We may terminate the consultant agreement at any time, without cause, on 12 months' written notice (in lieu of all or part of the notice period, we may pay JADR Consulting the fees owed during the remainder of such notice period). In addition, either party may terminate the consultant agreement upon the insolvency of the other party. The consultant agreement includes provisions vesting in us all rights to any intellectual property created in connection with the services and protecting our confidential information.

Prior to this agreement, Mr Davis-Rice was included within the executive officers compensation pay included in the above note. His annual salary was A\$850,000.

Ziirsen Consulting Agreement

In connection with his appointment, Mr. Ziirsen entered into a consulting agreement with us. Under the agreement, Mr. Ziirsen will receive consulting fees at an annual rate of A\$350,000. In addition, he is eligible to receive incentive payments at the sole discretion of the compensation committee, based on the achievement of key performance criteria for each year as agreed to between Mr. Ziirsen and the compensation committee. The agreement has a term of two years, which will be automatically extended for an additional two years unless either party provides notice six months prior to the end of the initial term. It may be earlier terminated, during the first six months, by either party upon giving three months' notice and, thereafter, by either party upon giving six months' notice. Either party may also terminate the contract with immediate effect in case of material breach or insolvency. The consulting agreement contains provisions protecting the confidentiality of the Company's information and assigning all intellectual property rights to the Company.

Durose Employment Agreement

In connection with her appointment, Ms. Durose entered into an employment agreement with Bendon, formerly our wholly owned operating subsidiary. Under the employment agreement, Ms. Durose received a salary at an annual rate of NZ\$255,000. Her employment may be terminated upon three month's notice by either party.

Johnson Employment Agreement

In connection with her appointment, Ms. Johnson entered into an employment agreement with Bendon, formerly our wholly owned operating subsidiary. Under the employment agreement, Ms. Johnson received a salary at an annual rate of NZ\$450,000. Her employment may be terminated upon three month's notice by either party.

Compensation of Non-Executive Independent Directors

Our non-employee directors receive an annual cash fee of US\$25,000 and an annual grant of US\$35,000 of Ordinary Shares for service on our board of directors. In addition, the chair of our audit committee receives an additional annual cash fee of US\$10,000, the chair of our compensation committee receives an additional annual cash fee of US\$5,000 and the chair of our nominating committee receives an additional annual cash fee of US\$5,000. In addition, one of our non-employee directors also receives an additional fee of US\$25,000 and an annual grant of US\$35,000 of ordinary shares for service as a director of FOH, our wholly owned subsidiary.

During the twelve months ended January 31, 2021, the aggregate amount of compensation paid to our non-employee directors was US\$0.2m (NZ0.3m). The following table sets forth the compensation of each of our non-employee directors for the twelve months ended January 31, 2021 in U.S. dollars:

<u>Name and Principal Position</u>	<u>12 Months Ended January 31, 2021</u>			
	<u>Cash Fees</u>	<u>Equity</u>	<u>All Other Compensation</u>	<u>Total</u>
Kelvin Fitzalan	17,119	35,000	-	52,119
Paul Hayes	30,405	33,889	-	64,294
Andy Shape	54,500	70,000	-	124,500
Simon Tripp	890	1,111	-	2,001
			<u>USD</u>	<u>\$ 242,914</u>

On February 24, 2021 the directors adopted a revised compensation plan, effective from February 1, 2021. This revised the non-executive directors' fees to an annual cash fee of US\$30,000, an annual grant of US\$35,000 Ordinary Shares and Warrant options of US\$50,000. In addition, the chair of our audit committee receives an additional annual cash fee of US\$20,000, the chair of our compensation committee receives an additional annual cash fee of US\$12,000 and the chair of our nominating committee receives an additional annual cash fee of US\$10,000. In addition, one of our non-employee directors also receives an additional fee of US\$25,000 and an annual grant of US\$35,000 of ordinary shares for service as a director of FOH, our wholly owned subsidiary.

C. Board Practices

Director Term of Office

Each director will serve until our next annual general meeting, if one is called for, and until his successor is elected and qualified. At the AGM one director is required to resign and is eligible for election. Mr. Shape and Mr. Hayes have served as directors since June 2018, Mr. Fitzalan has served since July 2019 and Mr. Tripp has served since January 2021, following the resignation of Mr. Hayes. We have not entered into service or similar contracts with our directors.

Independence of Directors

The Ordinary Shares are listed on Nasdaq. As a result, we adhere to the rules of Nasdaq in determining whether a director is independent. The rules of Nasdaq general define an “independent director” as a person, other than an executive officer of a company or any other individual having a relationship which, in the opinion of the issuer’s board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Our board of directors has consulted, and will consult, with its counsel to ensure that the board’s determinations are consistent with these rules and all relevant securities and other laws and regulations regarding the independence of directors. Based on the foregoing, we have determined that Messrs. Fitzalan, Shape and Tripp are independent directors. Our independent directors will have regularly scheduled meetings at which only independent directors are present.

Board Committees

We have separately standing audit, nominating and compensation committees.

Audit Committee Information

We have an audit committee of the board of directors, comprised of Messrs. Fitzalan, Shape and Tripp. Each of the members of the audit committee is independent under the applicable listing standards and the rules and regulations of the SEC. Pursuant to the Nasdaq listing rules, we follow home country corporate governance practices (in our case Australian) in lieu of the otherwise applicable Nasdaq requirement that our audit committee consist of at least three members. The audit committee has a written charter. The purpose of the audit committee is, among other things, to appoint, retain, set compensation of, and supervise our independent accountants, review the results and scope of the audit and other accounting related services and review our accounting practices and systems of internal accounting and disclosure controls. Pursuant to the charter, the audit committee is responsible for, among other things:

- monitoring financial reporting and disclosure matters, including meeting with the independent auditor prior to the audit to review the scope, planning and staffing of the audit; reviewing and discussing with management and the independent auditor the annual audited financial statements, and recommending to the board whether the audited financial statements should be included in our annual report; reviewing and discussing with management and the independent auditor our interim unaudited financial statements; and discussing with management and the independent auditor, as appropriate, significant financial reporting issues and judgments made in connection with the preparation of our financial statements;
- overseeing our relationship with our independent auditor, including evaluating the qualifications, performance and independence of the independent auditor, such as whether the auditor’s quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor’s independence; and
- overseeing our compliance programs, including reviewing and approving all related-party transactions; and discussing with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company’s financial statements or accounting policies.

Financial Experts on Audit Committee

The audit committee will at all times be composed exclusively of directors who are “financially literate,” as defined under the applicable listing standards. Such listing standards generally define “financially literate” as being able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement. In addition, we will be required to certify to the exchange that the committee has, and will continue to have, at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual’s financial sophistication. Our board of directors has determined that Mr. Fitzalan satisfies the exchange’s definition of financial sophistication and also qualifies as an “audit committee financial expert” as defined under rules and regulations of the SEC.

Nominating Committee Information

We have a nominating committee of the board of directors, comprised of Messrs. Tripp, Shape and Fitzalan. Each member of the nominating committee is independent under the applicable listing standards. The nominating committee has a written charter. The nominating committee is responsible for overseeing the selection of persons to be nominated to serve on our board of directors. Pursuant to the charter, the nominating committee is responsible for, among other things:

- developing the criteria and qualifications for membership on the board;
- recruiting, reviewing and nominating candidates for election to the Board or to fill vacancies on the board; and
- reviewing candidates proposed by shareholders, and conducting appropriate inquiries into the background and qualifications of any such candidates.

Compensation Committee Information

We have a compensation committee of the board of directors, comprised of Messrs. Shape, Fitzalan and Tripp. Each member of the compensation committee is independent under the applicable listing standards. In addition, each member is a “non-employee” director as defined in Rule 16b-3 under the Exchange Act and the rules and regulations thereunder. The compensation committee has a written charter. The purpose of the compensation committee is to review and approve compensation paid to our officers and directors and to administer our incentive compensation plans, including authority to make and modify awards under such plans. Pursuant to the charter, the compensation committee is responsible for, among other things:

- establishing, reviewing and approving the overall executive compensation philosophy and policies;
- reviewing and approving the goals and objectives relevant to the compensation of the chief executive officer, annually evaluate the chief executive officer’s performance in light of those goals and objectives and, based on this evaluation, determine the chief executive officer’s compensation level;
- reviewing and making recommendations on the compensation of all other executive officers;
- receiving and evaluating performance target goals for the senior officers and employees (other than executive officers) and review periodic reports from the chief executive officer as to the performance and compensation of such senior officers and employees; and
- administering or delegating the power to administer our incentive and equity-based compensation plans.

The compensation committee has the authority, to the extent it deems appropriate, to conduct or authorize studies of matters within the committee's scope of responsibilities and to retain one or more compensation consultants to assist in the evaluation of chief executive officer or executive compensation or other matters. The compensation committee shall have the sole authority to retain and terminate any such consulting firm, and to approve the firm's fees and other retention terms.

D. Employees

For information about the Company's employees, see Item 4.B of this Annual Report, "Business Overview—Additional Information—Employee Relations," contained in this Annual Report and incorporated herein by reference.

E. Share Ownership

Disclosure relating to the share ownership of the persons listed in Item 6.B of this Annual Report, "Compensation," is set forth in Item 7.A of this Annual Report, "Major Shareholders," and such disclosure is incorporated herein by reference

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information regarding the beneficial ownership of Ordinary Shares as of May 10, 2021:

- each person expected by us to be the beneficial owner of more than 5% of the outstanding Ordinary Shares;
- each of our executive officers and directors; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security. The beneficial ownership of Ordinary Shares is based on 768,724,571 Ordinary Shares issued and outstanding. Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all ordinary shares beneficially owned by them. None of the major shareholders have different voting rights from other shareholders.

Name and Address of Beneficial Owner⁽¹⁾	Amount and Nature of Beneficial Ownership	Percentage of Beneficial Ownership
<i>Current Directors and Officers:</i>		
Justin Davis-Rice ⁽²⁾	15,802	*
Mark Ziirsen	—	*
Kelvin Fitzalan	—	*
Simon Tripp	—	*
Andrew Shape	351	*
All directors and executive officers (5 persons)	17,555	*
<i>Five Percent Holders</i>		
Ault Global Holdings, Inc.	41,141,660	5.3%

(1) Unless otherwise indicated, the business address of each of the individuals is c/o Naked Brand Group Ltd, Unit 7, 35-39 William Street, Double Bay, NSW 2028 Australia.

(2) Includes (i) 1,622 Ordinary Shares held by PS Holdings No. 2 Pty Ltd., which is controlled by Mr. Davis-Rice, and (iii) 292 Ordinary Shares held by Nesriver Pty Ltd., which is controlled by Mr. Davis-Rice.

(3) The business address of Ault Global Holdings, Inc. is 11411 Southern Highlands Parkway, Suite 240, Las Vegas, NV 89141.

As of May 17, 2021, we had 781,704,296 Ordinary Shares outstanding. Based on information known to us, as of May 10, 2020, 4,678 Ordinary Shares were being held in the U.S. by 55 holders of record and 1,825,524 of Ordinary Shares were being held in Australia and other countries by 34 holders of record. Substantially all of the Ordinary Shares are held in "street name" or otherwise by nominee companies, so we cannot be certain of the identity of those beneficial owners.

We are not controlled by another corporation, by any foreign government or by any natural or legal persons except as set forth herein, and there are no arrangements known to us which would result in a change in control of the Company at a subsequent date.

B. Related Party Transactions

Related Party Policy

We adopted a related party policy that will require us and our subsidiaries to avoid, wherever possible, all related party transactions that could result in actual or potential conflicts of interests, except under guidelines approved by the board of directors (or audit committee). A conflict of interest situation can arise when a person takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise if a person, or a member of his or her family, receives improper personal benefits as a result of his or her position.

Our audit committee, pursuant to its written charter, will be responsible for reviewing and approving related party transactions to the extent we enter into such transactions. The audit committee will consider all relevant factors when determining whether to approve a related party transaction, including whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction. We will require each of our directors and executive officers to complete an annual directors' and officers' questionnaire that elicits information about related party transactions.

These procedures are intended to determine whether any such related party transaction impairs the independence of a director or presents a conflict of interest on the part of a director, employee or officer.

Related Party Transactions

Since the beginning of our last fiscal year, we have been party to the following transactions and loans with (a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, us; (b) associates; (c) individuals owning, directly or indirectly, an interest in our voting power that gives them significant influence over us, and close members of any such individual's family; (d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling our activities, including directors and senior management of companies and close members of such individuals' families; and (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence.

Summary of Shareholder Loans

Below is a summary of loans to and from entities owned or controlled by our shareholders during the last three fiscal years:

	<u>Opening balance</u>	<u>Closing balance</u>
Loans to related parties		
Cullen Investments Limited		
January 31, 2021	\$ —	\$ —
January 31, 2020	—	—
January 31, 2019	11,535,677	—
Whitespace Atelier Limited		
January 31, 2021	—	—
January 31, 2020	281,714	—
January 31, 2019	272,665	281,714
FOH Online Corp.		
January 31, 2021	—	—
January 31, 2020	—	—
January 31, 2019	3,518,009	—
Loans from related parties		
SBL Holdings, Limited		
January 31, 2021	—	—
January 31, 2020	(1,448,646)	—
January 31, 2019	—	(1,448,646)
Naked Brand Group, Inc.		
January 31, 2021	—	—
January 31, 2020	—	—
January 31, 2019	(1,368,577)	—
EJ Watson		
January 31, 2021	—	—
January 31, 2020	(2,289,212)	—
January 31, 2019	—	(2,289,212)

Beginning February 1, 2017, Whitespace Atelier Limited (“Whitespace”), which was owned by one of our shareholders, was engaged by us to procure stock from various suppliers at competitive prices. During the 12 months ended January 31, 2019 and 2018, purchases amounting to \$12,720,499 and \$13,281,727, respectively, were made from Whitespace. As at January 31, 2019 and 2018, we had made prepayments to Whitespace amounting to \$281,714 and \$272,665. At January 31, 2020, Whitespace was not a related party.

Subsequent to the consummation of the Transactions on June 19, 2018, Naked (NV) and Bendon became subsidiaries of ours. Accordingly, as at January 31, 2020 and 2019, the balances between the subsidiaries were eliminated in our balance sheet. As at January 31, 2018, the balances between the subsidiaries were \$1,368,557.

On November 15, 2018, we and our wholly-owned subsidiary, Bendon, entered into a Stock Purchase Agreement with the shareholders of FOH, including Cullen, at the time a significant shareholder of ours. Pursuant to the agreement, on December 6, 2018, we purchased all of the issued and outstanding shares of FOH. Under the terms of the agreement, we paid a purchase price of approximately US\$18.2 million, as follows (i) Bendon forgave all of debt owed to it by FOH and Cullen, in the aggregate amount of approximately US\$9.9 million, and (ii) we issued 3,765,087 of our Ordinary Shares to FOH’s shareholders, valued at a price per share of US\$2.20. We also agreed to satisfy certain obligations with respect to certain claims involving the parties.

During the year, a financial liability relating to a shareholder loan created on the acquisition of FOH was derecognised as the current acquisition accounting results in a debt free balance with the shareholder. This adjustment is reflected in the January 31, 2020 accounts in a reduction to the carrying value of the acquired intangible asset with a write back to the profit and loss account for the accrued and capitalised interest. This has resulted in a reduction to the carrying value of the acquired intangible asset with a write back to the profit and loss account for accrued and capitalised interest. Further information can be found in note 20 of the consolidated financial statements.

During the 12 months ended January 31, 2019, a shareholder, SBL Holdings, Limited, loaned the business funds to be utilized as working capital in the business.

Bendon Sale

On April 30, 2021, we signed the Bendon Share Sale Agreement with JADR Holdings Pty Limited as trustee for the JDR Family Trust No 2, an entity affiliated with Justin Davis-Rice, and Matana Intimates Holdings Trustee Limited as trustee for the Matana Intimates Holding Trust, an entity affiliated with Anna Johnson, and simultaneously consummated the Bendon Sale contemplated thereby. Pursuant to the Bendon Share Sale Agreement, we sold all of the issued share capital in Bendon together with any accrued rights free from encumbrances for the consideration described below on the terms and conditions set out in the Bendon Share Sale Agreement. See “*Introduction*” and Item 5 of this Annual Report, “*Operating and Financial Review and Prospects—Recent Developments—Bendon Sale,*” for more information.

FOH Online Services Agreement

Prior to the Bendon Sale, Bendon performed certain services in relation to the FOH Online e-commerce business including revenue and financial reporting, product design, inventory management, freight and logistics management, website management, customer service, marketing and IT support (the “Bendon Services”). As part of the Bendon Sale, so that we could continue to operate FOH using the existing e-commerce model, operating and management structure without having to immediately construct a standalone infrastructure, FOH and Bendon entered in the FOH Services Agreement. The agreement has a term of 5 years. Under this agreement, Bendon will provide certain management services to FOH and FOH will reimburse Bendon for all direct and reasonable costs incurred in the performance of these services as agreed in annual budget as well as a 5% administration fee based on monthly sales. The 5% administration fee is to cover the actual costs of services performed by Bendon personnel.

The other key terms of the FOH Services Agreement are as follows:

- FOH may terminate for convenience by 3 months’ notice;
- Bendon may not terminate for convenience; and
- there are no exclusivity restrictions on either party.

Other than the terms outlined above, the FOH Services Agreement is on terms customary for an agreement of this nature.

Naked Facility

As part of the Bendon Sale, we entered into a facility agreement for the Naked Facility. Under the Naked Facility, we will advance to Bendon an amount of up to NZ\$7 million which will be guaranteed by the Australian and New Zealand entities in the Bendon Group and secured by all-asset security over their assets. No advances have been made as of the date of this report.

We have agreed that the Naked Facility will be subordinated to an additional loan which Bendon will be seeking from a third party lender. Until such time as the senior debt has been obtained, the interest payable on the Naked Facility will be charged at a fixed rate of 5%. Following Bendon obtaining the senior debt, the interest rate will change to the rate that is 50 basis points higher than the rate agreed under the senior debt.

The loan has a fixed term of 5 years which may be repaid early in accordance with the facility agreement but may not be redrawn by Bendon.

Standard default provisions apply under the facility agreement if Bendon or its guarantors fails to repay or observe the terms of the facility agreement.

Compensation Arrangements

See Item 6.B of this Annual Report, “*Compensation,*” for a discussion of the compensation arrangements with our senior management and directors.

Other Transactions

During the current year, the Group procured goods for resale from The Way Store Pty Ltd, a company registered in Australia, which is related through common directorship. The Group purchased \$0.5m worth of inventory.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Financial Statements and Other Financial Information

Consolidated Financial Statements

See Item 18 of this Annual Report, “*Financial Statements.*”

Legal Proceedings

See Item 4.B of this Annual Report, “*Business Overview—Additional Information—Legal Proceedings.*”

Dividend Policy

Shareholders are entitled to receive such dividends as may be declared by the directors. If the directors determine that a final or interim dividend is payable, it is (subject to the terms of issue on any shares or class of shares) paid on all shares proportionate to the amount for the time being paid on each share. Dividends may be paid by cash, electronic transfer or any other method as the board determines.

The directors have the power to capitalize and distribute the whole or part of the amount from time to time standing to the credit of any reserve account or otherwise available for distribution to shareholders. The capitalization and distribution must be in the same proportions which the shareholders would be entitled to receive if distributed by way of a dividend.

Subject to the rules of Nasdaq, the directors may pay a dividend out of any fund or reserve or out of profits derived from any source.

B. Significant Changes

Except for the events described in Item 5 of this Annual Report, “*Operating and Financial Review and Prospects—Recent Developments,*” we have not experienced any significant changes since the date of our audited annual consolidated financial statements included in this Annual Report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

The Ordinary Shares are listed on the Nasdaq Capital Market under the symbol “NAKD.” The Ordinary Shares are not listed on any exchange or traded in any market outside of the U.S.

On April 26, 2021, we received a notice from Nasdaq’s Listing Qualifications Department stating that, for the 30 consecutive business days ending April 23, 2021, the closing bid price for the Ordinary Shares had been below the minimum of \$1.00 per share required for continued inclusion on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). See Item 5 of this Annual Report, “*Operating and Financial Review and Prospects—Recent Developments—Nasdaq Compliance,*” for more information.

B. Plan of Distribution

Not applicable.

C. Markets

See Item 9.A of this Annual Report, “*Offer and Listing Details.*”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Constitution

See Exhibit 2.2 of this Annual Report, which is incorporated herein by reference.

C. Material Contracts

The following summarizes each material contract, other than contracts entered into in the ordinary course of business, to which we or any subsidiary of ours is a party, for the preceding two years.

Frederick's of Hollywood License Agreement. In June 2015, FOH signed a license agreement with ABG, the owner of the Frederick's of Hollywood brand. In April 2020, FOH entered into an amended and restated license agreement with ABG. The amended and restated agreement will become effective January 1, 2021 and have an initial term lasting until December 31, 2025. FOH will have nine options to renew the agreement for a period of five years each. The original agreement will remain in effect until effective date of the amended and restated agreement. Pursuant to the amended and restated agreement, FOH will continue to have a license to use certain Frederick's of Hollywood trademarks to manufacture and sell certain lingerie, sleepwear, and swimwear products, in the United States, Australia, and New Zealand, through the Frederick's of Hollywood website and through retail channels owned and/or operated by FOH and its affiliates, including Bendon. The license to use the trademarks to sell the licensed products through the Frederick's of Hollywood website is exclusive. Under the amended and restated agreement, FOH will pay ABG certain royalties and will pay a portion of net sales of the licensed products to a common marketing fund. In addition, FOH committed to spend a portion of net sales of the licensed products on advertising. The amended and restated agreement contains certain customary representations and warranties of the parties and customary indemnification provisions. ABG has the right to suspend or terminate the amended and restated agreement upon the occurrence of certain events, including upon a failure to make payment when due or upon a material uncured or repetitive breach of the agreement.

Stock Purchase Agreement. On November 15, 2018, we and our wholly-owned subsidiary, Bendon, entered into a stock purchase agreement with the shareholders of FOH, including Cullen, at the time a significant shareholder of the Company. Pursuant to the agreement, on December 6, 2018, we purchased all of the issued and outstanding shares of FOH, in order to gain direct ownership of the Frederick's of Hollywood license arrangement FOH had with ABG. The stock purchase agreement is more fully described in Item 4.A of this Annual Report, "*History and Development of the Company*," and in the Report of Foreign Private Issuer on Form 6-K filed by us on November 21, 2018, and such descriptions are incorporated herein by reference.

Other Agreements. In addition, during the preceding two years, we have been party to the following material agreements, each of which is described elsewhere in this Annual Report:

- Bendon Share Sale Agreement (see Item 5 of this Annual Report, "*Operating and Financial Review and Prospects—Recent Developments—Bendon Sale*").
- FOH Services Agreement (see Item 7.B of this Annual Report, "*Related Party Transactions*").
- Naked Facility (see Item 7.B of this Annual Report, "*Related Party Transactions*").
- February 2021 SPA and February 2021 Warrants (see Item 5 of this Annual Report, "*Operating and Financial Review and Prospects—Recent Developments—Financing Transactions*").

- Equity distribution agreements with Maxim dated February 24, 2021, October 19, 2020 and August 20, 2020 (see Item 5 of this Annual Report, “*Operating and Financial Review and Prospects—Recent Developments—Financing Transactions*”).
- Settlement agreement with the Lenders dated October 5, 2020 (see Item 5 of this Annual Report, “*Operating and Financial Review and Prospects—Recent Developments—Financing Transactions*”).
- July 2020 Note, along with the related securities purchase agreement and warrants (see Item 5 of this Annual Report, “*Operating and Financial Review and Prospects—Recent Developments—Financing Transactions*”).
- Prior Notes, along with the related securities purchase agreements and warrants (see Item 5 of this Annual Report, “*Operating and Financial Review and Prospects—Recent Developments—Financing Transactions*”).
- May 2019 Note, along with the related securities purchase agreements and warrants (see Item 5.B of this Annual Report, “*Liquidity, and Capital Resources—Financing Transactions*”).
- The amended and restated facility agreement with BNZ dated as of March 12, 2020 (see Item 5.B of this Annual Report, “*Liquidity, and Capital Resources—Financing Transactions*”).

D. Exchange Controls

Under Australian law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to nonresident holders of our shares.

E. Taxation

The following is a summary of material U.S. federal and Australian income tax considerations to U.S. holders, as defined below, of the acquisition, ownership and disposition of Ordinary Shares. This discussion is based on the laws in force as at the date of this annual report, and is subject to changes in the relevant income tax law, including changes that could have retroactive effect. The following summary does not take into account or discuss the tax laws of any country or other taxing jurisdiction other than the U.S. and Australia. Holders are advised to consult their tax advisors concerning the overall tax consequences of the acquisition, ownership and disposition of Ordinary Shares in their particular circumstances. This discussion is not intended, and should not be construed, as legal or professional tax advice.

This summary does not describe U.S. federal estate and gift tax considerations, or any state and local tax considerations within the U.S., and is not a comprehensive description of all U.S. federal or Australian income tax considerations that may be relevant to a decision to acquire or dispose of Ordinary Shares. Furthermore, this summary does not address U.S. federal or Australian income tax considerations relevant to holders subject to taxing jurisdictions other than or in addition to the U.S. and Australia, and does not address all possible categories of holders, some of which may be subject to special tax rules.

U.S. Federal Income Tax Considerations

In this section, we discuss certain material U.S. federal income tax considerations applicable to the acquisition, ownership and disposition of Ordinary Shares by a U.S. holder, as defined below, that will hold the Ordinary Shares as capital assets within the meaning of Section 1221 of Internal Revenue Code of 1986, as amended (the “Code”). This discussion is based on the Code, U.S. Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect. There can be no assurances that the U.S. Internal Revenue Service (the “IRS”) will not take a different position concerning the tax consequences of the acquisition, ownership and disposition of Ordinary Shares or that such a position would not be sustained. We do not discuss the tax consequences to any particular U.S. holder nor any tax considerations that may apply to U.S. holders subject to special tax rules, such as banks, insurance companies, individual retirement and other tax-deferred accounts, regulated investment companies, individuals who are former U.S. citizens or former long-term U.S. residents, dealers in securities or currencies, tax-exempt entities, persons subject to the alternative minimum tax, persons that hold Ordinary Shares as a position in a straddle or as part of a hedging, constructive sale or conversion transaction for U.S. federal income tax purposes, persons that have a functional currency other than the U.S. dollar, persons that own (directly, indirectly or constructively) 10% or more of our equity or persons that are not U.S. holders.

In this section, a “U.S. holder” means a beneficial owner of Ordinary Shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S. for U.S. federal income tax purposes;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S. or any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (i) the administration of which is subject to the primary supervision of a court in the U.S. and for which one or more U.S. persons have the authority to control all substantial decisions or (ii) that has an election in effect under applicable income tax regulations to be treated as a U.S. person.

As used in this section, a “non-U.S. holder” is a beneficial owner of Ordinary Shares that is not a U.S. holder or an entity or arrangement treated as a partnership for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Ordinary Shares, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. Partners of partnerships that will hold Ordinary Shares should consult their tax advisors.

YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, AS WELL AS STATE, LOCAL AND NON-U.S., TAX CONSEQUENCES TO YOU OF ACQUIRING, OWNING AND DISPOSING OF NAKED ORDINARY SHARES IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES, INCLUDING THE POSSIBLE EFFECTS OF CHANGES IN U.S. FEDERAL AND OTHER TAX LAWS.

Dividends

Subject to the passive foreign investment company (“PFIC”) rules, discussed below, U.S. holders will include as dividend income the U.S. dollar value of the gross amount of any distributions of cash or property (without deduction for any withholding tax), other than certain pro rata distributions of Ordinary Shares, with respect to Ordinary Shares to the extent the distributions are made from our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. A U.S. holder will include the dividend income at the time of actual or constructive receipt. To the extent, if any, that the amount of any distribution by us is not a dividend because it exceeds the U.S. holder’s pro rata share of our current and accumulated earnings and profits, as so determined, the excess will be treated first as a tax-free return of capital and reduce (but not below zero) the U.S. holder’s tax basis in the Ordinary Shares. Thereafter, to the extent, if any, that the amount of any distribution by us exceeds the adjusted tax basis of the U.S. holder’s Ordinary Shares, the remainder will be taxed as capital gain. Notwithstanding the foregoing, there can be no assurance that we will maintain calculations of earnings and profits, as determined for U.S. federal income tax purposes. Consequently, U.S. holders should therefore assume that any distribution with respect to the Ordinary Shares will constitute ordinary dividend income and that any distributions generally will be reported as dividend income for U.S. information reporting purposes. See “Backup Withholding Tax and Information Reporting Requirements” below. Dividends paid by us will not be eligible for the dividends-received deduction generally allowed to U.S. corporate shareholders.

Subject to the PFIC rules, discussed below, certain distributions treated as dividends received by an individual U.S. holder (as well as certain trusts and estates) from a “qualified foreign corporation” are eligible for a preferential U.S. federal income tax rate (currently a maximum tax rate of 20%), subject to certain minimum holding period requirements and other limitations. A foreign corporation (other than a corporation that is treated as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) may be a “qualified foreign corporation” if (i) it is eligible for the benefits of a comprehensive income tax treaty with the U.S. which the U.S. Secretary of Treasury determines is satisfactory for this purpose and which includes an exchange of information program or (ii) with respect to any dividend it pays on stock which is readily tradable on an established securities market in the U.S. We expect to be considered a qualified foreign corporation with respect to the Ordinary Shares because we believe we are eligible for the benefits under the Double Taxation Convention between Australia and the U.S. and because we expect the Ordinary Shares will continue to be listed on the Nasdaq Capital Market (although there can be no assurance that the Ordinary Shares will remain so listed). Accordingly, dividends we pay generally should be eligible for the reduced income tax rate. However, the determination of whether a dividend qualifies for the preferential tax rates must be made at the time the dividend is paid. U.S. holders should consult their own tax advisers. The additional 3.8% “net investment income tax” (described below) may apply to dividends received by certain U.S. holders who meet certain modified adjusted gross income thresholds.

Non-corporate U.S. holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a passive foreign investment company in the taxable year in which such dividends are paid or in the preceding taxable year.

Includible distributions paid in Australian dollars, including any Australian withholding taxes, will be included in the gross income of a U.S. holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of actual or constructive receipt of such distribution, regardless of whether the Australian dollars are converted into U.S. dollars at that time. If Australian dollars are converted into U.S. dollars on the date of actual or constructive receipt of the distribution, the tax basis of the U.S. holder in those Australian dollars will be equal to their U.S. dollar value on that date and, as a result, a U.S. holder generally should not be required to recognize any foreign exchange gain or loss.

If Australian dollars so received are not converted into U.S. dollars on the date of actual or constructive receipt, the U.S. holder will have a basis in the Australian dollars equal to their U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the Australian dollars generally will be treated as ordinary income or loss to such U.S. holder and generally such gain or loss will be income or loss from sources within the U.S. for foreign tax credit limitation purposes.

Dividends received by a U.S. holder with respect to Ordinary Shares generally will be treated as foreign source income, which may be relevant in calculating the holder's foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For these purposes, dividends will be categorized as "passive" or "general" income depending on a U.S. holder's circumstance.

Subject to certain complex limitations, a U.S. holder generally will be entitled, at its option, to claim either a credit against its U.S. federal income tax liability or a deduction in computing its U.S. federal taxable income in respect of any Australian taxes withheld by us. If a U.S. holder elects to claim a deduction, rather than a foreign tax credit, for Australian taxes withheld by us for a particular taxable year, the election will apply to all foreign taxes paid or accrued by or on behalf of the U.S. holder in the particular taxable year.

The availability of the foreign tax credit and the application of the limitations on its availability are fact specific. You are urged to consult your own tax advisor as to the consequences of Australian withholding taxes and the availability of a foreign tax credit or deduction. See "Australian Tax Considerations — Taxation of Dividends."

Sale or Exchange of Ordinary Shares

Subject to the PFIC rules, discussed below, a U.S. holder generally will, for U.S. federal income tax purposes, recognize capital gain or loss on a sale, exchange or other disposition of Ordinary Shares equal to the difference between the amount realized on the disposition and the U.S. holder's tax basis in the Ordinary Shares. This gain or loss recognized on a sale, exchange or other disposition of Ordinary Shares will generally be long-term capital gain or loss if the U.S. holder has held the Ordinary Shares for more than one year. Generally, for U.S. holders who are individuals (as well as certain trusts and estates), long-term capital gains are subject to U.S. federal income tax at preferential rates. For foreign tax credit limitation purposes, gain or loss recognized upon a disposition generally will be treated as from sources within the U.S. The deductibility of capital losses is subject to limitations for U.S. federal income tax purposes.

You should consult your own tax advisor regarding the availability of a foreign tax credit or deduction in respect of any Australian tax imposed on a sale or other disposition of Ordinary Shares. See "Australian Tax Considerations — Tax on Sales or other Dispositions of Shares."

Passive Foreign Investment Company Considerations

The Code provides special, generally adverse, rules regarding certain distributions received by U.S. holders with respect to, and sales, exchanges and other dispositions, including pledges, of shares of stock of, a passive foreign investment company, or PFIC. A foreign corporation will be treated as a PFIC for any taxable year if at least 75% of its gross income for the taxable year is passive income or at least 50% of its gross assets during the taxable year, based on a quarterly average and generally by value, produce or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, rents, royalties, gains from commodities and securities transactions and gains from assets that produce passive income. In determining whether a foreign corporation is a PFIC, a pro-rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

The determination of whether or not we are or will become a PFIC is a factual determination that must be determined annually at the close of each taxable year. We do not believe that we are a PFIC for U.S. federal income tax purposes for the taxable year ended January 31, 2020. Similarly, we do not anticipate being classified as a PFIC for the taxable year ended January 31, 2021 or in the foreseeable future. Notwithstanding the foregoing, because PFIC status is a fact-intensive determination made on an annual basis, and also may be affected by the application of the PFIC rules, which are subject to differing interpretations, no assurance can be given that we are not, or will not become in any future taxable year, a PFIC. Our U.S. counsel expresses no opinion with respect to our PFIC status in any prior taxable year or the current taxable year and also expresses no opinion with respect to our predictions regarding our PFIC status in the future. Prospective investors should consult their own tax advisors regarding our potential PFIC status.

If we are a PFIC for any taxable year during which a U.S. holder holds Ordinary Shares, any “excess distribution” that the holder receives and any gain realized from a sale or other disposition (including a pledge) of such Ordinary Shares will be subject to special tax rules, unless the holder makes a mark-to-market election or qualified electing fund election as discussed below. Any distribution in a taxable year that is greater than 125% of the average annual distribution received by a U.S. holder during the shorter of the three preceding taxable years or such holder’s holding period for the Ordinary Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. holder’s holding period for the Ordinary Shares;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to income tax at the highest rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or excess distribution cannot be offset by any net operating loss, and gains (but not losses) realized on the transfer of the Ordinary Shares cannot be treated as capital gains, even if the Ordinary Shares are held as capital assets. In addition, non-corporate U.S. holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

If we are a PFIC for any taxable year during which any of our non-U.S. subsidiaries is also a PFIC, a U.S. holder of Ordinary Shares during such year would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules to such subsidiary. You should consult your tax advisors regarding the tax consequences if the PFIC rules apply to any of our subsidiaries.

Unless otherwise provided by the U.S. Treasury, each U.S. shareholder of a PFIC is required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) and such other form as the U.S. Treasury may require. If you are a U.S. holder, you should consult your tax advisors regarding whether we are a PFIC and the potential application of the PFIC rules, including any reporting requirements that may apply to you as a result of our status as a PFIC.

A U.S. holder may avoid some of the adverse tax consequences of owning shares in a PFIC by making a “qualified electing fund” election. The availability of this election with respect to the Ordinary Shares requires that we provide information to shareholders making the election. We do not intend to provide you with the information you would need to make or maintain a qualified electing fund election and you will, therefore, not be able to make such an election with respect to your Ordinary Shares.

Alternatively, a U.S. holder owning marketable stock in a PFIC may make a mark-to-market election to elect out of the tax treatment discussed above. If a valid mark-to-market election for the Ordinary Shares is made, the electing U.S. holder will include in income each year an amount equal to the excess, if any, of the fair market value of the Ordinary Shares as of the close of the holder's taxable year over the adjusted basis in such Ordinary Shares. The U.S. holder is allowed a deduction for the excess, if any, of the adjusted basis of the Ordinary Shares over their fair market value as of the close of the holder's taxable year. Deductions are allowable, however, only to the extent of any net mark-to-market gains on the Ordinary Shares included in the U.S. holder's income for prior taxable years. Amounts included in the U.S. holder's income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Ordinary Shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the Ordinary Shares, as well as to any loss realized on the actual sale or disposition of the Ordinary Shares, to the extent the amount of such loss does not exceed the net mark-to-market gains previously included for such Ordinary Shares. The tax basis in the Ordinary Shares will be adjusted to reflect any such income or loss amounts. A mark-to-market election will be effective for the taxable year for which the election is made and all subsequent taxable years unless the Ordinary Shares are no longer regularly traded on an applicable exchange or the IRS consents to the revocation of the election.

The mark-to-market election is available only for stock which is regularly traded on (i) a national securities exchange that is registered with the U.S. Securities and Exchange Commission, (ii) NASDAQ, or (iii) an exchange or market that the U.S. Secretary of the Treasury determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. The Ordinary Shares are listed on the Nasdaq Capital Market and, consequently, we expect that, assuming the Ordinary Shares are so listed and are regularly traded, the mark-to-market election would be available to you were we to be or become a PFIC.

U.S. holders are urged to contact their own tax advisors regarding the determination of whether we are a PFIC and the tax consequences of such status.

Net Investment Income Tax

Certain U.S. holders who are individuals, estates, or trusts must pay a 3.8% tax on, among other things, dividends and capital gains from the sale or other disposition of shares of common stock.

Backup Withholding Tax and Information Reporting Requirements

U.S. holders that are "exempt recipients" (such as corporations) generally will not be subject to U.S. backup withholding tax and related information reporting requirements on payments of dividends on, and the proceeds from the disposition of, Ordinary Shares unless, when required, they fail to demonstrate their exempt status. Other U.S. holders (including individuals) generally will be subject to U.S. backup withholding tax at the applicable statutory rate, currently 24%, in respect of any payments of dividends on, and the proceeds from the disposition of, Ordinary Shares if they fail to furnish their correct taxpayer identification number or otherwise fail to comply with applicable backup withholding requirements. Information reporting requirements generally will apply to payments of dividends on, and the proceeds from the disposition of, Ordinary Shares to a U.S. holder that is not an exempt recipient. U.S. holders who are required to establish their exempt status generally must provide IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. holder's U.S. federal income tax liability. A U.S. holder may obtain a refund of any amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service in a timely manner and furnishing any required information.

U.S. holders are urged to contact their own tax advisors as to their qualification for an exemption from backup withholding tax and the procedure for obtaining this exemption.

Certain U.S. holders who are individuals may be required to report information relating to an interest in the Ordinary Shares, subject to certain exceptions by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their U.S. federal income tax return. U.S. holders are urged to consult their tax advisers regarding their reporting obligation in connection with their ownership and disposition of the Ordinary Shares.

THE DISCUSSION ABOVE IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO AN INVESTMENT IN NAKED ORDINARY SHARES. YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISOR CONCERNING THE TAX CONSEQUENCES TO YOU IN YOUR PARTICULAR SITUATION.

Australian Tax Considerations

In this section, we discuss the material Australian income tax considerations related to the acquisition, ownership and disposal by the absolute beneficial owners of the Ordinary Shares. This discussion does not address all aspects of Australian income tax law which may be important to particular investors in light of their individual investment circumstances, such as shares held by investors subject to special tax rules (for example, financial institutions, insurance companies or tax exempt organizations). In addition, this summary does not discuss any foreign or state tax considerations, other than transfer duty. Prospective investors are urged to consult their tax advisers regarding the Australian and foreign income and other tax considerations of the purchase, ownership and disposition of the shares. This summary is based upon the premise that the holder is not an Australian tax resident.

Taxation of Dividends

Australia operates a dividend imputation system under which dividends may be declared to be ‘franked’ to the extent of tax paid on company profits. Fully franked dividends are not subject to dividend withholding tax. Dividends payable to non-Australian resident shareholders that are not operating from an Australian permanent establishment (Foreign Shareholders) will be subject to dividend withholding tax, to the extent the dividends are not foreign sourced and declared to be conduit foreign income (CFI) and are unfranked. Dividend withholding tax will be imposed at 30%, unless a shareholder is a resident of a country with which Australia has a double taxation agreement and qualifies for the benefits of the treaty. Under the provisions of the current Double Taxation Convention between Australia and the U.S., the Australian tax withheld on unfranked dividends that are not CFI paid by us to which a resident of the U.S. is beneficially entitled is limited to 15%.

If a company that is a non-Australian resident shareholder owns a 10% or more interest, the Australian tax withheld on dividends paid by us to which a resident of the U.S. is beneficially entitled is limited to 5%. In limited circumstances the rate of withholding can be reduced to nil.

Tax on Sales or other Dispositions of Shares — Capital gains tax

Foreign Shareholders will not be subject to Australian capital gains tax on the gain made on a sale or other disposal of our shares, unless they, together with associates, hold 10% or more of our issued capital, at the time of disposal or for 12 months of the last 2 years.

Foreign Shareholder who, together with associates, owns a 10% or more interest would be subject to Australian capital gains tax if more than 50% of our direct or indirect assets determined by reference to market value, consists of Australian land, leasehold interests or Australian mining, quarrying or prospecting rights. Double Taxation Convention between the U.S. and Australia is unlikely to limit the amount of this taxable gain. Australian capital gains tax applies to net capital gains at a taxpayer’s marginal tax rate but for certain shareholders a discount of the capital gain may apply if the shares have been held for 12 months or more. For individuals, this discount is 50%, which may not be available for non-resident shareholders. Net capital gains are calculated after reduction for capital losses, which may only be offset against capital gains. Non-resident shareholders are urged to obtain tax advice as required.

Tax on Sales or other Dispositions of Shares — Shareholders Holding Shares on Revenue Account

Some Foreign shareholders may hold shares on revenue rather than on capital account, for example, share traders. These shareholders may have the gains made on the sale or other disposal of the shares included in their assessable income under the ordinary income provisions of the income tax law, if the gains are sourced in Australia.

Non-Australian resident shareholders assessable under these ordinary income provisions in respect of gains made on shares held on revenue account would be assessed for such gains at the Australian tax rates for non-Australian residents, which start at a marginal rate of 32.5%. Some relief from Australian income tax may be available to such non-Australian resident shareholders under the Double Taxation Convention between the U.S. and Australia.

To the extent an amount would be included in a non-Australian resident shareholder's assessable income under both the capital gains tax provisions and the ordinary income provisions, the capital gain amount would generally be reduced, so that the shareholder would not be subject to double tax on any part of the income gain or capital gain.

Dual Residency

If a shareholder were a resident of both Australia and the U.S. under those countries' domestic taxation laws, that shareholder may be subject to tax as an Australian resident. If, however, the shareholder is determined to be a U.S. resident for the purposes of the Double Taxation Convention between the U.S. and Australia, the Australian tax would be subject to limitation by the Double Taxation Convention. Shareholders should obtain specialist taxation advice in these circumstances.

Transfer Duty

No transfer duty is payable by Australian residents or foreign residents on the trading of shares that are quoted on Nasdaq.

Australian Death Duty

Australia does not have estate or death duties. As a general rule, no capital gains tax liability is realized upon the inheritance of a deceased person's shares. The disposal of inherited shares by beneficiaries, may, however, give rise to a capital gains tax liability if the gain falls within the scope of Australia's jurisdiction to tax (as discussed above).

Goods and Services Tax

The issue or transfer of shares will not incur Australian goods and services tax.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We file annual reports on Form 20-F and furnish certain reports and other information with the SEC as required by the Exchange Act in accordance with our status as a foreign private issuer. You may read and copy any report or other document filed or furnished by us, including the exhibits, at the SEC's public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Such materials can also be obtained on the SEC's site on the internet at <http://www.sec.gov>.

We will also provide without charge to each person, including any beneficial owner, upon written or oral request of that person, a copy of any and all of the information that has been incorporated by reference in this Annual Report. Please direct such requests to us, Attention Justin Davis-Rice, Naked Brand Group Limited, c/o Bendon Limited, Building 7C, Huntley Street, Alexandria, NSW 2015, Australia.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is a broad term for the risk of economic loss due to adverse market changes affecting financial instruments. These changes may be the result of various factors, including interest rates, foreign exchange rates, commodity prices and/or equity prices. Our business is exposed to a variety of market risks, including credit risk, currency risk, interest rate risk and price risk. These risks arise in part through use of the following financial instruments: trade receivables, cash bank accounts, bank overdrafts, trade and other payables, floating rate bank loans, forward currency contracts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our company. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

We have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Currency Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which financial instruments are held in currencies other than the functional currency. Exposures to currency exchange rates arise from overseas sales and purchases, which are primarily denominated in currencies other than the functional currency, in particular U.S. dollars.

We have no open forward exchange contracts at January 31, 2020.

Interest Rate

We are exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose us to fair value interest rate risk.

Our policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At January 31, 2020, we are exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

Price Risk

We do not believe that inflation has had a material impact on our revenues or income over the past two fiscal years. However, increases in inflation could result in increases in our expenses, which may not be readily recoverable in the price of goods or services provided to our clients. To the extent that inflation results in rising interest rates and has other adverse effects on capital markets, it could adversely affect our financial position and profitability.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

During the 12 months ended January 31, 2021, due to the impact of COVID-19 we had breached certain of the financial covenants contained in the facility agreement governing our loan from BNZ over the financial year. The facility has now been repaid and terminated. See Item 5.B of this Annual Report, “*Liquidity, and Capital Resources.*”

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

A-D. Material Modifications to the Rights of Security Holders

None.

E. Use of Proceeds

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management are responsible for establishing and maintaining our disclosure controls and procedures. These controls and procedures were designed to ensure that information that we are required to disclose in the reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms of the Securities and Exchange Commission, and that it is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Executive Chairman (our principal executive), Chief Executive Officer and Chief Financial Officer (principal financial officer), performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of January 31, 2021 under the supervision of our Chief Executive Officer and Chief Financial Officer. Based upon this evaluation, our Company Chief Executive Officer and Company Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of January 31, 2021, due to the material weakness described below.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process used to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with IFRS. Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with IFRS, and that our receipts and expenditures are being made only in accordance with the authorization of our board of directors and management; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Any system of internal control, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Because of the inherent limitations in all internal control systems, no system of internal control over financial reporting can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Our management and auditors conducted an evaluation of the effectiveness of our internal control over financial reporting. Based on this evaluation, management concluded that our internal control over financial reporting was not effective as of January 31, 2021, due to the material weaknesses described below.

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting as such report is not required for emerging growth companies.

Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual financial statements will not be prevented or detected on a timely basis. In connection with the preparation of our fiscal year 2021 consolidated financial statements, the matters involving internal controls and procedures that our management considered to be material weaknesses were the following:

- 1) Lack of skilled resources and key accounting personnel with sufficient knowledge and experience in the reporting and compliance with IFRS, SEC and PCAOB.
- 2) No formally implemented system of internal control over financial reporting and no associated written documentation of our internal control policies and procedures.
- 3) We did not maintain an effective process for reviewing financial information and did not have a sufficient number of personnel with an appropriate level of accounting knowledge, experience and training in the application of IFRS commensurate with management's financial reporting requirements.
- 4) Lack of appropriate oversight from the Board of Directors, especially Audit Committee in ensuring the Company takes the appropriate steps to remediate the weaknesses in their financial reporting and internal controls in a timely manner.
- 5) Lack of design controls to understand and to evaluate the completeness, accuracy and valuation of non-routine transactions

These control deficiencies could result in a material misstatement of the annual consolidated financial statements that would not be prevented or detected. Accordingly, management has determined that these control deficiencies constitute material weaknesses.

Notwithstanding the assessment that there were material weaknesses, we believe that our consolidated financial statements contained in this annual report fairly present our financial position, results of operations and cash flows for the years covered thereby in all material respects.

Management's Plan for Remediation of Material Weaknesses

We have implemented and plan to implement the following actions to address the material weaknesses:

- We appointed a new Chief Financial Officer with extensive public company finance and audit committee experience and Financial Controller. In addition, we will look to supplement any gaps with external consultants to supplement gaps of knowledge with complex transactions and help with the formal process documentation
- The divestment of the Bendon Legacy Business leaves a much simpler business, as such it will be a significantly less time-consuming job to document controls and procedures.
- The divestment also removes the old Bendon ERP system which is outdated in terms of some of the control elements, which is the key finding of this weakness.

We cannot guarantee that we will be able to complete such actions successfully. In addition, such actions may not be effective in remediating these material weaknesses. If our efforts to remediate these material weaknesses are not successful, the remediated material weaknesses may reoccur, or other material weaknesses could occur in the future. Even if we are able to complete these planned remediation activities successfully, there is no assurance that these measures will address our material weaknesses effectively. In addition, it is possible that we will discover additional material weaknesses in the future.

Changes in Internal Control over Financial Reporting

Except for as noted above, there were no changes in our internal control over financial reporting during the year ended January 31, 2021 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

For information about our audit committee financial expert, see Item 6.C of this Annual Report, “*Board Practices—Financial Experts on Audit Committee*,” which is incorporated herein by reference.

ITEM 16B. CODE OF ETHICS

Effective upon consummation of the Transactions, we adopted a Code of Ethics that applies to all of our employees, officers, and directors. This includes our principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. The full text of our Code of Ethics is posted on our website at www.nakedbrands.com. We intend to disclose on our website any future amendments of the Code of Ethics or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions, or our directors from provisions in the Code of Ethics.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our audit committee of the board of directors pre-approves all audit, audit-related and non-audit services not prohibited by law to be performed by our independent auditors and associated fees prior to the engagement of the independent auditor with respect to such services.

	12 Months Ended Jan. 31, 2021	12 Months Ended Jan. 31, 2020	12 Months Ended Jan. 31, 2019
BDO			
Audit Fees	593,000	403,000	-
Taxation Fees	-	-	-
Other	150,000	266,000	-
Total	743,000	669,000	-
PriceWaterhouseCoopers Australia			
Audit Fees	-	0	477,000
Taxation Fees	-	0	32,706
Other	-	10,000	402,800
Total	-	10,000	912,506
Network firms of PricewaterhouseCoopers Australia			
Taxation fees	-	-	137,263
Total	-	-	137,263

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

See Item 16G of this Annual Report, “*Corporate Governance*,” which is incorporated herein by reference.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

On October 10, 2019, following the approval of our audit committee, we engaged BDO Audit Pty Ltd as the principal accountant to audit our financial statements and, in connection with the engagement of BDO, PricewaterhouseCoopers resigned as our principal accountant for the year ending January 31, 2020, all as more fully described in our Report of Foreign Private Issuer filed on October 16, 2019, which description is incorporated herein by reference.

ITEM 16G. CORPORATE GOVERNANCE

The Nasdaq Listing Rules allow foreign private issuers, such as the Company, to follow home country corporate governance practices (in our case Australian) in lieu of the otherwise applicable Nasdaq corporate governance requirements. In order to rely on this exception, we are required to disclose each Nasdaq Listing Rule that we do not follow and describe the home country practice we do follow in lieu thereof. In accordance with this exception, we intend to follow Australian corporate governance practices in lieu of the following Nasdaq corporate governance standards:

- We will follow Australian law and corporate governance practices in lieu of the requirement under the Nasdaq Listing Rules to have a majority of board of directors be comprised of independent directors. Australian law and generally accepted business practices in Australia do not require that a majority of our board of directors be independent and, accordingly, we will claim the exemption for foreign private issuers with respect to the Nasdaq majority of independent directors requirement.
- We will follow Australian law and corporate governance practices in lieu of the requirement under the Nasdaq Listing Rules to have three members of our audit committee. Australian law and generally accepted business practices in Australia do not require that our audit committee have three members and, accordingly, we will claim the exemption for foreign private issuers with respect to the Nasdaq requirement to have three members of such committee.
- We will follow Australian law and corporate governance practices in lieu of the requirement under Nasdaq Listing Rules that a quorum for a meeting of shareholders may not be less than 33 1/3% of the outstanding shares of an issuer's voting ordinary shares. In compliance with Australian law, our constitution provides that a quorum is two or more shareholders present at the meeting of shareholders and entitled to vote on a resolution at the meeting and, accordingly, we will claim the exemption for foreign private issuers with respect to the Nasdaq quorum requirement.
- We will follow Australian law and corporate governance practices in lieu of the requirements under the Nasdaq Listing Rules that issuers obtain shareholder approval prior to the issuance of securities in connection with a change of control, certain acquisitions, private placements of securities, or the establishment or amendment of certain stock option, purchase or other equity compensation plans or arrangements. Applicable Australian law prohibits the acquisition of a relevant interest in voting shares of a public company such as Naked, if, because of that transaction, a person's voting power in the company increases from under 20% to over 20% or increases from a starting point that is above 20% and below 90%. This prohibition is subject to a number of exceptions including where the acquisition is approved by a resolution of shareholders of the company in which the acquisition is made. Due to differences between Australian law and corporate governance practices and the Nasdaq Listing Rules, we will claim the exemption for foreign private issuers with respect to the Nasdaq shareholder approval requirements.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18 of this Annual Report, “*Financial Statements.*”

ITEM 18. FINANCIAL STATEMENTS

Our Audited Annual Consolidated Financial Statements are included at the end of this Annual Report.

ITEM 19. EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
1.1	<u>Form of Constitution (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form F-4 (File No. 333-223786) filed by the registrant).</u>
2.1	<u>Specimen Ordinary Share Certificate (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form F-4 (File No. 333-223786) filed by the registrant).</u>
2.2	<u>Description of registered securities (incorporated by reference to Exhibit 2.2 to the Annual Report on Form 20-F filed by the registrant on May 8, 2020).</u>
4.1	<u>Stock Purchase Agreement dated November 15, 2018, by and among the stockholders of FOH Online Corp., Naked Brand Group Limited, Bendon Limited and FOH Online Corp. (incorporated by reference to Exhibit 2.1 to the Report of Foreign Private Issuer on Form 6-K filed by the registrant on November 21, 2018).</u>
4.2**	<u>Amended and Restated License Agreement, dated as of April 23, 2020, by and between ABG-Frederick’s of Hollywood, LLC and FOH Online Corp. (incorporated by reference to Exhibit 10.1 to the Report of Foreign Private Issuer on Form 6-K filed by the registrant on April 30, 2020).</u>
4.3	<u>Share Sale Agreement, dated as of April 30, 2021, by and among Naked brand Group Limited, JADR holdings Pty Limited, Mtaana Intimates Holdings Trustee Limited, Bendon Limited, Justin Davis-Rice and Anna Johnson (incorporated by reference to Exhibit 10.1 to the Report of Foreign Private Issuer on Form 6-K filed by the registrant on April 30, 2021).</u>
4.4	<u>FOH Services Agreement, dated as of April 30, 2021, by and among Bendon Limited, FOH Online Corp. and Naked Brand Group Limited (incorporated by reference to Exhibit 10.2 to the Report of Foreign Private Issuer on Form 6-K filed by the registrant on April 30, 2021).</u>
4.5	<u>Loan Agreement, dated as of April 30, 2021, by and among Bendon Limited, each party listed at Schedule 1 thereto and Naked Brand Group Limited (incorporated by reference to Exhibit 10.3 to the Report of Foreign Private Issuer on Form 6-K filed by the registrant on April 30, 2021).</u>
4.6*	<u>Consultant Services Agreement, dated as of April 30, 2021, by and among JADR Consulting Group Pty Ltd and Naked Brand Group Limited (incorporated by reference to Exhibit 10.4 to the Report of Foreign Private Issuer on Form 6-K filed by the registrant on April 30, 2021).</u>
4.7*	<u>Consultant Services Agreement, dated as of April 30, 2021, by and among Mark Ziirsens and Naked Brand Group Limited.</u>

- 4.8* [Bendon Group Holdings Limited 2017 Equity Incentive Plan \(incorporated by reference to Annex C of the proxy statement/prospectus included in the Registration Statement on Form F-4 \(File No. 333-223786\) filed by the registrant\).](#)
- 4.9.1 [Securities Purchase Agreement, dated as of February 24, 2021, by and among Naked Brand Group Limited and each purchaser identified on the signature pages thereto \(incorporated by reference to Exhibit 10.1 to the Report of Foreign Private Issuer on Form 6-K filed by the registrant on February 25, 2021\).](#)
- 4.9.2 [Amendment to Securities Purchase Agreement, dated as of March 10, 2021, by and among Naked Brand Group Limited and each purchaser identified on the signature pages thereto \(incorporated by reference to Exhibit 10.1 to the Report of Foreign Private Issuer on Form 6-K filed by the registrant on March 10, 2021\).](#)
- 4.9.3 [Form of Warrant \(incorporated by reference to Exhibit 4.1 to the Report of Foreign Private Issuer on Form 6-K filed by the registrant on March 10, 2021\).](#)
- 4.10 [Equity Distribution Agreement, dated as of February 24, 2021, by and between Naked Brand Group Limited and Maxim Group LLC \(incorporated by reference to Exhibit 1.1 to the Report of Foreign Private Issuer on Form 6-K filed by the registrant on February 25, 2021\).](#)
- 8.1 [List of subsidiaries.](#)
- 11.1 [Code of ethics \(incorporated by reference Exhibit 11.1 to the Annual Report on Form 20-F filed by the registrant on June 14, 2019\).](#)
- 12.1 [Certification of Principal Executive Officer required by Rule 13a-14\(a\).](#)
- 12.2 [Certification of Principal Financial Officer required by Rule 13a-14\(a\).](#)
- 13.1 [Certification required by Section 1350 of Chapter 63 of Title 18 of the United States Code.](#)
- 15.1 [Letter from PricewaterhouseCoopers \(incorporated by reference to Exhibit 15 to the Report of Foreign Private Issuer on Form 6-K filed by the registrant on October 16, 2019\).](#)
- 15.2 [Consent of BDO Audit Pty Ltd.](#)
- 101.INS XBRL Instance Document.
- 101.SCH XBRL Taxonomy Extension Schema Document.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.
- * Management compensation contract, plan or arrangement.
- ** Certain provisions of this exhibit have been omitted, as such provisions (i) are not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Naked Brand Group Limited

By: /s/ Justin Davis-Rice

Name: Justin Davis-Rice

Title: *Executive Chairman and Chief Executive Officer*

Date: May 18, 2021

Naked Brand Group Limited
ACN 619 054 938

Consolidated Financial Statements
(Expressed in New Zealand Dollars)

For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

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Report of the Independent Registered Public Accounting Firm

Stockholders and Board of Directors

Opinion on the consolidated financial statements

We have audited the accompanying consolidated balance sheets of Naked Brand Group Limited (the 'Company') as of January 31, 2021 and 2020, the related consolidated statements of profit or loss and other comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended January 31, 2021, and the related notes and schedules (collectively referred to as the 'consolidated financial statements').

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ('PCAOB') and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO Audit Pty Ltd

Tim Aman
Director

We have served as the Company's auditor since 2019.

Sydney, NSW, Australia

May 18, 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

	Note	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Revenue	6	80,039	90,065	111,920
Cost of goods sold		(46,147)	(56,247)	(74,480)
Gross profit		33,892	33,818	37,440
Other income	7	4,223	-	-
Brand management expenses		(28,880)	(35,555)	(49,256)
Administrative expenses		(9,556)	(11,837)	(3,432)
Corporate expenses		(9,350)	(12,772)	(14,145)
Finance expense	8	(8,214)	(5,213)	(4,041)
Brand transition, restructure and transaction expenses	7	(22,527)	(14,593)	(10,075)
Impairment expense	7	(4,895)	(8,904)	(8,173)
Other foreign currency gains	9	3,642	615	1,963
Interest income		5	12	-
Gain on sale of intangible assets		-	906	-
Fair value loss on Convertible Notes derivative and warrants	12	(26,552)	-	(775)
Loss before income tax	7	(68,212)	(53,523)	(50,494)
Income tax (expense)/benefit	13	(134)	(782)	1,274
Loss for the period		(68,346)	(54,305)	(49,220)
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations	26	(4,484)	2,131	(7)
Other comprehensive (loss)/income for the period, net of tax		(4,484)	2,131	(7)
Total comprehensive loss for the period		(72,830)	(52,174)	(49,227)
Total comprehensive income/(loss) attributable to:				
Owners of Naked Brand Group Limited		(72,830)	(52,174)	(49,227)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

	<u>Note</u>	<u>For the Year Ended 31 January 2021</u>	<u>For the Year Ended 31 January 2020</u>	<u>For the Year Ended 31 January 2019</u>
Loss per share for profit from continuing operations attributable to the ordinary equity holders of the Group:				
Basic loss per share (NZ\$)	27	(0.62)	(34.74)	(200.77)
Diluted loss per share (NZ\$)	27	(0.62)	(34.74)	(200.77)

On 20 December 2019 the company executed a 1-100 reverse share split reducing the number of shares. The reverse split has also been reflected in the calculation of loss per share for the comparative periods. More details are contained in note 26.

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

Consolidated Balance Sheet
As at 31 January 2021 and 31 January 2020

	Note	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Assets			
Current assets			
Cash and cash equivalents	15	90,925	3,791
Trade and other receivables	16	8,134	6,057
Inventories	17	16,596	23,539
Current tax receivable		-	4
Total current assets		115,655	33,391
Non-current assets			
Property, plant and equipment	18	2,977	3,037
Right-of-use assets	19	18,401	23,809
Intangible assets	20	22,849	28,293
Total non-current assets		44,227	55,139
Total assets		159,882	88,530
Liabilities			
Current liabilities			
Trade and other payables	21	28,728	22,430
Lease liabilities	24	6,955	8,112
Borrowings	22	14,493	19,215
Derivative financial liabilities	35	629	-
Current tax liabilities		205	-
Provisions	23	870	5,844
Total current liabilities		51,880	55,601

Consolidated Balance Sheet
As at 31 January 2021 and 31 January 2020

	Note	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Non-current liabilities			
Lease liabilities	24	14,597	17,719
Convertible loan notes	22	3,002	19,698
Provisions	23	1,212	1,796
Total non-current liabilities		18,811	39,213
Total liabilities		70,691	94,814
Net assets/(liabilities)		89,191	(6,284)
Equity			
Share capital	25	338,498	170,193
Other reserves	26	(4,366)	118
Accumulated losses	28	(244,941)	(176,595)
Total Equity		89,191	(6,284)

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

Consolidated Statement of Changes in Equity
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

	Ordinary Shares NZ\$000's	Accumulated Losses NZ\$000's	Foreign Currency Translation Reserve NZ\$000's	Total NZ\$000's
Balance at 1 February 2018	68,727	(72,431)	(2,006)	(5,710)
Loss for the year	-	(49,220)	-	(49,220)
Other comprehensive income for the year	-	-	(7)	(7)
Transactions with owners in their capacity as owners				
Issuance new shares	40,228	-	-	40,228
Issuance new shares from business combination Naked	14,196	-	-	14,196
Issuance new shares for the acquisition of FOH Online Corp	6,873	-	-	6,873
Convertible notes converted to equity	4,159	-	-	4,159
Balance 31 January 2019	<u>134,183</u>	<u>(121,651)</u>	<u>(2,013)</u>	<u>10,519</u>
Balance at 1 February 2019	134,183	(121,651)	(2,013)	10,519
Adoption of IFRS 16	-	(639)	-	(639)
Restated total equity at 1 February 2019	<u>134,183</u>	<u>(122,290)</u>	<u>(2,013)</u>	<u>9,880</u>
Loss for the year	-	(54,305)	-	(54,305)
Other comprehensive income for the year	-	-	2,131	2,131
Transactions with owners in their capacity as owners				
Issuance new shares for cash	12,586	-	-	12,586
Shares issued in lieu of inventory payment	15,525	-	-	15,525
Warrants issued	374	-	-	374
Conversion of debt	1,546	-	-	1,546
Convertible notes converted to equity	5,979	-	-	5,979
Balance 31 January 2020	<u>170,193</u>	<u>(176,595)</u>	<u>118</u>	<u>(6,284)</u>

Consolidated Statement of Changes in Equity
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

	Ordinary Shares NZ\$000's	Accumulated Losses NZ\$000's	Foreign Currency Translation Reserve NZ\$000's	Total NZ\$000's
Balance at 1 February 2020	170,193	(176,595)	118	(6,284)
Loss for the year	-	(68,346)	-	(68,346)
Other comprehensive income for the year	-	-	(4,484)	(4,484)
Transactions with owners in their capacity as owners				
Issuance new shares for cash	93,693	-	-	93,693
Shares issued in lieu of agreed settlement	5,503	-	-	5,503
Conversion of debt	1,689	-	-	1,689
Convertible notes converted to equity and exercise of warrant exchanges	67,420	-	-	67,420
Balance 31 January 2021	338,498	(244,941)	(4,366)	89,191

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

	Note	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers		87,004	103,459	140,736
Payments to suppliers and employees		(102,431)	(123,510)	(149,750)
Proceeds from Government wage subsidies		2,878	-	-
Rent concessions received		1,345	-	-
Income taxes refund/(paid)		186	157	(420)
Net cash outflow from operating activities	38	<u>(11,018)</u>	<u>(19,894)</u>	<u>(9,434)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Payments for intangible asset		(211)	-	(151)
Payments for property, plant and equipment		(1,498)	(1,294)	(2,585)
Proceeds from sale of intellectual property or business combination, net of cash acquired		-	906	870
Net cash outflow from investing activities		<u>(1,709)</u>	<u>(388)</u>	<u>(1,866)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issue of shares		93,693	12,586	23,248
Proceeds from borrowings - Convertible notes issue		19,309	21,507	-
Repayment of borrowings – Bank		(3,400)	(2,100)	(18,489)
Debt issuance costs		-	-	(322)
Principal repayments of lease liabilities		(7,136)	(8,127)	-
Interest paid on borrowings		(1,165)	(1,768)	(2,269)
Net cash inflow from financing activities		<u>101,301</u>	<u>22,098</u>	<u>2,168</u>

Consolidated Statement of Cash Flows
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

	<u>Note</u>	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Net increase/(decrease) in cash and cash equivalents held		88,574	1,816	(9,132)
Cash and cash equivalents at beginning of year		3,791	1,962	10,739
Effects of exchange rate changes on cash and cash equivalents		(1,440)	13	355
Cash and cash equivalents at end of the year	15	<u>90,925</u>	<u>3,791</u>	<u>1,962</u>

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

1 Description of business

Naked Brand Group Limited (“the Group or the Company”) is a designer, distributor, wholesaler and retailer of women’s and men’s intimates apparel globally. The Group sells its merchandise through retail and outlet stores in New Zealand and Australia, wholesale operations in New Zealand, Australia, the United States and Europe, and through online channels. The Group operates both licenced and owned brands, including the following:

Licenced brands:

Heidi Klum (terminated on 31 January 2020 with specific details below), Fredericks of Hollywood

Owned brands:

Pleasure State, Davenport, Lovable, Bendon, Fayreform, Naked, VaVoom, Evollove, Hickory

The financial report covers Naked Brand Group Limited and its controlled entities (‘the Group’). Naked Brand Group Limited is a for-profit Group, incorporated and domiciled in Australia.

Events in the prior year the following significant changes occurred, of which there is further disclosure contained within this report:

- On 28th January 2020, Naked Brand Group Limited agreed to sell all of its rights, title and interest in the trademarks related to the “Naked” and “NKD” brands to Gogogo SRL for a consideration of US \$0.6m (note 20).
- On 31st January 2020, the licence agreement with Heidi Klum was terminated by mutual consent for a fee of US\$3.5m which is to be paid in monthly instalments up to and including 30 December 2020. Under the terms of termination, the Group had the right to sell Heidi Klum branded product in the northern hemisphere until 31 July 2020 and the right to sell product in the southern hemisphere until 31 January 2021. As at 31 January 2021, the Group had no outstanding termination fees payable and had inventory of \$0.4m which has been fully provided for.

The financial report was authorised for issue by the Directors on May 18, 2021.

Comparatives are consistent with prior years, unless otherwise stated.

The amounts in the financial statements have been rounded to the nearest thousand dollars.

2 Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Naked Brand Group Limited is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of the Group also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(a) Historical cost convention

The financial statements are based on historical costs, except for the measurement at fair value of selected financial assets and financial liabilities.

(b) New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretation which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

(b) New standards, interpretations, and amendments not yet effective (continued)

In January 2020 the IASB issued the final amendments in *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* which affect the presentation of liabilities in the statement of financial position. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months and make explicit that only rights in place “at the end of the reporting period” should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The changes in *Classification of Liabilities as Current or Non-Current – Deferral of Effective Date (Amendments to IAS 1)* defer the effective date of the *January 2020 Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* to annual reporting periods beginning on or after January 1, 2023. Earlier application of the January 2020 amendments is permitted. Management is currently assessing the impacts of the amended standard.

In May 2020, the IASB issued amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* (“IAS 37”). The amendments clarify that for purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for contracts for which an entity has not yet fulfilled all its obligations on or after January 1, 2022. Earlier application is permitted. Management is currently assessing the impacts of the amended standard.

In May 2020, the IASB issued further amendments to IFRS 3, *Business Combinations* (“IFRS 3”) which update references in IFRS 3 to the revised *2018 Conceptual Framework*. To ensure that this update in referencing does not change which assets and liabilities qualify for recognition in a business combination, or create new Day 2 gains or losses, the amendments introduce new exception to the recognition and measurement principles in IFRS 3.

An acquirer should apply the definition of liability in IAS 37, rather than the definition in *the Conceptual Framework*, to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, *Levies* (“IFRIC 21”). The acquirer should apply the criteria in IFRIC 21 to determine whether the obligation event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognise a contingent asset at the acquisition date. The amendments to IFRS 3 are effective for business combinations occurring in the reporting periods starting on or after January 1, 2022. Earlier application is permitted. Management is currently assessing the impacts of the amended standard.

In May 2020, the IASB issued *Property, Plant and Equipment – Proceeds before Intended Use*, which made amendments to IAS 16. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. Management is currently assessing the impacts of the amended standard.

In May 2020, the IASB issued *Annual Improvements to IFRS standards 2018-2020* which contain an amendment to IFRS 9. The amendment clarifies which fees an entity includes when it applies the “10 per cent” test in paragraph B3.3.6 of IFRS 9 in assessing whether to recognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. Management is currently assessing the impacts of the amended standard.

3 Summary of Significant Accounting Policies

(a) Going concern

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

(a) Going concern (continued)

For the financial year ended 31 January 2021 the Group experienced a loss after income tax from continuing operations of NZ\$68.3 million and operating cash outflows of NZ\$11.0 million. It also is in a net current asset position of NZ\$63.8 million and a net asset position of NZ\$89.2 million.

The losses in the year ended 31 January 2021 of NZ\$68.3 million (2020: NZ\$54.3 million) are NZ\$14.0 million greater than in the prior year. Gross profit was maintained at NZ\$33.9 million with the negative impact of lower sales as a result of COVID being offset by lower royalty costs following termination of the Heidi Klum license agreement in the prior year. All other costs were NZ\$14.8 million higher with a foreign currency benefit of NZ\$3.0 million and receipt of government subsidies and rent concessions of NZ\$4.2 million being more than offset by a NZ\$26.6 million fair value adjustment on convertible notes. The Group maintained its loan facility with the Bank of New Zealand, for the majority of the financial year ended 31 January 2021 the Group could not meet the compliance covenants.

The business raised NZ\$113.0 million of funds in the form of issued capital and convertible notes during the financial year to assist with the operating cash outflows and used this to repay \$3.4m of the bank debt. The Group also received NZ\$2.0 million in subsidies from the New Zealand Government and \$0.9m in subsidies from the Australian Government as well as receiving rent concessions of NZ\$1.3 million as a goodwill gesture from landlords due to COVID.

Since 1 February 2021 and to the date of signing this report, the Group has raised NZ\$298.3 million, in the form of issued shares and repaid the bank debt of NZ\$14.5 million in full on 9 February 2021.

As such, with over NZ\$300 million of cash in the business and a substantially strengthened Balance Sheet the directors have no reasonable doubt that the Company has adequate resources to continue to use the going concern basis of accounting in preparing the financial statements. Furthermore, whilst global macro-economic conditions remain uncertain with continued potential impacts from the COVID-19 pandemic and divestment of the Bendon business puts the Company in a confident position to safeguard the Group's ability to continue as a going concern.

(b) Basis for consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

3 Summary of Significant Accounting Policies

(c) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed before a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(d) Income Tax

The tax expense/(benefit) recognised in the consolidated statements of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense/(benefit).

Current tax is the amount of income taxes payable/(recoverable) in respect of the taxable profit/(loss) for the period and is measured at the amount expected to be paid to/(recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by each jurisdiction by the end of the reporting period. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by each jurisdiction by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Notes to the Consolidated Financial Statements
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3 Summary of Significant Accounting Policies

(d) Income Tax (continued)

In determining the amount of current and deferred income tax, the Group takes into account the impact of uncertain income tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the income tax expense in the period that such a determination is made.

(e) Revenue and other income

Sale of goods

Sales of goods through retail stores, e-commerce and wholesale channels are recognised when control of the products have been transferred to the customer which is a point in time. For wholesale and e-commerce sales, risks and rewards are transferred when goods are delivered to customers, and therefore reflects an estimate of shipments that have not been received at year end based on shipping terms and historical delivery times. The Group also provides a reserve for projected merchandise returns based on prior experience.

The Group sells gift cards to customers. The Group recognises revenue from gift cards when they are redeemed by the customers. In addition, the Group recognises revenue on all of its unredeemed gift cards when the gift cards have expired.

(i) Sale of goods - wholesale

The Group sells a range of lingerie products in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. The estimates of discount is based on the trading terms in the contracts, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume payable to customers in relation to sales made until the end of the reporting period. The Group's obligation to provide a refund for faulty products under the standard trading terms is recognised as a provision.

(ii) Sale of goods - retail/e-commerce

The group operates a chain of retail stores and e-commerce websites selling lingerie products. Revenue from the sale of goods is recognised when a group entity sells a product to the customer.

Payment of the transaction price is due immediately when the customer purchases the product. It is the group's policy to sell its products to the end customer with a right of return within 30 days. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in inventory if deemed saleable) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Interest revenue

Interest is recognised using the effective interest method.

3 Summary of Significant Accounting Policies

(e) Revenue and other income (continued)

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

- Government grants

Government grants are recognised in the income statement so as to match them with the expenditure towards which they are intended to contribute, to the extent that the conditions for receipt have been met and there is reasonable assurance that the grant will be received.

- Rent concessions

Rent concessions are recognised in the income statement and relate to changes to lease expenditure as a result of COVID. The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria and credited the consolidated statement of profit or loss and other comprehensive income.

(f) Brand management, administrative, corporate and brand transition, restructure and transaction expenses

Corporate expenses include head office costs such as human resources, finance team and rental costs. Administrative expenses include depreciation and amortisation, as well as professional accounting fees. Brand management expenses includes other costs incurred in selling products, including advertising, design and retail store occupancy and payroll. Brand transition, restructure and transaction expenses includes costs are extraordinary costs not normally associate with trading.

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(i) Property, plant and equipment

Plant and equipment

Plant and equipment are measured using the cost model.

Under the cost model the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price and other directly attributable costs associated with locating the asset to the installation site, where applicable.

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3 Summary of Significant Accounting Policies

(i) Property, plant and equipment (continued)

Depreciation

Property, plant and equipment, is depreciated on a straight-line basis over the asset's useful life to the Group, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Leasehold improvements	1 - 10 years
Plant, furniture, fittings and motor vehicles	3 - 7 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in accounting estimate.

(j) Leases

The Group adopted IFRS 16 on 1 February 2019. The standard replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement Contains a Lease' and for lessees eliminates the classifications of operating leases and finance leases. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depletion, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

During the period, the Group received rent concessions of NZ\$1.3m, due to COVID-19. The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from March 2020 to June 2020. Rather than revaluing each lease, the Group opted to credit the consolidated statement of profit or loss and other comprehensive income as it is entitled to do under IFRS-16.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The effect of applying the practical expedient is disclosed in note 24.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Notes to the Consolidated Financial Statements
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3 Summary of Significant Accounting Policies

(j) Leases (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(k) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

(i) Classification

From 1 February 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Notes to the Consolidated Financial Statements
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3 Summary of Significant Accounting Policies

(k) Financial instruments (continued)

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

From 1 February 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

3 Summary of Significant Accounting Policies

(k) Financial instruments (continued)

(v) Subsequent measurement

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions and does not have any hedged contracts in place.

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

All of the Group's derivative financial instruments that are not designated as hedging instruments are accounted for at fair value through profit or loss.

(l) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(m) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(n) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3 Summary of Significant Accounting Policies

(p) Intangibles

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i) the consideration transferred;
- ii) any non-controlling interest; and
- iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

Patents and Licences

Separately acquired patents and licences are shown at historical cost. Licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Licence fees have an estimated useful life of 5 – 50 years.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

Brands

Brand assets relate to brands owned by the Group that have arisen on historical acquisitions. These assets were initially measured at fair value.

Brands are considered as to whether they have a finite or indefinite useful life at their acquisition and are amortized if considered to have a finite life. Brands are considered to have indefinite lives in circumstances when there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the entity they are not amortised. Brands with indefinite useful lives have been in existence for many years, are well established and show no signs of deteriorating. These indefinite life brands are assessed for impairment annually or more frequently if impairment indicators are noted.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and indefinite life brands, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Goodwill and indefinite life brands are not amortised but are tested for impairment annually or more frequently if impairment indicators exist. Goodwill is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Notes to the Consolidated Financial Statements
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3 Summary of Significant Accounting Policies

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share based payments for cash settled phantom warrants

The Group also operates a phantom warrant share option scheme (a cash settled share based-payment) that vest in three tranches being 21 January 2021, 21 July 2021 and 21 January 2022. There are no conditions or restrictions to receiving the benefit of all the phantom warrants for the full bonus calculation period. An option pricing model is used to measure the Group's liability at each reporting date, taking into account the terms and conditions on which the bonus is awarded. Each tranche of phantom warrants may be exercised for cash at any time in the three year period following vesting date and as such is recognised as a liability. Movements in the liability (other than cash payments) are recognised in the consolidated statement of profit or loss and other comprehensive income.

(r) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statements of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) Onerous contract provision

The Group provides for future losses on long-term contracts where it is considered probable that the contract costs are likely to exceed revenues in future years. A provision is required for the present value of future losses. Estimating these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time.

Notes to the Consolidated Financial Statements
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3 Summary of Significant Accounting Policies

(r) Provisions (continued)

(ii) Make good provision

The Group is required to restore the lease premises of various retail stores to their original condition at the end of the respective lease terms. Provisions for make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. A provision is recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the lease term.

(s) Earnings/(loss) per share

(i) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing:

- the profit/(loss) attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

For periods in which the Group has reported net losses, diluted net loss per share attributable to common shareholders is the same as basic net loss per share attributable to common stockholders, since their impact would be anti-dilutive to the calculation of net loss per share.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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3 Summary of Significant Accounting Policies

(t) Borrowings (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months or more after the reporting period.

(u) Convertible Notes

On issuance of the convertible notes, an assessment is made to determine whether the convertible notes contain an equity instrument or whether the whole instrument should be classified as a financial liability.

When it is determined that the whole instrument is a financial liability and no equity instrument is identified (for example for foreign-currency-denominated convertibles notes), the conversion option is separated from the host debt and classified as a derivative liability. The carrying value of the host contract (a contract denominated in a foreign currency) at initial recognition is determined as the difference between the consideration received and the fair value of the embedded derivative. The host contract is subsequently measured at amortised cost using the effective interest rate method. The embedded derivative is subsequently measured at fair value at the end of each reporting period through the profit and loss. The convertible note and the derivative are presented separately on the balance sheet to interest-bearing loans and borrowings.

When it is determined that the instrument contains an equity component based on the terms of the contract, on issuance of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

(v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(w) Foreign currency transactions and balances

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in New Zealand dollars which is the parent entity's presentation currency.

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing foreign currency rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Notes to the Consolidated Financial Statements
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3 Summary of Significant Accounting Policies

(w) Foreign currency transactions and balances

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated balance sheets. These differences are recognised in the consolidated statements of profit or loss and other comprehensive income in the period in which the operation is disposed.

(x) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The executive directors are the chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments.

4 Changes in accounting policies

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. This means the Group does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession. The effect of applying the practical expedient is disclosed in note 24.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

5 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - inventory

Each item on inventory is reviewed on an annual basis to determine whether it is being carried at higher than its net realisable value. During the period, management have written down inventory based on best estimate of the net realisable value, although until the time that inventory is sold this is an estimate.

Key estimates - fair value of financial instruments

The Group has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - impairment of non-financial assets

In accordance with IAS 36 Impairment of Assets, the Group is required to estimate the recoverable amount of non-financial assets at each reporting period.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by their value in use or fair value less cost to sell.

In calculating the fair value less costs to sell, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in brand revenues
- market royalty rate
- the selection of discount rates to reflect the risks involved, and
- long-term growth rates
- cash flows from cash generating units

Changing the assumptions selected by management, in particular the growth rate, discount rate and market royalty rate assumption used, could significantly affect the Group's impairment evaluation and hence results.

The Group's review includes the key assumptions related to sensitivity in the model. Further details are provided in notes 18 to 20 to the consolidated financial statements

Key judgments - taxes

Deferred tax assets

Determining income tax provisions and the recognition of deferred tax assets including carried forward income tax involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable income being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

5 Critical Accounting Estimates and Judgments (continued)

Key judgments – determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised within the next 12 months. As per the Company policy, the options are not exercised when the lease terms are beyond 12 months as of the assessment date. When the Group has the option to lease the assets for additional terms, it applies judgement in evaluating whether it is reasonably certain to exercise the option to renew, considering all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Key judgments – rent concessions

Lease agreements have been reviewed and judgments have been made on whether rent concessions satisfy the criteria to be accounted for using the practical expedient introduced by the amendments to IFRS 16. Lease concessions have been determined by the difference between the cost per the lease contract and actual amounts paid.

Key judgments – convertible notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability at amortised cost in the statement of financial position, net of transaction costs. On the issue of the convertible notes any fair value of the liability component is identified as a derivative and determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on a fair value basis until extinguished on conversion or redemption. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date or as a result of contract covenant failure. The accounting for subsequent changes in fair value is recognised in the profit or loss. The increase in the liability due to the passage of time is recognised as a finance cost. Any corresponding interest on convertible notes is expensed to profit or loss.

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For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

6 Revenue

Revenue from continuing operations

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Gross revenue	81,155	93,302	120,278
Rebates	(1,116)	(3,237)	(8,358)
	<u>80,039</u>	<u>90,065</u>	<u>111,920</u>
Sale of goods by channel			
- Retail	40,492	42,576	50,443
- Wholesale	7,496	15,553	29,394
- Online	32,051	31,936	32,083
	<u>80,039</u>	<u>90,065</u>	<u>111,920</u>
Sales of goods by geography			
- New Zealand	34,131	33,786	40,703
- Australia	21,011	24,365	32,065
- United States	24,432	30,863	34,156
- Europe	465	1,051	4,996
	<u>80,039</u>	<u>90,065</u>	<u>111,920</u>

Disaggregation of revenue

The Group derives its revenue from the transfer of goods at a point in time. The table above provides a breakdown of revenue by major business line. The categories above depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data. As disclosed in Note 13, the Group has three operating segments.

Notes to the Consolidated Financial Statements
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7 Loss for the Period

The loss for the period was derived after charging/(crediting):

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Staff costs (see note 10) ¹	30,175	28,009	31,380
Depreciation of property, plant and equipment (see note 18)	1,098	1,338	2,151
Depreciation of right-of-use assets (see note 19)	7,144	8,676	-
Amortisation of acquired intangibles (see note 20) ²	458	589	231
Impairment of Plant and equipment (see note 18)	341	491	281
Impairment of right-of-use assets (see note 19)	1,221	-	-
Impairment of intangible assets (see note 20)	3,333	8,413	7,892
Loss on disposal of property, plant and equipment	134	322	232
Other income			
- Proceeds from Government wage subsidies	(2,878)	-	-
- Rent concessions received	(1,345)	-	-
Brand transition, restructure and transaction expense			
- Transaction expenses	3,009	9,597	9,267
- Agreed settlement of debt	5,701	-	-
- Contract termination costs	2,175	4,696	-
Operating lease rentals			
- Land and buildings	-	-	9,236
- Other	-	-	524
Gain on sale of intangible assets	-	(906)	-
Auditor's remuneration (note 11)	743	679	1,050

¹ Staff costs include an accrual of \$11.6m for phantom warrants which has been recognised in the brand transition, restructure and transaction expense line in the consolidated statement of profit or loss and other comprehensive income

² Amortisation charges on the Group's intangible assets are recognised in the administrative expenses line of the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements
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8 Finance expense

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
- Interest expense on external borrowings	1,256	1,608	2,338
- Interest expense on convertible loan notes	5,681	1,425	-
- Interest expense on leases (see note 19)	1,405	1,674	-
- Interest (income)/expense on shareholder loans*	-	(165)	1,062
- Amortisation of loan set up costs	(128)	671	641
	8,214	5,213	4,041

* In the prior year, the shareholder loan payable was derecognised resulting in a reversal of interest expense.

9 Other foreign currency (gains)/losses

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
- Fair value (gain)/loss on foreign exchange contracts	-	(729)	1,065
- Net foreign exchange loss/(gain)	(3,642)	114	(3,027)
	(3,642)	(615)	(1,963)

Notes to the Consolidated Financial Statements
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10 Staff costs

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Employee benefits expense:			
- Salaries and wages*	29,443	26,920	30,872
- Defined contribution expenses	732	1,089	508
	<u>30,175</u>	<u>28,009</u>	<u>31,380</u>

*Included in the current year's \$29.4m is an accrual for phantom warrants of \$11.6m which has been recognised as a brand transition, restructure and transaction expense in the consolidated statement of profit or loss and other comprehensive income. The Group uses the Black Scholes option pricing model to determine the fair value of the phantom warrants which have an exercise price of US\$0.37 which vests in three tranches being 21 January 2021, 21 July 2021 and 21 January 2022 equal to 1.50% of the outstanding shares of the Company on the vesting date. There are no conditions or restrictions to receiving the benefit of all the phantom warrants for the full bonus calculation period. Each tranche of phantom warrants may be exercised for cash at any time in the three year period following vesting date and as such is recognised as a liability.

11 Auditor's Remuneration

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Pricewaterhouse Coopers Australia			
- Audit fees	-	-	477
- Taxation fees	-	-	33
- Other	-	10	403
Total remuneration to Pricewaterhouse Coopers Australia	<u>-</u>	<u>10</u>	<u>913</u>
Network firms of Pricewaterhouse Coopers Australia			
- Taxation services	<u>-</u>	<u>-</u>	<u>137</u>
BDO Audit Pty Ltd			
- Audit fees	593	403	-
- Other	150	266	-
Total remuneration to BDO Audit Pty Ltd	<u>743</u>	<u>669</u>	<u>-</u>
Total Auditor Remuneration	<u>743</u>	<u>679</u>	<u>1,050</u>

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

12 Fair value loss on Convertible Notes derivative and warrants

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Fair value loss on Convertible Notes and warrants	26,552	-	775

During the year ended 31 January 2021, the Group issued 3 convertible notes in February, April and July 2020 which contained embedded derivatives and warrants. IAS 32 requires the Group to measure the fair value of derivatives as at the inception date of the transaction and at each reporting period end until settled. The fair value of the embedded derivatives and warrants were determined using the Black-Scholes option pricing model. The charge in the year as a result of fair valuing the embedded derivatives was \$26.6m.

13 Income Tax Expense/(benefit)

(a) The major components of tax expense/(benefit) comprise:

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Current tax			
Current tax on profits for the period	27	28	(667)
Adjustments for current tax of prior periods	107	53	(607)
Total current tax expense/(benefit)	134	81	(1,274)
Deferred tax expense			
Decrease in deferred tax assets (note 31)	-	701	-
Income tax expense/(benefit) for continuing operations	134	782	(1,274)

(b) Reconciliation of income tax to accounting profit:

Loss before income tax	(68,212)	(53,523)	(50,494)
Tax at New Zealand tax rate of 28%	(19,099)	(14,986)	(14,138)
Tax effect of:			
- permanent differences (including impairment expense)	16,299	5,108	753
- adjustments in respect of current income tax of previous years	107	32	(522)
- effects of different tax rates of subsidiaries operating in other jurisdictions	(1)	(301)	493
- deferred tax assets relating to the current year not brought to account	2,910	10,163	12,077
- deferred tax assets relating to prior periods no longer recognised (note 31)	-	701	-
- other	(12)	65	63
Income tax expense/(benefit)	134	782	(1,274)

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

13 Income Tax Expense/(benefit) (continued)

(c) Tax losses not recognised

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Unused tax losses for which no deferred tax asset has been recognised	177,275	166,882	130,587
Potential tax benefit at 28%	49,637	46,727	36,564

The Group has assessed future forecast profits and concluded that not enough criteria have been satisfied to recognise any deferred tax assets at the period ended 31 January 2020. Unused tax losses do not have an expiry date. During the period, the Group de-recognised all deferred tax assets on timing differences carried forward from prior years, amounting to \$701,000 after accounting for exchange rate differences.

(d) Temporary differences not recognised

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Temporary differences for which no deferred tax asset has been recognised	10,115	9,825	14,504
Potential tax benefit at 28%	2,832	2,751	4,061

14 Operating Segments

Segment information

Identification of reportable operating segments

The consolidated entities' Director examined the group's performance from both sales channel and geographical perspective and identified three reportable segments being Retail, Wholesale and e-commerce.

Retail

This segment covers retail and outlet stores located in Australia and New Zealand.

Wholesale

This segment covers wholesale intimates apparel to customers in New Zealand, Australia, Europe and USA.

E-commerce

This segment covers the group's online retail activities. E-commerce revenue includes revenue from a US brand called Fredericks of Hollywood (FOH) for which the Group currently has a licence agreement.

These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews segment EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

EBITDA is a financial measure which is not prescribed by IFRS and represents the profit adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity.

The information reported to the CODM is on a monthly basis.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

14 Operating Segments (continued)

Other Costs and Business Activities

Certain costs are not allocated to our reporting segment results, such as costs associated with the following:

- Corporate overheads, which is responsible for centralized functions such as information technology, facilities, legal, finance, human resources, business development, and procurement. These costs also include compensation costs and other miscellaneous operating expenses not charged to our operating segments, as well as interest and tax income and expense.

These costs are included with in “unallocated” segment in our segment performance.

Other assets and liabilities

Assets and liabilities are managed on a Group basis, not by segment. CODM does not regularly review any asset or liability information by segment and its preparation is impracticable. Accordingly, we do not report asset and liability information by segment.

(a) Reconciliations

Reconciliation of segment revenue to consolidated statements of profit or loss and other comprehensive income:

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Total segment revenue	89,590	104,153	136,842
Intersegment eliminations	(9,551)	(14,088)	(24,922)
Total revenue	80,039	90,065	111,920

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

14 Operating Segments (continued)

(a) Reconciliations

Reconciliation of segment EBITDA to the consolidated statements of profit or loss and other comprehensive income:

The Board meets on a monthly basis to assess the performance of each segment, net operating profit does not include non-operating revenue and expenses such as dividends, fair value gains and losses.

	For the Year Ended 31 January 2021	For the Year Ended 31 January 2020	For the Year Ended 31 January 2019
	NZ\$000's	NZ\$000's	NZ\$000's
Segment EBITDA	690	(16,167)	(25,602)
Any other reconciling items	(68,902)	(37,356)	(24,892)
Income tax (expense)/benefit	(134)	(782)	1,274
Total net loss after tax	<u>(68,346)</u>	<u>(54,305)</u>	<u>(49,220)</u>

Any other reconciling items includes brand transition, finance expenses, impairment expense, depreciation and amortisation, fair value gain/loss on foreign exchange contracts, and unrealised foreign exchange gain/loss that cannot be allocated to segments.

(b) Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets are based on the location of the assets.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

14 Operating Segments (Continued)

(b) Geographical information

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
New Zealand	34,131	33,786	40,703
Australia	21,011	24,365	32,065
United States	24,432	30,863	34,156
Europe	465	1,051	4,996
	80,039	90,065	111,920

The revenues resulting from the Naked business combination in the June 2018 are included in the United States segment shown above.

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14 Operating Segments (continued)

(c) Segment performance

	Retail NZ\$000's	Wholesale NZ\$000's	e-commerce NZ\$000's	Unallocated NZ\$000's	Total NZ\$000's
For the year ended 31 January 2021					
Revenue	40,492	7,496	32,051	-	80,039
	<u>40,492</u>	<u>7,496</u>	<u>32,051</u>	<u>-</u>	<u>80,039</u>
Cost of goods sold	(19,188)	(4,636)	(21,604)	(719)	(46,147)
Gross profit	21,304	2,860	10,447	(719)	33,892
Other segment expenses*	(17,359)	(1,425)	(10,096)	-	(28,880)
<i>Unallocated expenses</i>					
Administrative expenses	-	-	-	(856)	(856)
Corporate expenses	-	-	-	(9,350)	(9,350)
Other income	-	-	-	4,223	4,223
Other foreign exchange gain	-	-	-	1,661	1,661
EBITDA	<u>3,945</u>	<u>1,435</u>	<u>351</u>	<u>(5,041)</u>	<u>690</u>
Brand transition, restructure and transaction expenses	-	-	-	(22,527)	(22,527)
Finance expense	-	-	-	(8,214)	(8,214)
Interest income	-	-	-	5	5
Impairment expense	-	-	-	(4,895)	(4,895)
Depreciation and amortisation	-	-	-	(8,700)	(8,700)
Fair value gain on foreign exchange contracts	-	-	-	-	-
Unrealised foreign exchange gain	-	-	-	1,981	1,981
Fair value loss on Convertible Notes derivative	-	-	-	(26,552)	(26,552)
Income/(loss) before income tax expense	<u>3,945</u>	<u>1,435</u>	<u>351</u>	<u>(73,943)</u>	<u>(68,212)</u>
Income tax expense	-	-	-	(134)	(134)
Income/(loss) after income tax expense	<u><u>3,945</u></u>	<u><u>1,435</u></u>	<u><u>351</u></u>	<u><u>(74,077)</u></u>	<u><u>(68,346)</u></u>

* Other segment expenses relate to brand management expenses.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

14 Operating Segments (continued)

(c) Segment performance

	Retail NZ\$000's	Wholesale NZ\$000's	e-commerce NZ\$000's	Unallocated NZ\$000's	Total NZ\$000's
For the year ended 31 January 2020					
Revenue	42,576	15,554	31,935	-	90,065
Cost of goods sold	(19,582)	(11,342)	(20,916)	(4,407)	(56,247)
Gross profit	22,994	4,211	11,020	(4,407)	33,818
Other segment expenses*	(18,784)	(3,112)	(13,659)	-	(35,555)
<i>Unallocated expenses</i>					
Administrative expenses	-	-	-	(1,234)	(1,234)
Corporate expenses	-	-	-	(12,772)	(12,772)
Other foreign exchange loss	-	-	-	(424)	(424)
EBITDA	4,210	1,099	(2,639)	(18,837)	(16,167)
Brand transition, restructure and transaction expenses**	-	-	-	(13,687)	(13,687)
Finance expense	-	-	-	(5,213)	(5,213)
Interest income	-	-	-	12	12
Impairment expense	-	-	-	(8,904)	(8,904)
Depreciation and amortisation	-	-	-	(10,603)	(10,603)
Fair value gain on foreign exchange contracts	-	-	-	729	729
Unrealised foreign exchange gain	-	-	-	310	310
Fair value gain/(loss) on Convertible Notes derivative	-	-	-	-	-
Income/(loss) before income tax expense	4,210	1,099	(2,639)	(56,193)	(53,523)
Income tax expense	-	-	-	(782)	(782)
Income/(loss) after income tax expense	4,210	1,099	(2,639)	(56,975)	(54,305)

* Other segment expenses relate to brand management expenses.

** Brand transition, restructure and transaction expenses are shown net of proceeds from the sale of Naked brand and trademarks.

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14 Operating Segments (continued)

(c) Segment performance

	Retail NZ\$000's	Wholesale NZ\$000's	e-commerce NZ\$000's	Unallocated NZ\$000's	Total NZ\$000's
For the year ended 31 January 2019					
Revenue	50,348	29,439	32,133	-	111,920
Cost of goods sold	50,348	29,439	32,133	-	111,920
Gross profit	(24,616)	(24,582)	(21,248)	(4,034)	(74,480)
Other segment expenses*	25,732	4,857	10,885	(4,034)	37,440
Other segment expenses*	(24,540)	(9,667)	(11,247)	—	(45,454)
Unallocated expenses					
Administrative expenses	-	-	-	(1,050)	(1,050)
Corporate expenses	-	-	-	(17,947)	(17,947)
Other foreign exchange gain	-	-	-	1,409	1,409
EBITDA	1,192	(4,810)	(362)	(21,622)	(25,602)
Brand transition, restructure and transaction expenses	-	-	-	(10,075)	(10,075)
Finance expense	-	-	-	(4,041)	(4,041)
Impairment expense	-	-	-	(8,173)	(8,173)
Depreciation and amortisation	-	-	-	(2,382)	(2,382)
Fair value loss on foreign exchange contracts	-	-	-	(1,704)	(1,704)
Unrealised foreign exchange gain	-	-	-	2,258	2,258
Fair value loss on Convertible Notes derivative	-	-	-	(775)	(775)
Income/(loss) before income tax expense	1,192	(4,810)	(362)	(46,514)	(50,494)
Income tax benefit	-	-	-	1,274	1,274
Income/(loss) after income tax expense	1,192	(4,810)	(362)	(45,240)	(49,220)

* Other segment expenses relate to brand management expenses and some corporate expenses.

Notes to the Consolidated Financial Statements
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15 Cash and Cash Equivalents

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Cash on hand	38	44
Cash at bank	90,887	3,747
	<u>90,925</u>	<u>3,791</u>

16 Trade and Other Receivables

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Trade receivables	1,645	2,358
Provision for impairment (a)	(183)	(22)
	<u>1,462</u>	<u>2,336</u>
Prepayments	6,304	2,959
Other receivables	368	762
Total current trade and other receivables	<u>8,134</u>	<u>6,057</u>

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Prepayments consist of advance payments made to suppliers in order to begin production, remaining annual insurance premiums and deposits on certain property leases.

Notes to the Consolidated Financial Statements
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16 Trade and Other Receivables (continued)

(a) Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 January 2021 is determined as follows, the expected credit losses incorporate forward looking information.

31 January 2021	0 - 30 days	31 - 60 days	61 - 90 days	> 91 days overdue	Total
Expected loss rate (%)	2%	50%	46%	60%	
Gross carrying amount (\$)	1,370	6	39	230	1,645
ECL provision	26	3	17	137	183

Reconciliation of changes in the provision for impairment of receivables is as follows:

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's
Opening impairment allowance calculated under IFRS 9	(22)	(609)
Movement through provision	(247)	(4)
Unused amounts reversed	85	616
Foreign exchange movement	1	(25)
Balance at end of the period	(183)	(22)

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has recognised a loss allowance of 60% (2020: 100%) against identifiable receivables at risk in excess of 90 days because historical experience has indicated that these receivables are generally not recoverable.

The Group revised its estimation techniques and assumptions during the current reporting period based on prior experience and relevant forward-looking factors.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs first.

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17 Inventories

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Finished goods	17,708	24,034
Provision for impairment	(1,112)	(495)
	<u>16,596</u>	<u>23,539</u>

Write downs of inventories to net realisable value during the period were NZ\$617k (2020: NZ\$51k) of which \$425k is related to Heidi Klum products which the Group no longer has a licence to sell. The sell through period for Heidi Klum products ended on 31 January 2021 following licence termination on 31 January 2020.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

18 Property, plant and equipment

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Leasehold Improvements		
At cost	8,598	11,456
Accumulated depreciation and impairment	(7,898)	(9,690)
	<u>700</u>	<u>1,766</u>
Plant, furniture, fittings and motor vehicles		
At cost	25,610	24,850
Accumulated depreciation	(23,333)	(23,579)
	<u>2,277</u>	<u>1,271</u>
Total property, plant and equipment	<u><u>2,977</u></u>	<u><u>3,037</u></u>

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

18 Property, plant and equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

	Leasehold improvements NZ\$000's	Plant, furniture, fittings and motor vehicles NZ\$000's	Total NZ\$000's
Year ended 31 January 2021			
Balance at the beginning of year	1,766	1,271	3,037
Additions	23	1,475	1,498
Disposals	(131)	(6)	(137)
Depreciation expense	(640)	(458)	(1,098)
Reclassification	-	-	-
Impairment loss	(341)	-	(341)
Adjustment to make good asset	-	-	-
Foreign exchange movements	23	(5)	18
Balance at the end of the year	700	2,277	2,977
Year ended 31 January 2020			
Balance at the beginning of year	3,264	499	3,763
Additions	191	1,103	1,294
Disposals	(28)	(324)	(352)
Depreciation expense	(461)	(877)	(1,338)
Reclassification	(1,070)	1,120	50
Impairment loss	(213)	(278)	(491)
Adjustment to make good asset	14	-	14
Foreign exchange movements	69	28	97
Balance at the end of the year	1,766	1,271	3,037

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19 Right-of-use assets

The Group leases warehouse, retail and office facilities. The leases typically run for a period of 5 years with an option to renew the lease after that date. Lease payments are renegotiated every resigning period to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-leasing arrangements. The Group also leases information technology and other point of sale equipment.

Information about leases for which the Group is a lessee is presented below:

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 16).

	Land & Buildings	Plant, furniture, fittings and motor vehicles	Total
	NZ \$000's	NZ \$000's	NZ \$000's
Balance as at 1 February	23,392	417	23,809
Additions to right-of-use-assets	2,700	100	2,800
Depreciation charge for the year	(6,982)	(162)	(7,144)
Impairment of right-of-use assets	(1,221)	-	(1,221)
Foreign exchange movements	157	-	157
Balance at 31 January 2021	18,046	355	18,401

	Land & Buildings	Plant, furniture, fittings and motor vehicles	Total
	NZ \$000's	NZ \$000's	NZ \$000's
Balance as at 1 February	25,616	542	26,158
Additions to right-of-use-assets	6,255	72	6,327
Depreciation charge for the year	(8,479)	(197)	(8,676)
Balance at 31 January 2020	23,392	417	23,809

19 Right-of-use assets (continued)

Amounts recognised in profit or loss

	2021 NZ \$000's	2020 NZ \$000's
Interest expense on lease liabilities	1,405	1,674

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

20 Intangible Assets

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Goodwill		
Cost	5,516	6,091
Accumulated impairment	(5,516)	(6,091)
	<u>-</u>	<u>-</u>
Patents and licences		
Cost	22,863	25,151
Accumulated amortisation and impairment	(3,649)	(3,489)
	<u>19,214</u>	<u>21,662</u>
Brands		
Cost	12,253	12,032
Accumulated amortisation and impairment	(8,810)	(5,401)
	<u>3,443</u>	<u>6,631</u>
Software and Website		
Cost	15,749	15,548
Accumulated amortisation and impairment	(15,557)	(15,548)
	<u>192</u>	<u>-</u>
Total Intangible assets	<u><u>22,849</u></u>	<u><u>28,293</u></u>

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

20 Intangible Assets (continued)

(a) Movements in carrying amounts of intangible assets

	Goodwill NZ\$000's	Patents and licences NZ\$000's	Brands NZ\$000's	Software and Website NZ\$000's	Total NZ\$000's
Year ended 31 January 2021					
Balance at the beginning of the year	-	21,662	6,631	-	28,293
Additions	-	-	-	211	211
Amortisation	-	(442)	-	(16)	(458)
Impairment (note 7)	-	-	(3,333)	-	(3,333)
Foreign exchange movements	-	(2,006)	145	(3)	(1,864)
Closing value at 31 January 2021	-	19,214	3,443	192	22,849
	Goodwill NZ\$000's	Patents and licences NZ\$000's	Brands NZ\$000's	Software and Website NZ\$000's	Total NZ\$000's
Year ended 31 January 2020					
Balance at the beginning of the year	2,320	25,075	10,205	263	37,863
Adjustments*	-	(2,310)	-	-	(2,310)
Amortisation	-	(589)	-	-	(589)
Impairment (note 7)	(2,480)	(2,037)	(3,694)	(202)	(8,413)
Reclassification	-	-	-	(50)	(50)
Foreign exchange movements	160	1,523	120	(11)	1,792
Closing value at 31 January 2020	-	21,662	6,631	-	28,293

* During the prior year, a financial liability relating to a shareholder loan on the balance sheet of Frederick's of Hollywood (FOH) on the acquisition of FOH Online Corp Inc. was derecognised as the stock purchase agreement stipulated the transaction was debt free. This has resulted in a reduction to the carrying value of the acquired intangible asset with a write back to the profit and loss account for the accrued and capitalised interest.

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20 Intangible Assets (continued)

(b) Impairment testing for goodwill

For the purpose of impairment testing, goodwill is allocated to cash-generating units as below:

Description of the cash-generating unit (CGU)	For the Year Ended 31	For the Year Ended 31
	January 2021	January 2020
	NZ \$000's	NZ \$000's
United States	-	2,480
Impairment of goodwill	-	2,480

Impairment assumptions

Goodwill on the merger of Naked Inc. was allocated to the Group's operation in United States which is the cash generating unit (CGU) for the purpose of impairment testing. In the prior year, goodwill was fully impaired resulting in a carrying value of \$nil.

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20 Intangible Assets (continued)

(c) Impairment of patents & licences

In the prior year, the Group fully impaired the carrying value of patents and licence acquired as part of the Naked merger and partially impaired the Fredericks of Hollywood (FOH) licence which was acquired on 8 December 2018 as part of the Stock Purchase Agreement with the shareholders of FOH Online Corp Inc.

	For the Year Ended 31 January 2021 NZ \$000's	For the Year Ended 31 January 2020 NZ \$000's
FOH licence	-	1,914
Naked patents & licence	-	123
Impairment of patents & licences	-	2,037

Impairment assumptions

Management has determined the recoverable amount of the FOH licence asset by assessing the value in use (VIU) of the underlying assets. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates shown below. These growth rates do not exceed the long-term average growth rates for the industry. The result of the impairment assessment is that the value in use exceeded the carrying value of the FOH licence resulting in no impairment charge during the year.

Management's approach and the key assumptions used to determine the VIU were as follows:

Sales growth: 12.0% in FY22, 7.5% in FY23, 5% in FY24 and 4% in FY25 and FY26 (31 January 2020: 5.0% to 9.0%)

Net margin: 31% to 35% between FY22 and FY26

EBITDA margin: 3% to 10% between FY22 and FY26

Cash flow - revenue forecast period: 5 years (31 January 2020: 5 years)

Post-tax discount rate (%): 10.5% (31 January 2020: 10.5%)

Long term sales growth rate (%): 2.0% (31 January 2020: 2.0%)

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20 Intangible Assets (continued)

(d) Impairment testing for indefinite-lived brand intangibles

Brand intangible assets represent brands owned by the Group, that arose on historical acquisitions including Pleasure State, Davenport and Lovable.

	For the Year Ended 31 January 2021 NZ \$000's	For the Year Ended 31 January 2020 NZ \$000's
Pleasure State	2,002	125
Davenport and Lovable	1,331	1,439
Naked	-	2,130
Impairment of indefinite-lived brand intangibles	3,333	3,694

The brand intangible assets of \$3,443,000 (2020: \$6,631,000) are tested for impairment annually.

Impairment assumptions

Management has determined the recoverable amount of the indefinite-lived brand assets by assessing the fair value less cost of disposal (FVLCD) of the underlying assets. The relief from royalty method adopted to complete the valuation determines, in lieu of ownership, the cost that would be required to obtain comparable rights to use the asset via a third-party licence arrangement. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates shown below. These growth rates do not exceed the long-term average growth rates for the industry. The result of the impairment assessment is that the carrying value has exceeded the fair value less costs to sell by \$3.3m. As such, the indefinite-lived brand assets has been partially impaired for the year ended 31 January 2021.

Management's approach and the key assumptions used to determine the FVLCD were as follows:

Sales growth: 0% (31 January 2020: 5-9%)
Royalty rate: 5.0% (31 January 2020: 5.0%)
Cash flow - revenue forecast period: 5 years (31 January 2020: 5 years)
Post-tax discount rate (%) for US brands*: 10.50% (31 January 2020: 10.50%)
Post-tax discount rate (%) for NZ brands: 15.50% (31 January 2020: 11.75%)
Long term sales growth rate (%): 2% (31 January 2020: 2%)

Impact of possible changes in key assumptions

The directors have made judgements and estimates to assess indefinite-lived assets for impairment. Should these judgements and estimates not occur the resulting carrying amount may decrease.

20 Intangible Assets (continued)

(d) Impairment testing for indefinite-lived brand intangibles

The sensitivities that have been separately modelled are as follows:

- (a) a 0.8% increase in the post-tax discount rate
- (b) 1.7% decrease in the terminal growth
- (c) 5.0% decrease in sales forecast

The carrying amounts of the indefinite-lived brand intangible assets are sensitive to assumptions used in the impairment test calculations including the post-tax discount rate and sales growth rate. A 0.8% increase in the post-tax discount rate would result in an additional impairment of \$0.141 million (31 January 2020: an increase of 2.1% would result an impairment of \$1.047 million) against the carrying amount of the indefinite-lived brand intangibles. A 1.7% reduction in terminal growth would result in an additional impairment of \$0.816 million against the carrying amount of the indefinite-lived brand intangibles. A 5% decrease in sales forecast would result in an additional impairment of \$0.581 million (31 January 2020: a reduction in sales growth to 0% would result an impairment of \$1.749 million) against the carrying amount of the indefinite-lived brand intangibles.

*On 28 January 2020, Naked Brand Group Limited agreed to sell all of its rights, title and interest in the trademarks related to the “Naked” and “NKD” brands to Gogogo SRL for a consideration of US \$0.6m. The Group therefore does not own a US brand.

(e) Software impairment

In the prior year, software was fully impaired (\$0.202m) and in the current year, the Group capitalised website development costs of \$0.2m and will be subject to future impairment review.

(f) Sale of intangible asset

In the prior year, Naked Brand Group Limited agreed to sell all of its rights, title and interest in the trademarks related to the “Naked” and “NKD” brands to Gogogo SRL for a consideration of US \$0.6m (NZ \$0.906m). At the date of sale, the intangible assets sold had a book value of nil as they had been fully impaired, resulting in a gain on sale of intangible assets of US\$0.6m (NZ \$0.906m) which was recognised in the profit and loss account.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

21 Trade and Other Payables

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Current:		
Trade payables	6,250	10,407
Accruals	7,250	8,593
Employee benefit liabilities	15,228	3,430
	<u>28,728</u>	<u>22,430</u>

Trade and other payables are unsecured and are normally settled within terms of trade however some the trade creditors are out of term as at 31 January 2021. The Group is actively working to bring all of the creditors in term. The carrying amounts are considered to be a reasonable approximation of fair value.

Employee benefits liabilities includes an accrual of \$11.6m relating to phantom warrants. The Group uses the Black Scholes option pricing model to determine the fair value of the phantom warrants which have an exercise price of US\$0.37 which vests in three tranches being 21 January 2021, 21 July 2021 and 21 January 2022 equal to 1.50% of the outstanding shares of the Company on the vesting date. There are no conditions or restrictions to receiving the benefit of all the phantom warrants for the full bonus calculation period. Each tranche of phantom warrants may be exercised for cash at any time in the three year period following vesting date and as such is recognised as a liability

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

22 Borrowings

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Amounts due in less than one year:		
Secured liabilities:		
Bank loans	14,500	17,900
Debt issuance costs in relation to bank loan	(7)	-
Other loan	-	1,315
	<u>14,493</u>	<u>19,215</u>
Amounts due after more than one year:		
Unsecured liabilities:		
Convertible loan notes	3,002	19,698
	<u>3,002</u>	<u>19,698</u>
	<u>17,495</u>	<u>38,913</u>

The fair value of borrowings is not considered to be materially different to their carrying amounts.

(a) Assets pledged as collateral:

Borrowings are collateralized by a fixed and floating charge over the assets of the Group. The lease liabilities are effectively secured as the rights to the leased assets, recognised in the balance sheet, revert to the lessor in the event of default.

(b) Bank overdrafts, bank loans and bank loan covenants

On 12 March 2020, the Group entered into a Deed of Amendment with the Bank of New Zealand to extend its loan facility of NZD\$16,700,000 (31 January 2020: NZD\$17,900,000) until March 2022. Interest rate charges ranged between 4.25% and 5.26%. The facility includes guarantees and financial instruments totalling NZD\$1,345,000.

Bank of New Zealand has the first ranking charge over all assets of the Group. Under the terms of the facility, the Group must meet specific covenant obligations namely sales and gross margin adverse variances to budget to be no greater than 15% and inventory to cover bank debt 1.35 times (which increased to 1.65 times from and including 31 July 2020). Throughout the majority of the current financial year, the Group was in breach of all covenant measures. The extended borrowing has therefore been classified as a current liability as at the year end. Sales, gross margin and inventory were all negatively impacted by COVID-19 due to store closures and delayed inventory shipments from suppliers.

Notes to the Consolidated Financial Statements
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22 Borrowings (continued)

(c) Convertible notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability at amortised cost in the statement of financial position, net of transaction costs. On the issue of the convertible notes any fair value of the liability component is identified as a derivative and determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on a fair value basis until extinguished on conversion or redemption. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date or as a result of contract covenant failure. The accounting for subsequent changes in fair value is recognised in the profit or loss. The increase in the liability due to the passage of time is recognised as a finance cost. Any corresponding interest on convertible notes is expensed to profit or loss.

In February and April 2020, the Group completed 2 separate private placements of secured convertible notes to 1 private investor for a cash consideration of \$7.2m (US\$4.5m) with discounts and fees totalling \$0.5m (US\$0.3m) and a daily compounding interest rate of 20%. During the year, the note holder elected to exchange their warrant in return for a one-time 5% increase on the Note balance on the date of election. Total warrants exchanged for an increase in Note balance during the year was \$0.3m (US\$0.2m). In addition to warrant exchanges, the Note holder is also entitled to a one-time 10% increase in Note value if the Group fails to meet its financial and/or filing obligations contained under the Note agreement. The total increase in principal Note balance relating to financing and/or filing penalties during the year was \$1.4m (US\$0.9m). By the year end the convertible note issued in February had been fully converted to equity while the convertible note issued in April remained outstanding.

In July 2020, the Group completed a private placement of a convertible promissory note (the "July Note") and a warrant to purchase ordinary shares (the "July Purchase Warrant") to one of the Affiliated Holders, Iliad Research Trading L.P., pursuant to a Securities Purchase Agreement, for an aggregate purchase price of \$12.1m (US\$8.0m). The July Note was issued with an original issue discount of 5%, and certain expenses of the Affiliated Holder were added to the balance of the July Note, for an original principal balance of \$12.8m (US\$8.4m). The Group also granted a financing rebate to the Affiliated Holder, resulting in net proceeds to the Group of approximately \$10.9m (US\$7.2m) from the sale of the July Note. The July Note provided for interest at the following rates: (i) for a period of 90 days starting on its issuance date, 2.0% per annum, (ii) for the next 90 days, 10.0% per annum and (iii) thereafter, 15.0% per annum, and provided for maturity on the second anniversary of its issuance. The July Note was convertible, at our election (subject to certain limitations) or at the election of the Affiliated Holder, into ordinary shares at a conversion price equal to US\$0.2424. The July Purchase Warrant entitled the Affiliated Holder to purchase ordinary shares at an exercise price of US\$0.6707 per share. In addition, if the exercise price of the July Purchase Warrant was higher than the last closing bid price of the ordinary shares, the July Purchase Warrant could be exercised on a cashless basis for a number of shares equal to the Black-Scholes value per share underlying the July Purchase Warrant, multiplied by the number of shares as to which the July Purchase Warrant was being exercised, divided by the closing bid price as of two business days prior to the exercise date, but in any event not less than the floor price specified in the July Purchase Warrant. For this purpose, the Black-Scholes value per share underlying the July Purchase Warrant was a fixed value as set forth in the July Purchase Warrant.

The July Note has been converted in full into an aggregate of 35,081,733 Ordinary Shares and the July Purchase Warrant had been exercised in full, pursuant to the Black-Scholes cashless exercise provision, for an aggregate of 47,817,633 Ordinary Shares.

As at 31 January 2021, the Group had a principal amount of \$2.8m (US\$2.0m) and accrued interest of \$0.2m (US\$0.1m) with the total owing of \$3.0m (US\$2.1m) on the balance sheet and interest charged to the Profit or Loss account. When a conversion option is exercised the amount of conversion is taken to share capital, reducing the loan note balance.

(d) Other loans

On 3 July 2020, the balance (principle and interest) that existed at 31 January 2020 (US\$1.1m, NZ\$1.6m) was fully converted into Naked ordinary shares at a price of US\$0.66 by mutual consent.

Notes to the Consolidated Financial Statements
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23 Provisions

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Current:		
Other provisions	92	5,205
Make good	778	639
	<u>870</u>	<u>5,844</u>

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Non-current:		
Make good	1,212	1,796
	<u>1,212</u>	<u>1,796</u>

	Lease contributions NZ\$000's	Other provisions NZ\$000's	Make good NZ\$000's	Total NZ\$000's
Opening balance at 1 February 2020	-	5,205	2,435	7,640
Additional provisions recognised	-	-	26	26
Amounts used during the period	-	(5,113)	(506)	(5,619)
Exchange differences	-	-	35	35
Balance at 31 January 2021	<u>-</u>	<u>92</u>	<u>1,990</u>	<u>2,082</u>

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

23 Provisions (continued)

	Lease contributions NZ\$000's	Other provisions NZ\$000's	Make good NZ\$000's	Total NZ\$000's
Opening balance at 1 February 2019	1,085	-	2,208	3,293
Impact of IFRS 16*	(1,102)	-	-	(1,102)
Additional provisions recognised	-	5,205	307	5,512
Amounts used during the period	-	-	(64)	(80)
Exchange differences	17	-	(16)	1
Balance at 31 January 2020	<u>-</u>	<u>5,205</u>	<u>2,435</u>	<u>7,640</u>

Other provisions

On 31 January 2020, the Group entered into an agreement terminating the license agreement with Heidi Klum. The termination agreement provides that we may continue selling existing Heidi Klum branded products, as well as Heidi Klum branded products manufactured on or prior to June 30, 2020 under existing contracts. The right to continue selling such products will continue until six months after the date of the termination agreement in the Northern Hemisphere and until 12 months after the date of the termination agreement in the Southern Hemisphere. A termination fee to Heidi Klum in lieu of further royalties is payable in instalments through to 30 December 2020. At 31 January 2020 the termination costs of the contract are greater than the economic benefit and hence the contract has been identified as onerous. A provision is recognised for an amount the termination costs exceed the economic benefits. At 31 January 2021, this provision has been fully utilised.

Make good

In accordance with certain lease agreements, the Group must refurbish and restore the lease premises to a condition agreed with the landlord at the end of the lease term or as prescribed. The provision has been calculated using a pre-tax discount rate of 2% (2019: 2%), and other market assumptions and re-assessed annually.

During the 2021 financial year an additional \$26,000 (2020: \$307,000) was recognised in relation to new retail leases in New Zealand and Australia.

Notes to the Consolidated Financial Statements
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24 Lease Liabilities

The following elections for IFRS 16 were taken on transition date:

- the Group did not reassess whether existing contracts are, or contain, a lease and applied IFRS 16 only to existing contracts that were previously identified as lease under IAS 17;
- the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- leases with a remaining term of less than 12 months from the transition date and low value lease are expensed on a straight-line basis to the Consolidated Profit or Loss account.

Undiscounted contractual maturity of lease liabilities

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Amounts payable:		
Within one year	6,955	8,112
2 to 5 years inclusive	13,661	17,553
After 5 years	936	166
	<u>24,059</u>	<u>25,831</u>

Notes to the Consolidated Financial Statements
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25 Share Capital

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
446,582,604 (2020: 4,697,204) Ordinary shares	338,498	170,193

(a) Ordinary shares

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's
At the beginning of the reporting period	170,193	134,183
Issuance of new shares		
- Cash collected from sale of new share issuances and cash exercise of warrants	93,693	12,586
- Shares issued in lieu of agreed settlement	5,503	-
- Conversion of debt	1,689	-
- Shares issued in lieu of inventory payment	-	15,525
- Shares issued in lieu of related party loan	-	1,546
- Convertible notes converted to equity	67,420	5,979
Warrants issued	-	374
At the end of the reporting period	338,498	170,193

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Group. On a show of hands at meetings of the Group, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

On 20 December 2019 the company executed a 1-100 reverse share split reducing the number of shares.

The Group does not have authorised capital or par value in respect of its shares.

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25 Share Capital (continued)

(b) Capital Management

The key objectives of the Group when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The Group defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements.

The gearing ratio for the years ended 31 January 2021 and 31 January 2020 are as follows:

	Note	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Total borrowings	22	17,495	38,913
Less Cash and cash equivalents	15	(90,925)	(3,791)
Net cash)/ net debt		(73,430)	35,122
Equity		89,191	(6,284)
Total capital		15,788	28,838
Gearing ratio		20%	(619)%

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For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

25 Share Capital (continued)

(b) Warrants

The following warrants were outstanding as at 31 January 2021 (31 January 2020: 610,122).

Average Exercise Price (USD)	Issue Date	Expiry Date	No. of warrants
	Mar-19	Mar-21	42,285
	Mar-19	Mar-23	14,000
\$0.01 - \$0.50	Apr-19	Apr-22	500
	May-19	May-21	10,000
	Jul-19	May-25	170,100
	Aug-19	Feb-25	285,714
	Aug-19	Aug-24	22,857
\$1.51 - \$2.00	Nov-17	Nov-21	2,000
	Oct-18	Oct-21	20,000
\$2.01 - \$4.00	Jun-18	Jun-23	8,000
	Mar-19	Mar-21	3,922
\$4.01+	May-18	May-21	2,816
Total number of outstanding warrants as at 31 January 2021			582,194

26 Reserves

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Foreign currency translation reserve		
Opening balance	118	(2,013)
Transfers in	(4,484)	2,131
Balance at the end of the year	<u>(4,366)</u>	<u>118</u>

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

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27 Loss per Share

(a) Basic and diluted loss per share

	For the Year Ended 31 January 2021 NZ\$	For the Year Ended 31 January 2020 NZ\$
From continuing operations attributable to the ordinary equity holders of the Group	<u>(0.62)</u>	<u>(34.74)</u>
Total basic and diluted loss per share attributable to the ordinary equity holders of the Group	<u>(0.62)</u>	<u>(34.74)</u>

(b) Reconciliation of loss used in calculating loss per share

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the Group used in calculating basic earnings per share:	<u>(68,346)</u>	<u>(54,305)</u>

(c) Weighted average number of shares used as the denominator

	31 January 2021 Number	31 January 2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>109,370,410</u>	<u>1,563,056</u>

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

27 Loss per Share (continued)

(d) Information concerning the classification of securities

Convertible Notes

At 31 January 2021, the Group had 1 outstanding convertible note principal of \$2.8m and accrued interest and fair value adjustments of \$0.8m. Please refer to note 22(c).

28 Accumulated Losses

	Year Ended 31 January 2021 NZ\$000's	Year Ended 31 January 2020 NZ\$000's
Accumulated losses at the beginning of the financial year	(176,595)	(121,651)
Adoption of IFRS 16	-	(639)
Loss for the year	(68,346)	(54,305)
Accumulated losses at end of the financial year	(244,941)	(176,595)

29 Other Financial Commitments

(a) Contracted Commitments

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Licence contract		
- not later than one year	-	5,392
- between one year and five years	-	-
	-	5,392

On 31 January 2020 the Group, through mutual consent, terminated the licence agreement with Heidi Klum and Heidi Klum Company LLC of a fee of US\$3.5m which was paid in full during the year.

30 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instruments used by the Group are:

- Trade receivables
- Cash at bank
- Bank overdraft
- Trade and other payables
- Floating rate bank loans
- Forward currency contracts
- Shareholders loan

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors.

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For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

30 Financial Risk Management (continued)

The financial assets of the Group were as follows:

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
- Cash and cash equivalents	90,925	3,791
- Trade receivables	1,462	2,336
	92,387	6,127

The Directors consider that the carrying amount for all financial assets approximates to their fair value.

Objectives, policies and processes

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated balance sheets due to the effect of discounting.

Due to the recent developments of COVID-19, the company has been further tasked to preserve cash due to the recent lockdown procedures that have occurred in the company's main markets meaning retail stores are closed and the company is heavily reliant on its e-commerce segment. In addition, the company has applied for government subsidies where appropriate to help alleviate the impact of reduced cash inflow from store closures. At the date of this report, the Group had received \$2.0m in subsidies from the New Zealand Government and \$0.8m from the Australian Government.

Notes to the Consolidated Financial Statements
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30 Financial Risk Management (continued)

The Group's liabilities have contractual maturities which are summarised below, it should be noted these amounts are undiscounted contractual cash flows as required by IFRS 7:

	Non- derivatives Borrowings NZ\$000's	Non- derivatives Trade payables NZ\$000's	Non- derivatives Total NZ\$000's	Derivatives Gross future cash settlement on forward currency contracts - inflow NZ\$000's	Derivatives Gross future cash settlement on forward currency contracts - (outflow) NZ\$000's	Derivatives Total NZ\$000's
Not later than 1 month						
31 January 2021	48	6,250	6,289	-	-	-
31 January 2020	2,052	10,407	12,459	-	-	-
1 to 3 months						
31 January 2021	14,596	-	14,596	-	-	-
31 January 2020	18,044	-	18,044	-	-	-
3 months to 1 year						
31 January 2021	-	-	-	-	-	-
31 January 2020	-	-	-	-	-	-
1 to 5 years						
31 January 2021	4,256	-	4,256	-	-	-
31 January 2020	28,764	-	28,764	-	-	-
Total						
31 January 2021	18,900	6,250	25,150	-	-	-
31 January 2020	48,860	10,407	59,267	-	-	-

30 Financial Risk Management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group operates out of 59 stores across Australasia while having offices in New Zealand which all have committed leasing obligations. COVID-19 has caused the Group to negotiate payments terms across its supplier ledger until such time that normal trading resumes.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

On a geographical basis, the Group has significant credit risk exposures in New Zealand and Australia, given the substantial operations in those regions.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings if available or historical information about counterparty default rate.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

30 Financial Risk Management (continued)

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's	31 January 2019 NZ\$000's
Trade receivables			
Counterparty without external credit ratings			
New customer less than 6 months	-	-	42
Existing customers (more than 6 months with default in past)	1,645	2,358	7,747
Total	1,645	2,358	7,789
Cash at bank			
Credit ratings			
AA-	90,887	3,747	1,915
A+	-	-	-
Total	90,887	3,747	1,915

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

On a geographical basis, the Group has significant credit risk exposures in New Zealand and Australia, United States and United Kingdom given the substantial operations in those regions.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

A significant amount of inventory is purchased in US dollars with sales primarily being generated in Australian and New Zealand dollars. COVID-19 will put additional uncertainty as exchange rates become more volatile.

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the functional currency of the Group.

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in currencies other than the functional currency, in particular USD.

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For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

30 Financial Risk Management (continued)

Foreign currency denominated financial assets and liabilities, translated into New Zealand Dollars at the closing rate, are as follows:

	AUD NZ\$000's	USD NZ\$000's	GBP NZ\$000's	EUR NZ\$000's	HKD NZ\$000's	Total NZ\$000's
31 January 2021						
Nominal amounts						
Trade receivables	-	(2)	13	90	-	101
Trade payables	20	741	-	-	-	761
Cash and cash equivalents	9,943	78,506	89	12	2	88,552
31 January 2020						
Nominal amounts						
Trade receivables	-	19	20	441	-	480
Trade payables	12	4,068	85	1	2	4,168
Cash and cash equivalents	1,500	747	85	5	4	2,341
31 January 2019						
Nominal amounts						
Trade receivables	51	42	-	285	-	378
Trade payables	1	9,035	8	61	7	9,112
Cash and cash equivalents	623	149	38	8	11	829

The table on the next page illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the US dollar - New Zealand Dollar, Australian Dollar - New Zealand Dollar, GB Pound - New Zealand Dollar, Euro - New Zealand Dollar, and Hong Kong Dollar - New Zealand Dollar exchange rates. There have been no changes in the assumptions calculating this sensitivity from prior years.

It assumes a 10% change of the New Zealand Dollar / Australian Dollar exchange rate for the year ended 31 January 2021 (31 January 2020: 10%, 31 January 2019: 10%). A 10% change is considered for the New Zealand Dollar / US Dollar exchange rate (31 January 2020: 10%, 31 January 2019: 10%). A 10% change is considered for the New Zealand Dollar / GB Pound exchange rate (31 January 2020: 10%, 31 January 2019: 10%). A 10% change is considered for the New Zealand Dollar / Euro exchange rate (31 January 2020: 10%, 31 January 2019: 10%). All of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

The year-end rates are 0.9348 AUD, 0.7168 USD, 0.5228 GBP, 0.5921 EUR and 5.5574 HKD.

The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date.

Notes to the Consolidated Financial Statements
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30 Financial Risk Management (continued)

If the New Zealand Dollar had strengthened and weakened against the Australian Dollar, US Dollar, GB Pound, Euro and HK Dollar by 10% (31 January 2020: 10%, 31 January 2019: 10%) and 10% (31 January 2020: 10%, 31 January 2020: 10%) respectively then this would have had the following impact:

	NZ\$000's	
	+10%	-10%
USD		
Net results/Equity (31 January 2021)	(460)	460
Net results/Equity (31 January 2020)	(594)	594
Net results/Equity (31 January 2019)	(954)	954
AUD		
Net results/Equity (31 January 2021)	(2)	2
Net results/Equity (31 January 2020)	(1)	1
Net results/Equity (31 January 2019)	(5)	5
GBP		
Net results/Equity (31 January 2021)	(9)	9
Net results/Equity (31 January 2020)	(16)	16
Net results/Equity (31 January 2019)	(1)	1
EUR		
Net results/Equity (31 January 2021)	(10)	10
Net results/Equity (31 January 2020)	(42)	42
Net results/Equity (31 January 2019)	(32)	32
HKD		
Net results/Equity (31 January 2021)	-	-
Net results/Equity (31 January 2020)	-	-
Net results/Equity (31 January 2019)	(1)	1

Notes to the Consolidated Financial Statements
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30 Financial Risk Management (continued)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Forward exchange contracts

The Group has no open forward exchange contracts at the end of the reporting period.

The following table summarises the notional amount of the Group's commitments in relation to forward exchange contracts.

	Notional Amounts			Average Exchange Rate		
	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's	31 January 2019 NZ\$000's	31 January 2021 \$	31 January 2020 \$	31 January 2019 \$
Buy USD / sell NZD Settlement						
Less than 6 months	-	-	34,395	-	-	0.6620
	NZ\$000's	NZ\$000's	NZ\$000's	\$	\$	\$
Buy AUD / sell NZD Settlement						
Less than 6 months	-	-	-	-	-	-

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30 Financial Risk Management (continued)

(ii) Interest rate risk

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Floating rate instruments		
Bank overdrafts	-	-
Working capital financing bank facility	-	-
Convertible notes	-	-
Borrowings	14,500	17,900
	14,500	17,900

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00%/-1.00% (2020: +1.00%/-1.00%, 2019: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	NZ\$000's	
	1.00%	-1.00%
Net results/Equity (31 January 2021)	145	(145)
Net results/Equity (31 January 2020)	179	(179)

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For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

31 Tax assets and liabilities

	Opening Balance NZ\$000's	Charged to Income NZ\$000's	Charged directly to Equity NZ\$000's	Changes in Tax Rate NZ\$000's	Exchange Differences NZ\$000's	Closing Balance NZ\$000's
Deferred tax assets/(liabilities)						
Carried forward tax losses	630	-	-	-	-	630
Intangible assets	(630)	-	-	-	-	(630)
Balance at 31 January 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carried forward tax losses	1,322	(701)	-	-	9	630
Intangible assets	(630)	-	-	-	-	(630)
Balance at 31 January 2020	<u>692</u>	<u>(701)</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>

Notes to the Consolidated Financial Statements
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32 Dividends

No final dividend will be paid in respect of the year ended 31 January 2021 (31 January 2020: nil, 31 January 2019: nil).

Franking account

	31 January 2021 NZ\$000's	31 January 2020 NZ\$000's
Australian franking credits available for subsequent financial years at a tax rate of 30%	3,995	3,995
New Zealand imputation credits available for subsequent financial years at a tax rate of 28%	236	236

The above amounts are based on the dividend franking account at period-end adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liabilities;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the period end;
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the period.

33 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the period is shown below:

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Short-term employee benefits*	13,865	3,182	2,056
	13,865	3,182	2,056

*Included in the current year's \$13.9m is an accrual for phantom warrants of \$11.6m which has been recognised as a brand transition, restructure and transaction expense in the consolidated statement of profit or loss and other comprehensive income. The Group uses the Black Scholes option pricing model to determine the fair value of the phantom warrants which have an exercise price of US\$0.37 which vests in three tranches being 21 January 2021, 21 July 2021 and 21 January 2022. There are no conditions or restrictions to receiving the benefit of all the phantom warrants for the full bonus calculation period. Each tranche of phantom warrants may be exercised for cash at any time in the three year period following vesting date and as such is recognised as a liability.

34 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 31 January 2021	Percentage Owned (%)* 31 January 2020	Percentage Owned (%)* 31 January 2019
Subsidiaries:				
Bendon Retail Limited	New Zealand	100	100	100
Bendon Holdings Limited	New Zealand	100	100	100
Bendon Holdings Pty Limited	Australia	100	100	100
Bendon Pty Limited	Australia	100	100	100
Bendon Intimates Pty Limited	Australia	100	100	100
PS Holdings No. 1 Pty Limited	Australia	100	100	100
Pleasure State Pty Limited	Australia	100	100	100
Pleasure State (HK) Limited	Hong Kong	100	100	100
Bendon UK Limited	United Kingdom	100	100	100
Bendon USA Inc	United States of America	100	100	100
Bendon Limited	New Zealand	100	100	100
Naked Brand Inc.	United States of America	100	100	100
FOH Online Corp Inc.	United States of America	100	100	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

35 Fair Value Measurement

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Financial assets - derivative financial instruments
- Financial liabilities - derivative financial instruments
- Financial liabilities – convertible notes with embedded derivatives
- Financial liabilities – Phantom Warrants

Fair value hierarchy

IFRS 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

- | | |
|---------|--|
| Level 1 | Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 | Unobservable inputs for the asset or liability. |

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35 Fair Value Measurement (continued)

The table below shows the assigned level for each asset and liability held at fair value by the Group:

31 January 2021	Level 1 NZ\$000's	Level 2 NZ\$000's	Level 3 NZ\$000's	Total NZ\$000's
Recurring fair value measurements				
Financial assets				
Foreign exchange contracts	-	-	-	-
Financial liabilities				
Foreign exchange contracts	-	-	-	-
Financial derivative liabilities	-	629	-	-
Phantom warrant liabilities	-	11,642	-	-
31 January 2020	Level 1 NZ\$000's	Level 2 NZ\$000's	Level 3 NZ\$000's	Total NZ\$000's
Recurring fair value measurements				
Financial assets				
Foreign exchange contracts	-	-	-	-
Financial liabilities				
Foreign exchange contracts	-	-	-	-
Financial derivative liabilities	-	-	-	-

There were no transfers between levels during the financial periods.

The carrying amount of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. Bank loans approximate fair value of the carrying amount on the basis of the variable nature of the interest rates associated with the loans.

Valuation techniques for fair value measurements categorised within level 2

The fair value of the derivative on convertible notes and the fair value accrual for phantom warrants has been determined using a Black-Scholes model. Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate, expected volatility and expected dividend rate. The Group used valuations specialists to perform these valuations.

35 Fair Value Measurement (continued)

Fair value measurements using significant unobservable movements (level 3)

For the years ended 31 January 2021 and 31 January 2020, there were no financial instruments that were level 3.

36 Contingencies

Contingent Liabilities

The Group has entered into a number of trade guarantee arrangements in the normal course of business totalling \$0.8m (2020: \$0.7m)

In February 2020, a group of investors, who had invested in Bendon Limited prior to its merger with the Company, claimed misrepresentations had been made and they had been misled into investing in Bendon. No litigation has been commenced to date.

On February 9, 2021, the Group was requested by the Securities and Exchange Commission (the "SEC") to provide certain documents and information for its investigation.

On March 24, 2020, Timothy Connell filed a complaint against us, a subsidiary of ours, and Mr. Davis-Rice, alleging, among other things, that certain shares issued to him in satisfaction of a debt were not registered for resale as promised. Mr. Connell sought rescission of the transaction. During the year, the Group has settled through the issuance of shares.

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37 Related Parties

(a) Loans (to)/from related parties

	Opening balance NZ\$000s	Closing balance NZ\$000s
Loans to related parties		
Whitespace Atelier Limited - 31 January 2021	-	-
Whitespace Atelier Limited - 31 January 2020	282	-
Loans from related parties		
SBL Holdings - 31 January 2021	-	-
SBL Holdings - 31 January 2020	(1449)	-
EJ Watson – 31 January 2021	-	-
EJ Watson – 31 January 2020	(2,289)	-

(b) Transactions with related parties

In the prior year, a financial liability relating to a shareholder loan created on the acquisition of FOH Online Corp Inc. was derecognised as the current acquisition accounting results in a debt free balance with the shareholder. This adjustment is reflected in the 31 January 2020 accounts in a reduction to the carrying value of the acquired intangible asset with a write back to the profit and loss account for the accrued and capitalised interest. This has resulted in a reduction to the carrying value of the acquired intangible asset with a write back to the profit and loss account for accrued and capitalised interest. Further information can be found in note 19.

In the prior year, the loan payable to SBL Holdings Limited was extinguished through the issuance of shares in the Company.

In the prior year, the Group received tax services from Rothsay Chartered Accountants, an accountancy firm, in which a director of the company held a senior position. The Group received services to the value of \$32,503.

During the current year, the Group procured goods for resale from The Way Store Pty Ltd, a company registered in Australia, which is related through common directorship. The Group purchased \$0.5m worth of inventory.

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38 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Loss for the year	(68,346)	(54,305)	(49,220)
Cash flows excluded from profit attributable to operating activities			
- interest paid on borrowings	1,256	2,868	3,400
- gain on sale of intangible assets	-	(906)	-
Non-cash flows in profit:			
- Interest on convertible note borrowings	5,681	-	-
- depreciation and amortisation expense	8,700	10,603	2,382
- impairment expense	4,895	8,904	8,173
- shares issued in lieu of inventory payment	-	5,942	-
- shares issued for agreed settlement	5,701	-	-
- fair value on warrants issued	-	371	-
- fair value loss/(gain) on convertible notes derivative	26,552	-	775
Changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables	(2,082)	2,901	14,267
- (increase)/decrease in current tax receivables	2	368	(355)
- (increase)/decrease in inventories	6,604	(1,912)	13,350
- (increase)/decrease in deferred tax asset/(liability)	-	711	(692)
- (increase)/decrease in related party receivables	-	282	6,531
- increase/(decrease) in trade and other payables	6,037	402	(5,681)
- increase/(decrease) in income taxes payable	205	(140)	226
- increase/(decrease) in provisions	(5,622)	5,534	(522)
- increase/(decrease) in foreign currency derivative liability	-	(1,484)	(1,712)
- net exchange differences	(601)	(33)	(355)
Cashflows from operations	<u>(11,018)</u>	<u>(19,894)</u>	<u>(9,434)</u>

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38 Cash Flow Information (continued)

(b) Non-cash investing and financing activities

Investing and financing transactions that do not require the use of cash or cash equivalents (i.e. non-cash) are excluded from the statement of cash flows. Such transactions are disclosed below that provides all the relevant information about the non-cash investing and financing activities specific to the Group:

	For the Year Ended 31 January 2021 NZ\$000's	For the Year Ended 31 January 2020 NZ\$000's	For the Year Ended 31 January 2019 NZ\$000's
Shares issued in lieu of inventory payment	-	15,525	-
Shares issued in lieu of agreed debt	5,701	-	-
Shares issued on conversion of debt	1,689	-	-
Warrants issued	-	371	-
	<u>7,192</u>	<u>15,896</u>	<u>-</u>

39 Events occurring after the reporting date

On February 1, 2021, Naked Brand Group Ltd (“The Company”) received an instruction to issue 29,415,000 ordinary shares at a price of US\$1.70 for net proceeds of US\$46,920,170, based on a Placement Agent Agreement with Maxim Group LLC date January 27, 2021.

On February 9, 2021, the Company repaid its loan facility held with the Bank of New Zealand. The total settlement amount was NZ\$14,779,607 and included interest of NZ\$17,436 and fees of NZ\$262,171.

On February 23, 2021, the Company announced that it had received notification from the Nasdaq that the Company had regained compliance with Nasdaq’s minimum bid price requirement.

On February 24, 2021 the Company entered into a Securities Purchase Agreement (the “SPA”) with certain accredited investors, pursuant to which the Company will sell to the investors in a private placement an aggregate of US\$100,000,000 of units (“Units”), each unit consisting of one ordinary share, no par value, and one warrant, each warrant entitling the holder to purchase one ordinary share (the “Warrant Shares”) at an initial exercise price of US\$1.13. The units will be sold at a price per Unit of US\$0.93, resulting in the issuance of an aggregate of 107,526,882 Units (representing an aggregate of 107,526,882 ordinary shares and 107,526,882 warrants. On March 11, 2021 the SPA was amended which reduced the price per unit from US\$0.93 to US\$0.85 resulting in aggregate ordinary shares of 117,647,059 and 117,647,059 warrants. The exercise price of the warrants was also reduced from US\$1.13 to US\$0.935 and expire five years from the date of the closing. They can be exercised on a net share exercise basis at any time. The Company plans to use the proceeds to pay down certain liabilities and fund working capital.

On February 25, 2021, we exchanged the Prior Note issued in April 2020 for 4,002,789 Ordinary Shares. Prior to the exchange, through a board resolution, the conversion price of the Note issued in April was reduced from US\$4.00 per share to US\$0.60 per share resulting in an additional 3,403,703 shares compared to the previously announced estimate of 599,086 in the October Prospectus.

On March 11, 2021 the Company consummated the offer and sale of an aggregate of 117,647,059 units (“Units”), each unit consisting of one ordinary share, no par value and one warrant to certain accredited investors pursuant to the previously disclosed Securities Purchase Agreement between the Company and Investors, dated as of February 24, 2021 (as amended, the “SPA”). The Company received net proceeds of US\$95,000,000 from the sale of the units, after offering expenses. The units, ordinary shares, and warrants issued pursuant to the SPA were offered and sold, and the ordinary shares issuable upon the exercise of the Warrants were offered, in private placements to accredited investors. No underwriting discounts or commissions were paid with respect to such sales.

Notes to the Consolidated Financial Statements
For the Years Ended 31 January 2021, 31 January 2020 and 31 January 2019

39 Events occurring after the reporting date (continued)

In April, 2021, Esousa Holdings LLC, Streeterville Capital LLC and Aquitas collectively acquired 99,787,027 ordinary shares, which were issued upon exercise of the warrants and accounted for no more than 9.9% of this class of share at the time of issuance.

On April 19, 2021 Mark Ziirsen was appointed as Chief Financial Officer, replacing Cheryl Durose.

On April 26, 2021, the Group received a notice from Nasdaq's Listing Qualifications Department stating that, for the 30 consecutive business days ending April 23, 2021, the closing bid price for the Ordinary Shares had been below the minimum of \$1.00 per share required for continued inclusion on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). The notification letter stated that we would be afforded 180 calendar days (until October 25, 2021) to regain compliance with the minimum bid price requirement. In order to regain compliance, the closing bid price for the Ordinary Shares must be at least \$1.00 per share for a minimum of ten consecutive business days. The notification letter also stated that in the event we do not regain compliance within the 180-day period, we may be eligible for additional time.

The Nasdaq notification did not have any immediate effect on the listing of the Ordinary Shares, and the Ordinary Shares continue to trade uninterrupted under the symbol "NAKD". Naked management intends to actively monitor the bid price for the Ordinary Shares and will consider all available options to regain compliance with the Nasdaq minimum bid price requirement.

On January 21, 2021, the Company announced plans to undertake a transformative restructure in which it would dispose of its bricks-and-mortar operations in order to focus exclusively on its e-commerce business. To that end, the Company signed a non-binding and non-exclusive term sheet to divest its Bendon Limited ("Bendon") subsidiary, to a group composed of existing management of the Company, including Justin Davis-Rice, the Executive Chairman and Chief Executive Officer of the Company, and Anna Johnson, the Chief Executive Officer of Bendon (the "Bendon Sale"). On April 23, 2021, the Company held an Extraordinary General Meeting of Shareholders, at which shareholders approved the Bendon Sale. On April 30, 2021, the Company signed a conditional share sale agreement for the Bendon Sale (the "Bendon Share Sale Agreement") and simultaneously consummated the transactions contemplated thereby.

Following the Bendon Sale, the Group's sole operating entity will be FOH Online Corp. ("FOH"). Through FOH, we are the exclusive licensee of the Frederick's of Hollywood global online license, under which we sell Frederick's of Hollywood intimates products, sleepwear and loungewear products, swimwear and swimwear accessories products, and costume products.

Consultant Service Agreement

between

Mark Ziirsen (ABN 27 409 001 686)

and

Naked Brand Group Limited (ACN 619 054 938)

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Consultant Service Agreement

Consultant Service Agreement

Signed 19 April 2021

Parties

Mark Ziirsen (ABN 27 409 001 686) (the **Consultant**)

Naked Brand Group Limited (ACN 619 054 938) (the **Company**)

Recitals

The Company wishes to engage the Consultant to provide the Services.

The Consultant has agreed to provide the Services to the Company on the terms set out in this agreement.

Agreed Terms

1. Definitions and Interpretation

1.1 Definitions

The following definitions apply in this agreement:

Business Day means any day (other than a Saturday, Sunday or public holiday) on which registered banks are open for general banking business in Sydney, Australia.

Commencement Date means 19 April 2021.

Confidential Information means:

- (a) the terms of this agreement, but not (for the avoidance of doubt) the existence of this agreement; and
- (b) any non-public financial, business or commercial information relating to the other Party (in any form) which a Party may receive or obtain as a result of or in connection with this agreement.

Dispute means any dispute arising under or relating to this agreement.

Fees means the fees payable to the Consultant by the Company specified at paragraph 2 of the Schedule.

Intellectual Property means all intellectual property, proprietary and industrial rights arising in connection with the Company's business (whether existing in statute, at common law or in equity), including:

- (a) all copyright (including in source code and object code), rights in databases, know-how, trade secrets, methods (including business methods), technical and non-technical information, processes, characteristics, trade marks, trade names, business names, domain names, inventions, patents, design rights, discoveries and formulae;
- (b) all improvements, enhancements, modifications or adaptations to any of the foregoing rights;
- (c) all allied, similar and associated rights, whether registered or unregistered, registrable or unregistrable; and
- (d) all applications to register, and all renewals of, any of the foregoing rights.

Key Person means Mark Ziirsen.

Nasdaq means the stock exchange known as the “Nasdaq Capital Market” that is operated by The Nasdaq Stock Market LLC.

Parties means the parties to this agreement and **Party** means either one of them.

Related Body Corporate has the meaning given to that term in section 50 of the *Corporations Act 2001* (Cth).

Related Parties means, in relation to a Party:

- (a) any director, officer or employee of, or professional adviser to, that Party; and
- (b) any Related Body Corporate of that Party (wherever incorporated or formed).

Resolution Institute means the Sydney branch of the Resolution Institute.

Services means the services described at paragraph 1 of the Schedule.

Term has the meaning given to it in clause 2.1.

1.2 Interpretation

The following rules of interpretation apply in this agreement:

- (a) references to **persons** include natural persons, companies, and any other body corporates (wherever incorporated) and unincorporated bodies (wherever formed).
- (b) references to the **Parties** include their respective executors, administrators, successors and permitted assignees.
- (c) **headings** and **subheadings** have been inserted for convenience only and will not affect the interpretation of this agreement.
- (d) references to **this agreement** means this agreement, including its Recitals and Schedule, as amended and/or replaced from time to time.
- (e) references to **clauses** and the **Schedule** will be construed as references to clauses in and the schedule to this agreement.
- (f) references to **AU\$** are references to Australian dollars.
- (g) references to the words **including, include** or similar words do not imply any limitation and are deemed to have the words **without limitation** following them.
- (h) a **gender** includes each other gender and the **singular** includes the plural and vice versa.
- (i) all **periods of time** include the day on which the period commences and also the day on which the period ends.
- (j) references to **written or in writing** shall include all modes of presenting or reproducing words, figures and symbols in a visible form (including via email).
- (k) no **rule of construction** (including the contra proferentem rule) applies to the disadvantage of a Party because that Party (or its relevant advisor) was responsible for the drafting of this agreement or any part of it.

2. Term

2.1 Commencement and duration

This agreement will come into effect on the Commencement Date and, unless otherwise terminated in accordance with the terms of this agreement, will continue in force for two years from the Commencement Date and any extensions in accordance with clause 2.2 (**Term**).

2.2 **Automatic Extension**

On the date being six months prior to the expiration of the then current Term (**Automatic Extension Date**), the Term will be automatically extended by a further two years unless prior to the Automatic Extension Date a party has provided written notice to the other party that the Term will not be extended.

3. **Services**

3.1 **Provision of Services**

The Consultant will carry out the Services in accordance with this agreement and any services reasonably incidental to the Services, as and when required in writing by the Company and in accordance with this agreement.

3.2 **The Consultant's obligations**

In its performance of the Services, the Consultant will:

- (a) exercise due care and skill in accordance with best industry practice;
- (b) carry out its obligations in a prompt, efficient and diligent manner;
- (c) comply with the Company's reasonable and lawful directions;
- (d) procure that the Key Person is responsible and available for performing the Consultant's obligations; and
- (e) provide to the Company, and/or make itself available to discuss, all information in relation to the Services as soon as reasonably practicable following any written request by the Company.

3.3 **The Company's obligations**

The Company agrees that it will provide all reasonable support and direction to the Consultant in order to assist the Consultant to provide the Services.

4. **Fees and Expenses**

4.1 **Fees**

In consideration for its provision of the Services, the Company will pay to the Consultant the Fees.

4.2 **Invoices**

The Consultant will provide invoices to the Company for the Fees in the manner specified at paragraph 3 of the Schedule.

4.3 **Expenses**

The Company will reimburse the Consultant for all expenses reasonably incurred by the Consultant in performing the Services, provided that:

- (a) for any expense which exceeds the threshold set by the Company from time to time, the Company has approved in writing the scope or details of any such expenses before it is incurred; and
- (b) the Consultant produces all relevant receipts and other documentation to the Company in respect of such expenses.

4.4 **Manner of payment**

The Fees and all expenses properly incurred by the Consultant under clause 4.3 will be paid at the time and in the manner specified at paragraph 4 of the Schedule.

4.5 **Tax**

The Consultant is solely responsible for all taxes and other levies relating to the Services (including the remittance of income tax and GST), and the Company shall make no deductions on account of tax or any other imposition except where it may be required by law to do so.

5. **Relationship of the Parties**

5.1 **Status of the Consultant**

The Parties acknowledge and agree that the Consultant is and shall at all times remain an independent contractor of the Company, and not (and nor is the Key Person) an employee of the Company.

6. **Intellectual Property**

6.1 **Ownership**

The Consultant agrees that all Intellectual Property that is created by or on behalf of the Consultant in connection with its provision of the Services shall vest in, and be owned by, the Company immediately upon such Intellectual Property coming into existence (including all Intellectual Property created by the Key Person).

6.2 **Enforcement of title**

The Consultant agrees to take all actions as may be reasonably required by the Company to perfect or enforce the Company's title to the Intellectual Property, which shall include executing and delivering any document required in order to perfect or enforce such title (including, for the avoidance of doubt, a deed of assignment of intellectual property).

6.3 **Enduring effect**

The Parties agree that the provisions of this clause 6 shall survive the termination of this agreement.

7. **Subcontracting**

7.1 **Restriction on subcontracting**

The Consultant shall not be permitted to subcontract any person to provide all or any part of the Services unless the subcontractor and the relevant subcontract have first been approved in writing by the Company.

7.2 **Effect of subcontracting**

The entry by the Consultant into a subcontract will not relieve the Consultant from liability for the performance of any of its obligations under this agreement. The Consultant will be fully liable to the Company for the acts and omissions of each of its subcontractors as if they were acts or omissions of the Consultant.

8. Termination

8.1 Termination at the end of the Term

This agreement will automatically terminate at the end of the Term (without the requirement for notice) unless it is terminated earlier under this clause 8.

8.2 Termination for cause

If a Party commits a material breach of this agreement that:

- (a) is not remediable; or
- (b) is remediable, and the defaulting Party does not remedy that breach within 10 Business Days of being required to do so in writing by the non-defaulting Party,

then the non-defaulting Party may terminate this agreement with immediate effect by giving written notice to the defaulting Party.

8.3 Termination without cause

- (a) Either Party may terminate this agreement at any time during the Term, without cause, by giving at least:
 - (i) three months' written notice, during the first six months of the Term; and
 - (ii) six months' written notice, thereafter,to the other Party.
- (b) Should the Company decide to so terminate this agreement, it may in lieu of all or part of such notice elect to make a payment to the Consultant equal to the Fees in respect of the remainder of such notice period.

8.4 Termination for insolvency

Either Party may terminate this agreement with immediate effect by giving written notice to the other Party if that other Party:

- (a) becomes insolvent or otherwise cannot pay its debts as and when they fall due;
- (b) has a receiver, administrator or liquidator appointed in relation to all or a material part of its assets;
- (c) commences negotiations with all or any class of its creditors with a view to rescheduling any of its debts, or enters into any composition or arrangement with its creditors generally; or
- (d) has an order made or a resolution passed for its liquidation, dissolution or winding-up.

8.5 Effect of termination

Upon termination of this agreement (for whatever reason), the following provisions shall apply:

- (a) The Consultant will promptly deliver to the Company all property, materials or equipment belonging to or concerning the Company or any property owned by the Company which is in the Consultant's possession or control. This shall include any and all documents (in any form) that relate to the Company or any property owned by it or that contains Confidential Information and/or Intellectual Property.
- (b) The Company shall, within 5 Business Days of the date of termination, pay to the Consultant all sums due and owing to the Consultant under this agreement.

8.6 **Accrued rights and obligations on termination**

Termination of this agreement will not affect any accrued rights or obligations of any of the Parties.

8.7 **Enduring effect**

The Parties agree that the provisions of this clause 8 shall survive the termination of this agreement.

9. Dispute Resolution

9.1 **Negotiation**

The Parties must use reasonable endeavours to resolve any and all Disputes by negotiation. If a Dispute is settled following negotiations under this clause 9.1, such settlement shall be recorded in writing and be signed by the Parties, whereupon it shall be final and binding on the Parties.

9.2 **Mediation**

If the Parties cannot resolve their Dispute by negotiations under clause 9.1 within 20 Business Days, a Party may, by notice to the other, require that the Dispute be dealt with by mediation under the following terms:

- (a) The mediation shall be conducted in accordance with the Resolution Institute's standard mediation agreement then in force (or any protocol or mediation agreement which replaces it).
- (b) The mediation shall be conducted by a mediator and at a fee agreed in writing by the Parties. Failing agreement between the Parties within 10 Business Days of the giving of the notice requiring mediation, the mediator will be selected and his or her fee determined by the chairperson for the time being of the Resolution Institute (or his or her nominee).
- (c) The mediation shall take place in Sydney, Australia at such address as determined by the mediator.
- (d) If the Dispute is settled at or following mediation under this clause 9.2, such settlement shall be recorded in writing and be signed by the Parties, whereupon it shall be final and binding on the Parties.
- (e) The costs of the mediation, excluding the Parties' own legal and preparation costs, will be shared equally by the Parties.

9.3 **Court or arbitration proceedings**

No Party may initiate or commence court or arbitration proceedings relating to a Dispute unless it has complied with the procedure set out in this clause 9, provided that application may still be made to the courts:

- (a) for interlocutory relief;
- (b) to recover a debt payable; or
- (c) to enforce a settlement agreed to by the Parties under clause 9.1 or 9.2.

10. Confidentiality

10.1 **Confidentiality obligations**

Except as permitted in this clause 10, no Party will disclose or communicate to any third party any Confidential Information.

10.2 Disclosure to Related Parties

Each Party may disclose Confidential Information to its Related Parties, but only if the Related Party to whom disclosure is made has agreed in writing to adhere to that Party's confidentiality obligations under this clause 10. The Parties agree that they will be wholly responsible for all acts and omissions of their Related Parties concerning any Confidential Information disclosed to them.

10.3 Limits on obligations

A Party will not have to observe any duty of confidentiality concerning Confidential Information that:

- (a) the other Party gives its prior written consent to the disclosure of;
- (b) is required to be disclosed by law or any legislative or regulatory authority;
- (c) is required to be disclosed or announced in accordance with the listing rules or continuous disclosure rules of any recognised securities exchange including under the NASDAQ Stock Market Rules;
- (d) is necessary to be disclosed to enable a Party to perform its obligations under this agreement; or
- (e) at the time of disclosure is in, or subsequently enters, the public domain otherwise than by breach of any duty of confidentiality under this agreement.

10.4 Survival of termination

The restrictions in this clause 10 will continue to apply after the termination of this agreement.

11. Notices

11.1 Written notice

All notices and other communications to be given under this agreement must be in writing and be addressed to the Party to whom it is to be sent at the physical address or email address from time to time designated by that Party in writing to the other Party for such purpose.

11.2 Designated addresses

Until any other designation is given, the physical address and email address of each Party is as follows:

The Consultant

Address: 41/123-125 Macquarie Street, Sydney NSW 2000

Attention: Mark Ziirsen

Email: mziirsen@optusnet.com.au

The Company

Address: Unit 7, 35-39 William Street, Double Bay NSW 2028

Attention: Justin Davis-Rice

Email: justin@jadrcorp.com

11.3 Deemed delivery

Any notice or communication given under this agreement shall be deemed to have been received:

- (a) at the time of delivery, if delivered by hand;
- (b) 3 Business Days after the date of mailing, if sent by ordinary post or courier within Australia;
- (c) 10 Business Days after the date of mailing, if posted, couriered or delivered from overseas; and
- (d) if sent by email, on the date and time at which it enters the recipient's information system, as evidenced (if required by the recipient, where delivery is disputed) in a confirmation of delivery report from the sender's information system which indicates that the email was sent to the email address of the recipient.

11.4 **Delivery after hours and on non-Business Days**

Any notice or communication received or deemed received after 5.00pm or on a day which is not a Business Day in the place to which it is delivered, posted or sent will be deemed not to have been received until the next Business Day in that place.

12. **General Provisions**

12.1 **Entire agreement**

This agreement constitutes the entire agreement and understanding of the Parties relating to the matters dealt with in this agreement and supersedes and extinguishes any previous agreement (whether oral or written) between the Parties in relation to such matters. Nothing in this clause 12.1 operates to limit or exclude any liability for fraud.

12.2 **Capacity**

Each Party warrants to the other Party that:

- (a) it has full power and authority to enter into this agreement;
- (b) all consents, authorisations and approvals that are necessary or required for that Party in connection with the signing of this agreement, and the assumption of rights and obligations under it, have been obtained or effected; and
- (c) the signing, delivery and performance of this agreement does not constitute a breach of any law or obligation by which that Party it is bound and which would prevent it from entering into or performing its obligations under this agreement.

12.3 **Payments**

All sums payable under this agreement must be paid:

- (a) in Australian dollars, unless this agreement expressly states otherwise;
- (b) in cleared funds;
- (c) into the bank account specified in writing by the recipient of the payment; and
- (d) free and clear of any restriction, condition, set-off, deduction or withholding (except as required by law).

12.4 **Assignment**

Neither Party will assign or transfer, or purport to assign or transfer, any of their rights or obligations under this agreement without the prior written consent of the other Party (such consent shall not be unreasonably or arbitrarily withheld or delayed).

12.5 **No waiver**

No Party will be deemed to have waived any right under this agreement unless the waiver is in writing and signed by that Party.

12.6 **Amendments**

This agreement may not be amended or varied in any way unless such amendment or variation is made in writing and signed by each Party.

12.7 Severability

If any provision of this agreement is found by a court or other competent authority to be void or unenforceable, such provision will be deemed to be deleted from this agreement and the remaining provisions of this agreement will continue in full force and effect.

12.8 Rights and remedies

Unless otherwise expressly provided in this agreement, the rights and remedies set out in this agreement are in addition to, and not in limitation of, any other rights and remedies under or relating to this agreement (whether at law or in equity), and the exercise of one right or remedy will not be deemed a waiver of any other right or remedy.

12.9 No right of set-off

No Party has any right of set-off, withholding or deduction from or against a payment due to the other Party.

12.10 Counterparts

This agreement may be signed and delivered in any number of counterparts, including by way of electronic transmission where a Party signs a counterpart and sends it as a PDF to the other Party by email. All such counterparts, when taken together, shall constitute one and the same instrument and, notwithstanding the date of signing, will be deemed to bear the date of this agreement.

12.11 Electronic signing

A Party may sign this agreement by way of the application of that Party's electronic signature.

12.12 Governing law and jurisdiction

This agreement, and any claims arising out of or in connection with it or its subject matter or formation (including non-contractual claims), will be governed by and construed in accordance with the laws of New South Wales, Australia and the Parties irrevocably submit to the non-exclusive jurisdiction of the courts of Australia for any matter arising under or relating to this agreement or its subject matter or formation or the relationships established by it (including non-contractual claims).

Signatures

Signed by **Mark Ziirsen**:

Signature

Signed for and on behalf of
Naked Brand Group Limited:

JUSTIN DAVIS-RICE

Name

Signature

DIRECTOR

Position

Consultant Service Agreement

1. Services

Chief Financial Officer (CFO)

The Consultant agrees to procure that the Key Person acts as CFO of the Company and provides the following services.

DESIRED OUTCOMES:

- Quickly builds credibility and a reputation as a genuine partner to the CEO in delivering both top and bottom line improvements, through organic growth strategy and, where relevant, M&A and / or strategic alliances.
- Continue to promote and drive a results oriented ethos across the business and the finance function, ensuring that targets are met, if not surpassed.
- Demonstrate a strong operations focus that explores, challenges and capitalises on opportunities for improvement, innovation, investment and growth.
- Provide support and advice to the board, including ensuring best practice corporate governance and enterprise risk management.

CFO SERVICES:

Strategy – Work with the CEO, Board and management to establish attainable short and long term goals and activities that allow the company to meet and exceed its annual and multi-year financial objectives.

CEO Partner – Act as the “right-hand” partner to the CEO, continuing to guide pursuit of enterprise valuation objectives and help hold management accountable for performance; serve as the CEO’s key executive in strategic financial and funding matters, including interactions with investors, outside financial parties and advisors and key executives from other external companies.

Functional Leadership – Build a rejuvenated finance organization and team, one consistent with the need for deeper and more proactive analytic efforts in pursuit of business excellence; lead, mentor, measure and appraise the team to ensure stellar capabilities are in operation at all levels. This will enable the CFO and the finance organization overall to more fully and effectively partner with management and functional operations to ensure they have the necessary financial tools and intelligence to develop, manage and measure their respective business and functional plans.

Reporting and Analytics – Ensure finance has the processes and systems, and sense of urgency to provide accurate and timely report in all areas to satisfy both compliance requirements and management and Board needs. In particular, this means a need to focus on management accounting and reporting, and to predict/articulate/analyse the notable business trends and supply chain economics. This will mean the business has the granular financial information to understand the effectiveness of spend in various areas, as well as help to better predict and direct where the value impact will be from operational improvement initiatives, and to pre-empt negative financial impacts and prioritize corrective actions.

Key project delivery – Help the CEO deliver on the major investment and development projects, including by monitoring cash flow for these critical initiatives and helping to ensure resources are directed to the right projects so cost benefits are achieved. Assist management and board to uncover additional performance improvement opportunities to realise specific objectives related to overall strategic priorities

Board Support – Ensure the Board has the information and analysis it requires to deliver on its duties and responsibilities; develop monthly and annual financial summaries and presentations for the Board and Audit Committee and execute additional analysis and reports as required.

Financing – Ensure compliance and effective risk management of the company’s capital structure; maintain close working relationships with investors, bankers/lenders and other domestic and international financial partners and, when necessary, secure the necessary financing to support the business; more general support corporate development, including potential acquisition analysis as well as the structuring and negotiation of agreements. Preparation of prospectus and registration statements as and where required.

Treasury and Tax – Oversee the development and execution of foreign exchange, hedging and international currency management policies to effectively manage the company’s significant foreign exchange exposure; drive tax minimization; direct the cash management function, ensuring the organization has adequate cash levels to operate effectively.

Enterprise Risk – Identify areas of risk exposure and work with management to develop and implement enterprise risk management strategies; ensure appropriate insurance coverage to protect the assets of the company and protect against the financial ramifications of business interruptions.

Audit and compliance - Manage Groups regulatory responsibilities, maintain effective and productive relations with external auditors and provide required support to the Audit & Risk Committee.

Investor Relations

IT support and systems – Ensure and maintain appropriate IT support and systems that are fit for purpose and meets the Group’s evolving requirements.

COMPANY SECRETARIAL SERVICES:

Perform the duties and responsibilities of a Company Secretary as required by the Corporations Act (CA), the Company’s Constitution, US Securities and Exchange Commission (SEC) and any other relevant legislation or regulation by:

- Ensuring that the Company complies with its statutory obligations under any relevant laws and regulations
- Statutory records:
 - maintain registers, including share and warrant registers
 - ensure requisite retention of documents and records
- Ensuring completion and lodgement of statutory forms/returns and reporting under the CA, SEC and other relevant legislation/regulation, including:
 - annual accounts
 - annual returns
 - change in Directors, secretaries
 - SEC and NASDAQ filings
- Ensuring compliance with the ‘continuous disclosure’ requirements of the CA, SEC and NASDAQ
- Board meetings:
 - arrange/co-ordinate, including developing annual calendar
 - set agenda
 - compile and circulate papers to Directors prior to meetings

- take minutes
- initiate and direct action to give practical effect to decisions
- Recording (and advise ASIC where necessary) declarations/conflicts of interest of Directors, including in relation to securities held in the Company
- Assisting with/attend to signing of contracts and other documentation in connection with administrative matters
- Ensuring adherence with the Company's Constitution
- Assist the Chairman and Directors in the conduct of meetings and their directorial and governance obligations and responsibilities
- Carry out other duties related to the corporate administration of the Company including establishing a timetable of corporate actions required during the year pursuant to CA and SEC prepare a company secretarial report to the Board of Directors' meetings covering such areas as:
 - share/shareholder statistics
 - disclosure reports/ASIC and/or SEC or NASDAQ filings
 - Directors' interests
 - usage of Common Seal
 - changes in applicable laws/regulations
- Corporate governance:
 - prepare and update charters for committees
 - write briefing papers
 - arrange meetings
 - take minutes
- Annual accounts:
 - assist with compilation
 - provide information for Directors' Reports & Notes
- Ensure timely lodgement with ASIC, SEC and others
- Annual report:
 - prepare sections covering ASIC requirements
 - generally assist with compilation
 - ensure timely lodgement with ASIC and arrange distribution to shareholders
- General meetings:
 - arrange AGM (and any other extraordinary general meetings)
 - give due notice
 - prepare agenda
 - compile briefing notes for Chairman to conduct meeting

- manage proxy votes, corporate representatives
- take minutes
- Advise Board and support Directors through election process
- Provide guidance to Directors, CEO and management on various matters including:
 - trade practices/consumer laws
 - environmental matters
 - workplace, health and safety
 - employment laws
 - superannuation
- Maintaining member and share/options registries and arranging issuance, allotment, notification under CA of shares & issues pursuant to option plans where required
- Managing dividend payments as required.

2. Fees

AU\$350,000 per annum (plus GST if applicable).

To encourage and reward exceptional service performance, the Company's Compensation Committee and the Consultant will, within a reasonable time after the Commencement Date, agree a set of key performance criteria for the Consultant (**KPIs**).

The Company's Compensation Committee, at their sole discretion, may approve incentive payments based upon the achievement of KPIs for the relevant financial year, to be payable after the end of the financial year.

3. Invoices

Invoices for the Fees are to be provided by the Consultant to the Company on a monthly basis in 12 equal instalments.

4. Payment of Fees and Expenses

The Consultant will be paid by the Company (in accordance with clause 12.3) on or before the 20th day of the month following receipt of the Consultant's monthly invoice and expenses incurred under clause 4.3.

SUBSIDIARIES OF REGISTRANT

NAME	PERCENTAGE OWNERSHIP (%)	STATE OF ORGANIZATION
Naked Brand Group Inc.	100	Nevada
FOH Online Corp.	100	Delaware

CERTIFICATIONS

I, Justin Davis-Rice, certify that:

1. I have reviewed this Annual Report on Form 20-F of Naked Brand Group Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: May 18, 2021

By: /s/ Justin Davis-Rice

Justin Davis-Rice
Executive Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Mark Ziirsen, certify that:

1. I have reviewed this Annual Report on Form 20-F of Naked Brand Group Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: May 18, 2021

By: /s/ Mark Ziirsen

Mark Ziirsen

Chief Financial Officer

(Principal Accounting Officer and Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Naked Brand Group Limited (the "Company") on Form 20-F for the year ended January 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: May 18, 2021

By: /s/ Justin Davis-Rice
Justin Davis-Rice
Executive Chairman and Chief Executive Officer

By: /s/ Mark Ziirsen
Mark Ziirsen
Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Naked Brand Group Limited

We hereby consent to the incorporation by reference in the Registration Statement on Form F-3 (No. 333-226192, No. 333-230757, No. 333-232229, No. 333-235801, No. 333-243751, No. 333-249490, No. 333-249547 and No. 333-254245) of Naked Brand Group Limited of our report dated May 18, 2021, relating to the consolidated financial statements, which appear in this Form 20-F.

/s/ BDO Audit Pty Ltd

BDO Audit Pty Ltd
Sydney, Australia
May 18, 2021
