
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED OCTOBER 31, 2017

OR

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

Commission File Number: 001-37662

naked

NAKED BRAND GROUP INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

99-0369814
(I.R.S. Employer
Identification No.)

180 Madison Avenue, Suite 1505, New York, New York, 10016
(Address of principal executive offices) (Zip code)

646-653-7710
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 last 90 days. **YES** **NO**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (SS 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **YES** **NO**

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

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input checked="" type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

**(Do not check if smaller reporting company)*

If an emerging growth company, 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 whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **YES** **NO**

As of December 14, 2017, there were 10,342,191 shares of the registrant's common stock outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Form 10-Q”) contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “intend,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other comparable terminology and include statements regarding: our product line; our business plan; the enforceability of our intellectual property rights; projections of market prices and costs; supply and demand for our products; future capital expenditures; relationships with retailers, wholesalers and other business partners; express or implied regarding future financial performance, the effects of Naked’s and Bendon Limited’s (“Bendon”) business models, the effects of the of the proposed business combination with Bendon Group Holdings Limited (“HoldCo), the transactions contemplated thereby or any other actions to be taken in connection therewith; Naked’s continued listing on the NASDAQ Capital Market until closing of the proposed business combination; Holdco’s anticipated listing on the NASDAQ Capital Market or the NYSE in connection with the closing of the proposed business combination; expectations regarding the capitalization, resources and ownership structure of Holdco; the adequacy of Holdco’s capital to support its future operations; Naked’s and Bendon’s plans, objectives, expectations and intentions; the nature, strategy and focus of the combined company; Bendon’s acquisition of the Frederick’s of Hollywood licenses and potential benefits of the Frederick’s of Hollywood global online licenses; the timing of the filing of the proxy statement/prospectus and completion of the proposed business combination; the executive and board structure of Holdco; and expectations regarding voting by Naked’s stockholders. Naked, Bendon and/or Holdco may not actually achieve the plans, carry out the intentions or meet the expectations disclosed in the forward-looking statements and you should not place undue reliance on these forward-looking statements. Such statements are based on management’s current expectations and involve risks and uncertainties. Actual results and performance could differ materially from those projected in the forward-looking statements as a result of many factors, including, without limitation, risks and uncertainties associated with stockholder approval of and the ability to consummate the proposed business combination through the process being conducted by Naked, Holdco and Bendon, the ability of Naked, Holdco and Bendon to consummate the transaction contemplated by the Merger Agreement, the risk that one or more of the conditions to closing contained in the Merger Agreement may not be satisfied, including, without limitation, the effectiveness of the registration statement to be filed with the SEC or the listing of Holdco’s ordinary shares on the NASDAQ Capital Market or the NYSE, the lack of a public market for ordinary shares of Holdco and the possibility that a market for such shares may not develop, the ability to project future cash utilization and reserves needed for contingent future liabilities and business operations, the availability of sufficient resources of the combined company to meet its business objectives and operational requirements, the ability to realize the expected synergies or savings from the proposed business combination in the amounts or in the timeframe anticipated, the risk that competing offers or acquisition proposals will be made, the ability to integrate Naked’s and Bendon’s businesses in a timely and cost-efficient manner, the inherent uncertainty associated with financial projections, and the potential impact of the announcement or closing of the proposed business combination on customer, supplier, employee and other relationships. The material assumptions supporting these forward-looking statements include, among other things: our ability to obtain any necessary financing on acceptable terms; timing and amount of capital expenditures; the enforcement of our intellectual property rights; our ability to launch new product lines; retention of skilled personnel; continuation of current tax and regulatory regimes; current exchange rates and interest rates; and general economic and financial market conditions. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described under “Risk Factors” as disclosed in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on April 26, 2017, or Quarterly Report on Form 10-Q filed with the SEC on June 14, 2017 and on September 14, 2017, and elsewhere in this Form 10-Q and those described from time to time in our future reports filed with the SEC.

CERTAIN TERMS USED IN THIS FORM 10-Q

Unless expressly indicated or the context requires otherwise, the terms “Naked,” the “Company,” “we,” “us,” and “our” in this document refer to Naked Brand Group Inc., a Nevada corporation, and, where appropriate, its wholly owned subsidiary, Naked Inc.

Our fiscal year ends on January 31. References to “fiscal 2018,” “fiscal 2017” and “fiscal 2016” represent the fiscal years ended January 31, 2018, 2017 and 2016, respectively. References to “2018,” “2017” and “2016” represent the calendar years ending December 31, 2018, 2017 and 2016, respectively.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Naked Brand Group Inc.

Interim Condensed Consolidated Financial Statements
For the Quarterly Period Ended October 31, 2017

Naked Brand Group Inc.
Interim Condensed Consolidated Balance Sheets
(Expressed in United States Dollars)

	<u>October 31, 2017</u>	<u>January 31, 2017</u>
	<u>(unaudited)</u>	
ASSETS		
Current assets		
Cash	\$ 2,170,665	\$ 879,014
Accounts receivable, net of allowances of \$3,452 (January 31, 2017: \$29,668)	215,270	-
Due from factor	7,842	-
Inventory, net of allowances of \$375,784 (January 31, 2017: \$375,784)	2,158,503	2,228,813
Related party advances receivable	156,600	-
Prepaid expenses and deposits	89,471	496,721
Total current assets	4,798,351	3,604,548
Intangible assets, net	80,875	80,875
TOTAL ASSETS	\$ 4,879,226	\$ 3,685,423
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade payables and accrued liabilities	\$ 933,442	\$ 1,761,367
Interest payable	-	7,279
Factored line of credit	-	302,776
Promissory notes payable	3,450	256,450
Total current liabilities	936,892	2,327,872
Deferred compensation	-	37,037
TOTAL LIABILITIES	936,892	2,364,909
STOCKHOLDERS' EQUITY		
Common stock		
Authorized		
2,000,000 shares of blank check preferred stock, no par value 18,000,000 shares of common stock, par value \$0.001 per share		
Issued and outstanding		
10,342,191 shares of common stock (January 31, 2017: 6,560,964)	10,342	6,561
Common stock to be issued	14,141	1,670,003
Accumulated paid-in capital	66,820,553	56,829,778
Accumulated deficit	(62,896,457)	(57,179,583)
Accumulated other comprehensive loss	(6,245)	(6,245)
Total stockholders' equity	3,942,334	1,320,514
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,879,226	\$ 3,685,423

The accompanying notes are an integral part of these interim consolidated financial statements.

Naked Brand Group Inc.
Interim Condensed Consolidated Statements of Operations
(Expressed in United States Dollars)
Unaudited

	Three months ended October 31,		Nine months ended October 31,	
	2017	2016	2017	2016
Net sales	\$ 620,928	\$ 551,494	\$ 1,746,644	\$ 1,292,132
Cost of sales	391,288	388,144	1,170,614	1,185,796
Gross profit	229,640	163,350	576,030	106,336
Operating Expenses				
General and administrative expenses	1,126,613	2,503,869	6,251,199	8,236,408
Foreign exchange	3,097	1,545	(3,102)	2,007
Total operating expenses	1,129,710	2,505,414	6,248,097	8,238,415
Operating loss	(900,070)	(2,342,064)	(5,672,067)	(8,132,079)
Interest expense	3,048	19,731	44,541	56,200
Accretion of debt discounts and finance charges	21	805	266	16,196
Total other expense	3,069	20,536	44,807	72,396
Net loss	\$ (903,139)	\$ (2,362,600)	\$ (5,716,874)	\$ (8,204,475)
Net loss per share				
Basic and Diluted	\$ (0.09)	\$ (0.39)	\$ (0.57)	\$ (1.35)
Weighted average shares outstanding				
Basic and Diluted	10,342,191	6,072,482	9,982,957	6,072,482

The accompanying notes are an integral part of these interim consolidated financial statements.

Naked Brand Group Inc.
Interim Condensed Consolidated Statement of Changes in Stockholders' Equity
(Expressed in US Dollars)
(Unaudited)

	Common Stock		Accumulated	Common stock	Accumulated	Accumulated	Total
	Shares	Amount	Paid-in			Deficit	
			Capital	to be issued		Comprehensive	Stockholders'
						Loss	Equity
Balance, January 31, 2017	6,560,964	\$ 6,561	\$ 56,829,778	\$ 1,670,003	\$ (57,179,583)	\$ (6,245)	\$ 1,320,514
Shares issued in a public offering	1,592,175	1,592	1,654,270	(1,655,862)	-	-	-
Shares issued in an at-the-market offering less; commission	2,189,052	2,189	5,497,534	-	-	-	5,499,723
	-	-	(192,490)	-	-	-	(192,490)
Conversion of accrued salary compensation	-	-	654,637	-	-	-	654,637
Stock based compensation	-	-	2,376,824	-	-	-	2,376,824
Net loss for the period	-	-	-	-	(5,716,874)	-	(5,716,874)
Balance, October 31, 2017	10,342,191	\$ 10,342	\$ 66,820,553	\$ 14,141	\$ (62,896,457)	\$ (6,245)	\$ 3,942,334

The accompanying notes are an integral part of these interim consolidated financial statements.

Naked Brand Group Inc.
Interim Condensed Consolidated Statements of Cash Flows
(Expressed in US Dollars)
(Unaudited)

<i>for the nine months ended October 31,</i>	2017	2016
Cash flows from operating activities		
Net loss	\$ (5,716,874)	\$ (8,204,475)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for doubtful accounts	(26,216)	(4,181)
Provision for obsolete inventory	-	113,000
Depreciation and amortization	-	7,987
Stock based compensation	2,376,824	4,038,330
Amortization of deferred financing costs	-	15,058
Changes in operating assets and liabilities:		
Accounts receivable	(189,054)	131,603
Due from factor	(7,842)	-
Related party advances receivable	(156,600)	-
Prepaid expenses and deposits	407,250	585,718
Inventory	70,310	(1,189,416)
Trade payables and accrued liabilities	(173,288)	492,586
Interest payable	(7,279)	(2,781)
Deferred compensation	(37,037)	(99,999)
Net cash used in operating activities	<u>(3,459,806)</u>	<u>(4,116,570)</u>
Cash flows from investing activities		
Acquisition of intangible assets	-	(7,779)
Net cash used in investing activities	<u>-</u>	<u>(7,779)</u>
Cash flows from financing activities		
Proceeds from share issuances, net	5,307,233	-
Repayments of promissory notes	(253,000)	-
Proceeds from convertible promissory notes	-	112,000
Repayments of convertible promissory notes	-	(600,000)
Repayments under factoring arrangements	(302,776)	(924,280)
Advances under factoring arrangements	-	800,000
Net cash provided by (used in) financing activities	<u>4,751,457</u>	<u>(612,280)</u>
Net increase (decrease) in cash	1,291,651	(4,736,629)
Cash at beginning of the period	<u>879,014</u>	<u>4,780,994</u>
Cash at end of the period	\$ 2,170,665	\$ 44,365

The accompanying notes are an integral part of these interim consolidated financial statements

Naked Brand Group Inc.
Interim Condensed Consolidated Statements of Cash Flows – Schedule 1
(Expressed in US Dollars)
(Unaudited)

Supplemental Cash Flow Information

<i>for the nine months ended October 31,</i>	<i>2017</i>	<i>2016</i>
Cash paid during the period for:		
Interest	\$ -	\$ 20,909
Income Taxes	-	-
Non-cash financing activities:		
Extinguishment of accrued salary with equity	\$ 654,637	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

Naked Brand Group Inc.
Notes to the Interim Condensed Consolidated Financial Statements
October 31, 2017
(Expressed in United States Dollars)
(Unaudited)

1. Nature of Business

Naked Brand Group Inc. (the “Company”) is a manufacturer and seller of direct and wholesale men’s and women’s undergarments and intimate apparel within North America to consumers and retailers through its wholly owned subsidiary, Naked Inc. (“Naked”). The Company currently operates out of New York, United States of America.

On May 25, 2017, the Company entered into an Agreement and Plan of Reorganization (the “Merger Agreement”), by and among Bendon Limited, a New Zealand limited company (“Bendon”), Bendon Group Holdings Limited, an Australia limited company (“Holdco”), Naked Merger Sub Inc., a Nevada corporation and a wholly owned subsidiary of Holdco (“Merger Sub”), and, solely for the purposes of Sections 2.28 and 5.18(b) of the Merger Agreement, Bendon Investments Ltd., a New Zealand company and the owner of a majority of the outstanding shares of Bendon (the “Principal Shareholder”), pursuant to which Merger Sub will be merged with and into Naked (the “Merger”) with Naked as the surviving corporation.

On July 26, 2017, Naked entered into Amendment No. 1 (the “Amendment”) to the Merger Agreement. The Amendment provides that, among other things, the date on which Holdco will use best efforts to file the registration statement on Form F-4 in connection with the Merger has been extended to August 25, 2017, and Bendon has agreed to pay certain public company operating expenses of Naked not to exceed \$130,000 per month for the months of September and October 2017.

On November 7, 2017, the Company and Bendon announced that Holdco confidentially submitted its response to comments from the SEC regarding the confidentially filed draft registration statement on Form F-4 related to the Merger. The parties continue to work towards completing the merger and finalizing the Form F-4 which is subject to SEC approval.

Immediately prior to the consummation of the Merger, Bendon and Holdco will consummate a reorganization (the “Reorganization”), pursuant to which all of the shareholders of Bendon will exchange all the outstanding ordinary shares of Bendon (the “Bendon Ordinary Shares”) for 146,311,063 ordinary shares of Holdco (“Holdco Ordinary Shares”), subject to certain potential adjustments pursuant to the Merger Agreement. As a result of the Reorganization and Merger, Bendon and Naked, respectively, will become wholly owned subsidiaries of Holdco and the shareholders of Bendon and the stockholders of Naked, respectively, will become the shareholders of Holdco.

Upon completion of the Merger, each issued and outstanding share of Naked common stock (“Naked Common Stock”) will be converted into the right to receive one Holdco Ordinary Share, resulting in Naked stockholders owning approximately seven percent (7%) of Holdco.

The completion of the Merger is subject to the satisfaction or waiver of certain customary conditions, including, among others: (i) the accuracy of the other party’s representations and warranties; (ii) performance in all material respects by the other party of its obligations under the Merger Agreement; (iii) the listing of Holdco Ordinary Shares on the Nasdaq Capital Market or the New York Stock Exchange (“NYSE”), subject to official notice of issuance; (iv) the declaration of effectiveness by the SEC of the registration statement on Form F-4 filed by Holdco in connection with the transactions (the “Registration Statement”); (v) Naked stockholder’s approving the Merger Agreement and the transactions contemplated thereby at a meeting called for such purposes (the “Stockholder Meeting”); and (vi) other conditions as further described in the Merger Agreement.

Naked Brand Group Inc.
Notes to the Interim Condensed Consolidated Financial Statements
October 31, 2017
(Expressed in United States Dollars)
(Unaudited)

1. Nature of Business – Continued

The Merger Agreement also contains specified termination rights, including the right to terminate the Merger Agreement (i) by mutual agreement of the parties to terminate; (ii) by either party if (1) the Merger has not been consummated by December 31, 2017 (the “Outside Date”), except if the primary reason the Merger has not been consummated is because of the continued review of the Registration Statement by the SEC or the Holdco Ordinary Shares have not been approved for listing on the Nasdaq Capital Market or the NYSE, in which case the Outside Date shall be fifteen (15) days after the later of the completion of the Special Meeting and approval of all regulatory bodies and Nasdaq or the NYSE, (2) any law or order permanently prohibits consummation of the Merger, or (3) Naked stockholder approval is not obtained by the Outside Date; (iii) by either party if the other party has breached or failed to perform in any material respect any of its representations and warranties or covenants under the Merger Agreement such that a closing condition is not satisfied (subject to notice and cure and other customary exceptions); and (iv) by Naked if (1) Bendon substantially changes its business as conducted as of the date of the Merger Agreement, or (2) Naked accepts a Superior Proposal (as defined in the Merger Agreement).

2. Ability to Continue as a Going Concern

These interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. Realization values may be substantially different from carrying values as shown and these interim condensed consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

As of October 31, 2017, the Company had not yet achieved profitable operations, had incurred a net loss of \$5,716,874 and had an accumulated deficit of \$62,896,457 and expects to incur significant further losses in the development of its business, which casts substantial doubt about the Company’s ability to continue as a going concern. To remain a going concern, the Company will be required to obtain the necessary financing to pursue its plan of operation. Management plans to obtain the necessary financing through the issuance of equity and/or debt. Should the Company not be able to obtain this financing, it may need to substantially scale back operations or cease business. In addition, the terms of the Merger Agreement with Bendon may restrict us from pursuing any of these alternatives without first obtaining consents, which we may not be able to obtain on acceptable terms, or at all. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. Basis of Presentation

Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management, without audit, in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, certain information and footnote disclosures normally included in the annual consolidated financial statements in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the disclosures are adequate to make the information presented not misleading and the accompanying financial statements reflect all adjustments, consisting of normal recurring adjustments, considered necessary for fair presentation of statement of financial position, results of operations and cash flows for the interim periods presented. Operating results for the nine months ended October 31, 2017 are not necessarily indicative of the results that may be expected for the year ending January 31, 2018.

Naked Brand Group Inc.
Notes to the Interim Condensed Consolidated Financial Statements
October 31, 2017
(Expressed in United States Dollars)
(Unaudited)

3. Basis of Presentation (continued)

The interim condensed consolidated balance sheet at January 31, 2017 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the most recent audited financial statements of the Company included in its Annual Report on Form 10-K for the year ended January 31, 2017.

Segment Reporting

The Company used several factors in identifying and analyzing reportable segments, including the basis of organization, such as differences in products and services, and geographical areas. The Company's chief operating decision makers review financial information presented on a consolidated basis for the purposes of making operating decisions and assessing financing performance. The Company has determined that as of October 31, 2017, there is only a single reportable operating segment.

The Company operates in one industry, the manufacture and sale of direct and wholesale undergarments.

At October 31, 2017 and January 31, 2017, substantially all long-lived assets were located in the United States.

Loss per share

Net loss per share was determined as follows:

	Three months ended October 31,		Nine months ended October 31,	
	2017	2016	2017	2016
Numerator				
Net loss	\$ (903,139)	\$ (2,362,600)	\$ (5,716,874)	\$ (8,204,475)
Denominator				
Weighted average common stock outstanding	10,342,191	6,072,482	9,982,957	6,072,482
Basic and diluted net loss per share	\$ (0.09)	\$ (0.39)	\$ (0.57)	\$ (1.35)
Anti-dilutive securities not included in diluted loss per share relating to:				
Warrants outstanding	1,614,559	1,645,198	1,614,559	1,645,198
Options outstanding	3,472,399	2,037,399	3,472,399	2,037,399
	5,086,958	3,682,597	5,086,958	3,682,597

3. Basis of Presentation (continued)

Recently Adopted Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2015-17 “*Income Taxes: Balance Sheet Classification of Deferred Taxes (“ASU 2015-17”)*”. ASU 2015-17 eliminates the requirement to bifurcate deferred taxes between current and non-current on the balance sheet and requires that deferred tax liabilities and assets be classified as noncurrent on the balance sheet. ASU 2015-17 was effective for public entities in fiscal years beginning after December 15, 2016, and for interim periods within those fiscal years. ASU 2015-17 became effective for the Company on February 1, 2017. The adoption of ASU 2015-17 did not have any effect on its financial condition, results of operations and cash flows.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory* (“ASU 2015-11”) which requires a company to change the measurement principal for inventory measured using the FIFO or average cost method from the lower of cost or market to the lower of cost and net realizable value. Treatment of inventory valued under the last-in, first-out (“LIFO”) method is unchanged by ASU No. 2015-11. ASU No. 2015-11 must be applied prospectively and was effective for fiscal years beginning after December 15, 2016, and interim periods within those years. The standard became effective for the Company on February 1, 2017. The adoption of ASU No. 2015-11 did not have any effect on its financial condition, results of operations and cash flows.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”). ASU 2016-09 was issued as part of the FASB’s simplification initiative and affects all entities that issue share-based payment awards to their employees. The amendments in ASU 2016-09 cover such areas as the recognition of excess tax benefits and deficiencies, the classification of those excess tax benefits on the statement of cash flows, an accounting policy election for forfeitures which the Company did not elect to adopt, the amount an employer can withhold to cover income taxes and still qualify for equity classification and the classification of those taxes paid on the statement of cash flows. ASU 2016-09 was effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years, with early adoption permitted. ASU 2016-09 became effective for the Company on February 1, 2017. The adoption of ASU 2016-09 did not have any effect on its financial condition, results of operations and cash flows.

New Accounting Pronouncements

Unless otherwise discussed, management believes the impact of recently issued standards, which are not yet effective, will not have a material impact on our consolidated financial statements upon adoption.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”). ASU 2014-09 provides a five-step analysis of transactions to determine when and how revenue is recognized. The premise of ASU 2014-09 is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 can be adopted by the Company either retrospectively or as a cumulative-effect adjustment as of the date of adoption. On April 1, 2015, the FASB decided to defer the effective date of ASU 2014-09 by one year. As a result, public entities would apply ASU 2014-09 to annual reporting periods beginning after December 15, 2017.

Naked Brand Group Inc.
Notes to the Interim Condensed Consolidated Financial Statements
October 31, 2017
(Expressed in United States Dollars)
(Unaudited)

3. Basis of Presentation (continued)

New Accounting Pronouncements

The Company's initial assessment of the guidance in ASU 2014-09 has identified the majority of revenue streams will be impacted by ASU 2014-09 including transactions such as wholesale customer support costs, e-commerce direct to consumer programs, and customer related returns. While the Company has not finalized its evaluation of the impact of ASU 2014-09, it does not currently expect the adoption of ASU 2014-09 to have a material effect on income from operations but will however change presentation within the consolidated financial statements. ASU 2014-09 will also require expanded disclosures related to revenue streams, performance obligations and consideration and the related judgements used in developing the necessary estimates. The Company will adopt ASU 2014-09 effective for fiscal year beginning February 1, 2018, and will utilize the modified retrospective approach in applying ASU 2014-09.

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). ASU 2016-01 provides guidance that addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. ASU 2016-01 will be effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods. ASU 2016-01 will be effective for the Company on February 1, 2018. The Company is currently evaluating the impact this guidance will have on its financial condition, results of operations and cash flows.

In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). ASU 2016-02 would require lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets. ASU 2016-02 is effective for annual and interim reporting periods beginning on or after December 15, 2018. The Company does not expect the impact of ASU 2016-02 to have any material effect on the periods presented.

4. Inventory

Inventory of the Company consisted of the following at October 31, 2017 and January 31, 2017:

	October 31, 2017	January 31, 2017
Finished goods	\$ 1,345,215	\$ 2,604,597
Inventory consigned to related party ⁽¹⁾	1,189,072	-
Less: allowance for obsolete inventory	(375,784)	(375,784)
Total inventory	<u>\$ 2,158,503</u>	<u>\$ 2,228,813</u>

(1) See note 6 for details regarding inventory on consignment to a related party

Balances at October 31, 2017 and January 31, 2017 are recorded at historical cost, less amounts for potential declines in value. At October 31, 2017, management has recorded an allowance for obsolescence of \$375,784 (January 31, 2017: \$375,784) to reduce inventory to its estimated net realizable value.

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5. Intangible Assets

Intangible assets of the Company consisted of the following at October 31, 2017 and January 31, 2017:

	October 31, 2017	January 31, 2017	Useful life (Years)
Trade Names/Trademarks	\$ 80,875	\$ 80,875	Indefinite
Website	49,512	49,512	2
	130,387	130,387	
Less: accumulated amortization	(49,512)	(49,512)	
	\$ 80,875	\$ 80,875	

The Company did not record any amortization expense during the three and nine months ended October 31, 2017 and 2016.

6. Related Party Transactions and Balances

Related Party Balances

At October 31, 2017, included in advances receivable is \$156,600 (January 31, 2017: \$Nil) owing from Bendon for expenses incurred by the Company on behalf of the Bendon. The amount due from Bendon is unsecured, non-interest bearing and has no specific repayment terms. Included in accounts payable is \$11,985 owing to a firm of which a direct family member of a director and officer of the Company is a principal.

On October 4, 2017, the Company entered into a consignment agreement with Bendon to consign 155,624 units of finished goods inventory, in the value of \$1,189,072, for the purpose of facilitating a sale of the consigned goods by the consignee, per note 4. The agreement is effective as of October 4th and will continue for a period of twelve months with the ability to extend the term for an additional twelve months upon mutual acceptance. Payment is due by the consignee to the Company based on units sold every 90 days commencing on January 31, 2018. The title to and property of the consigned goods shall remain with the Company until such time as they are purchased.

At January 31, 2017, included in accounts payable and accrued liabilities is \$75,686 owing to directors and officers of the Company for reimbursable expenses and \$53,500 owing to Bendon for expenses incurred on behalf of the Company. These amounts were unsecured, non-interest bearing and had no specific terms of repayment. The amounts owing at January 31, 2017 were all settled during the nine months ending October 31, 2017.

Related Party Transactions

During the three and nine months ended October 31, 2017, included in general and administrative expenses is \$71,301 and \$133,270, respectively (2016: \$51,542 and \$182,659, respectively), in respect of marketing fees, of which \$13,801 and \$13,970, respectively (2016: \$873 and \$30,783, respectively) was related to third party pass through costs, paid to a firm of which a direct family member of a director and officer of the Company is a principal.

Effective June 10, 2014, the Company entered into an employment agreement with the Chief Executive Officer and director (the "CEO") of the Company for a term of three years whereby the CEO was entitled to a base salary of \$400,000 per year, provided the CEO would forgo the first twelve months of the base salary and only receive minimum wage during that period. The total base salary compensation due under this employment agreement was amortized on a straight-line basis over the term of the employment agreement to June 10, 2017.

6. Related Party Transactions and Balances (Continued)

Related Party Transactions (Continued)

On June 10, 2015, the CEO became eligible to receive her full base salary pursuant to the terms of her employment agreement, however, such base salary was accrued but not paid through February 28, 2017. The CEO had agreed to allow the Company to defer payment of her salary provided such amounts accrued interest at a rate of 3% per annum.

On March 13, 2017, the CEO surrendered accrued base salary compensation plus interest accrued to February 28, 2017 in the amount of \$654,637, including base salary compensation payable of \$638,724 plus accrued interest on such amounts of \$15,913. On the same day, the Company granted to the CEO 1,200,000 options to purchase shares of the Company's common stock at an exercise price of \$2.14 per a period of four years from the date of issuance. The options were fair valued based on a Black-Scholes model upon the date of issuance. The excess of fair value of the options was expensed as stock based compensation during the nine months ended October 31, 2017.

In connection with a Joint Factoring Agreement (Note 7), the CEO executed a guaranty (the "Guaranty") to personally guarantee performance of the Obligations and also agreed to provide her own brokerage account as security for the Obligations (as defined in Note 7). Accordingly, in connection with her brokerage account the CEO entered into a brokerage account pledge and security agreement (the "Pledge and Security Agreement") and securities account control agreement (the "Account Control Agreement") in favor of Wells Fargo Bank, National Association ("Wells Fargo"). Pursuant to the Pledge and Security Agreement, the CEO agreed to pledge, sell, assign, grant a security interest in and transfer to Wells Fargo all of her rights, title and interest in and to her brokerage account. Effective June 28, 2017, the Company had repaid all advances received under the terms of the Joint Factoring Agreement and the Company entered into an Amendment to the Joint Factoring Agreement pursuant to which the personal guarantee of the CEO was terminated.

7. Factoring Line of Credit

Under the terms of the Joint Factoring Agreement dated June 14, 2016, the Company may assign eligible accounts receivable (the "Accounts") to Wells Fargo in exchange for loans and advances (each such loan or advance, an "Advance") up to an aggregate amount (the "Borrowing Base") not to exceed the lesser of (i) \$6,000,000 or (ii) the sum of up to 80% of trade receivables deemed eligible by Wells Fargo plus (A) the lesser of up to (x) 50% of the value, calculated at the lower of cost or market, of finished goods, warehoused inventory deemed eligible by Wells Fargo or (y) \$500,000, plus (B) the lesser of (x) up to 75% of marketable securities held in a blocked security account, subject to an account control agreement in favor of Wells Fargo (the "Securities Account").

In connection with Wells Fargo's services under the Joint Factoring Agreement, Wells Fargo receives a commission equal to the Factoring Commission Percentage (as defined in the Joint Factoring Agreement) multiplied by the gross invoice amount of each Account purchased, which is charged to the Company's account on the date a related Advance is made. During the initial term of the Joint Factoring Agreement, Wells Fargo would receive minimum commissions equal to \$24,000, \$36,000 and \$50,000 during the first, second and third year, respectively (the "Minimum Commissions").

The Company bears the risk of credit loss on the Accounts, except where Wells Fargo provides credit approval in writing on such Account. The Advances would bear interest on the daily net balance of any moneys owed at a rate of LIBOR plus 3%. All obligations under the Joint Factoring Agreement, including the Advances (collectively, the "Obligations"), were payable on demand and may be charged by Wells Fargo to the Company's account at any time.

The Company accounted for invoices sold to the Wells Fargo under the Joint Factoring Agreement as a sale of financial assets.

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7. Factoring Line of Credit (Continued)

Effective June 28, 2017, the Company had repaid all loans and advances received under the Joint Factoring Agreement. The Company and Wells Fargo entered into an Amendment to the Joint Factoring Agreement pursuant to which the Parties agreed to amend certain terms of the agreement as follows: (i) no further advances would be available under the Joint Factoring Agreement; (ii) Wells Fargo would not be entitled to the Minimum Commissions; (iii) the Company may terminate the Joint Factoring Agreement upon seven days' written notice to Wells Fargo and Wells Fargo may terminate the Joint Factoring Agreement upon thirty days' written notice to the Company; (iv) the Guaranty (Note 6) was terminated in its entirety.

Under the terms of the Joint Factoring Agreement, as amended, the Company bears the financial risk associated with the factored receivables. Consequently, the Company no longer accounts for invoices assigned to Wells Fargo for collections as a sale of financial assets.

Factor expenses and interest charged to operations during the three and nine months ended October 31, 2017 were \$3,476 and \$40,439 (2016: \$15,589 and \$27,595). At October 31, 2017, an amount of \$7,842 was due from the factor to the Company for collection of accounts receivable under the terms of the Joint Factoring Agreement, as amended. At January 31, 2017, \$302,776 was owed to the factor for advances made to the Company, net of repayments of such advances through the sale of factored receivables.

8. Promissory Notes Payable

	October 31, 2017	January 31, 2017
Unsecured promissory notes, accruing interest at a rate of 10% per annum maturing on the earlier of (i) May 7, 2017 or (ii) the date of closing of an equity financing (see (i))	\$ -	\$ 253,000
Promissory notes, non-interest bearing, repayable upon the Company reporting net income from operations in a single month (see (ii))	<u>3,450</u>	<u>3,450</u>
	<u>3,450</u>	<u>256,450</u>
Less: current portion	<u>(3,450)</u>	<u>(256,450)</u>
	<u>\$ -</u>	<u>\$ -</u>

- (i) During the year ended January 31, 2017, the Company issued promissory notes in the aggregate principal amount of \$253,000 in exchange for cash, including an amount of \$153,000 to a director and officer of the Company. The promissory notes accrue interest at the rate of ten percent per annum and mature on the earlier to occur of (i) May 7, 2017 or (ii) the date of the closing date of an Equity Financing (as defined in the promissory note).

During the nine months ended October 31, 2017, these promissory notes were repaid in full.

- (ii) On November 7, 2013, the Company issued a promissory note in the principal amount of CDN\$28,750. The Company received \$24,467 (CDN\$25,000) in respect of this note, after an original issue discount ("OID") of 15%, or \$3,670 (CDN\$3,750). The principal amount, net of the OID, matured and was repaid during the year ended January 31, 2015. At October 31, 2017, an amount of \$3,450 (CDN\$3,750) (2016: \$3,450 (CDN\$3,750)) is outstanding relating to the OID, which is repayable upon the Company reporting net income from operations in any single month.

9. Stockholders' Equity

Authorized

2,000,000 shares of blank check preferred stock, no par value.
18,000,000 shares of common stock, par value \$0.001.

Equity Transactions

On February 10, 2017, the Company entered into an At the Market Offering Agreement (the "Agreement") with Maxim Group LLC ("Maxim"), as amended on March 30, 2017, pursuant to which the Company could sell from time to time, up to an aggregate of \$5,500,000 of shares of the Company's common stock (the "Shares"), through Maxim, as sales agent.

Under the terms of the Agreement, Maxim was entitled to a commission at a fixed rate of 3.5% of the gross sales price of Shares sold under the Agreement. The Company also reimbursed Maxim for certain expenses incurred in connection with the Agreement, and agreed to provide indemnification and contribution to Maxim with respect to certain liabilities under the Securities Act and the Securities Exchange Act of 1934, as amended.

During the nine months ended October 31, 2017 pursuant to and under the terms of the Agreement, as amended, the Company issued an aggregate of 2,189,052 shares of common stock for gross proceeds of \$5,499,723, net proceeds of \$5,307,233 after deducting commissions.

Stock Options

2014 Stock Option Plan

On June 6, 2014, the Company's board of directors approved a 2014 Long-Term Incentive Plan (the "2014 Plan"), which provides for the grant of stock options, restricted shares, restricted share units and performance stock and units to directors, officers, employees and consultants of the Company. Stockholder approval of the plan was obtained on August 21, 2014.

The maximum number of shares of common stock reserved for issue under the plan is 2,750,000 shares subject to adjustment in the event of a change of the Company's capitalization (as described in the 2014 Plan). As a result of the adoption of the 2014 Plan, no further option awards will be granted under any previously existing stock option plan. Stock option awards previously granted under previously existing stock option plans remain outstanding in accordance with their terms.

The 2014 Plan is administered by the board of directors, except that it may, in its discretion, delegate such responsibility to a committee of such board. The exercise price will be determined by the board of directors at the time of grant. Stock options may be granted under the 2014 Plan for an exercise period of up to ten years from the date of grant of the option or such lesser periods as may be determined by the board, subject to earlier termination in accordance with the terms of the 2014 Plan. At October 31, 2017, 509,601 options remained available for issuance under the 2014 Plan (January 31, 2017: 509,601 options).

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9. Stockholders' Equity (Continued)

Stock Based Compensation

A summary of the status of the Company's outstanding stock options for the periods ended October 31, 2017 and January 31, 2017 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Outstanding at February 1, 2016	2,191,274	\$ 5.12	\$ 7.86
Expired	(93,875)	\$ 5.19	
Forfeited	(70,000)	\$ 5.12	
Granted	260,000	\$ 2.21	\$ 1.41
Outstanding at January 31, 2017	2,287,399	\$ 4.78	
Granted	1,200,000	\$ 2.14	\$ 0.89
Expired	(15,000)	\$ 10.00	
Outstanding at October 31, 2017	3,472,399	\$ 3.85	\$ 4.85
Exercisable at October 31, 2017	3,237,423	\$ 3.94	

At October 31, 2017, the following stock options were outstanding, entitling the holder thereof to purchase shares of common stock of the Company as follows:

Number	Exercise Price	Expiry Date	Number Vested
1,250	10.00	February 1, 2018	1,250
3,750	10.00	May 1, 2018	3,750
2,000	10.00	April 1, 2019	2,000
25,000	10.00	July 30, 2022	25,000
1,536,750	5.12	June 6, 2024	1,536,750
25,000	6.00	June 10, 2024	25,000
37,500	5.12	February 3, 2025	25,000
37,500	4.48	February 25, 2025	25,000
6,250	4.80	July 6, 2025	6,250
337,399	4.40	August 18, 2026	262,423
10,000	2.50	February 25, 2026	10,000
100,000	2.50	November 1, 2026	100,000
150,000	2.00	November 1, 2026	-
1,200,000*	2.14	March 13, 2021	1,200,000
3,472,399			3,237,423

*These stock options were issued outside of the 2014 Plan.

The aggregate intrinsic value of stock options outstanding is calculated as the difference between the exercise price of the underlying awards and the fair value of the Company's common stock. At October 31, 2017, the aggregate intrinsic value of stock options outstanding was \$Nil and exercisable was \$Nil (January 31, 2017: \$Nil and \$Nil, respectively).

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9. Stockholders' Equity (Continued)

Stock Based Compensation (Continued)

During the three and nine months ended October 31, 2017, the Company recognized a total fair value of \$134,177 and \$2,329,942 (2016: \$1,224,826 and \$4,246,239, respectively) of stock based compensation expense relating to the issuance of stock options in exchange for services. An amount of \$332,600 in stock based compensation expense is expected to be recognized over the remaining vesting term of these options to August 2018.

The fair value of each option award was estimated on the date of the grant using the Black-Scholes option pricing model based on the following weighted average assumptions:

	<u>2017</u>	<u>2016</u>
Expected term of stock option (years) ⁽¹⁾	2.00	5.00
Expected volatility ⁽²⁾	76.10%	67.70%
Stock price at date of issuance	\$ 2.14	\$ 2.50
Risk-free interest rate	1.40%	1.16%
Dividend yields	0.00%	0.00%

- (1) As the Company has insufficient historical data on which to estimate the expected term of the options, the Company has elected to apply the short-cut method to determine the expected term under the guidance of Staff Accounting Bulletin No. 110.
- (2) As the Company has insufficient historical data on which to estimate expected future share price volatility, the Company has estimated expected share price volatility based on the historical share price volatility of comparable entities.

Share Purchase Warrants

At October 31, 2017, the Company had 1,614,559 share purchase warrants outstanding as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
3,750	\$ 10.00	August 10, 2018
60,001	\$ 6.00	April 4, 2019
555,968	\$ 6.00	June 10, 2019
155,052	\$ 3.00	June 10, 2019
168,883	\$ 6.00	July 8, 2019
29,343	\$ 3.00	July 8, 2019
24,625	\$ 8.00	October 23, 2019
137,180	\$ 4.80	December 23, 2020
365,688 ⁽²⁾	\$ 4.80	June 15, 2022
36,569 ^{(1) (2)}	\$ 4.80	June 15, 2022
15,000	\$ 4.80	July 6, 2022
62,500	\$ 5.11	September 1, 2022
<u>1,614,559</u>		

- (1) These warrants may vest and become exercisable only under certain anti-dilution performance conditions contained in the warrant agreement
- (2) These warrants were repurchased subsequent to the quarter ending October 31, 2017 per a termination agreement, see Note 11.

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9. Stockholders' Equity (Continued)

Share Purchase Warrants (Continued)

During the fiscal year ended January 31, 2016, the Company issued an aggregate of 479,757 warrants exercisable at a weighted average exercise price of \$4.84 per share for a period of seven years from the date of issuance, pursuant to negotiated consulting and endorsement agreements. The weighted average grant date fair value of these warrants at issuance was \$4.67 for an aggregate grant date fair value of \$2,239,000, based on the Black-Scholes option pricing model using the following weighted average assumptions: expected term 7 years, expected volatility 158.04%, expected dividend yield 0.00%, risk free interest rate 2.09%. Stock based compensation is being recorded in the financial statements over the vesting term of three years from the date of grant. The Company recognized stock based compensation expense (recovery) of \$6,076 and \$46,882 during the three and nine months ended October 31, 2017 (2016: \$(2,149) and \$(207,551)) in connection with warrants granted.

Certain of the warrants granted during the fiscal year ended January 31, 2016 become exercisable only under certain anti-dilution performance conditions contained in the warrant agreement. The fair value of these warrants at issuance was calculated to be \$168,500 based on the Black-Scholes option pricing model using the following assumptions: expected term 7 years, expected volatility 153.00%, expected dividend yield 0.00%, risk free interest rate 2.11%. No stock-based compensation has been recorded in the financial statements as none of the performance conditions have been met.

A summary of the Company's share purchase warrants outstanding is presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at February 1, 2016	1,645,198	\$ 5.27
Expired	(18,188)	\$ 4.00
Outstanding at January 31, 2017	1,627,010	\$ 5.29
Expired	(12,451)	\$ 10.00
Outstanding at October 31, 2017	<u>1,614,559</u>	<u>\$ 5.25</u>

10. Customer Concentrations

The Company has concentrations in the volumes of business transacted with particular customers. The loss of these customers could have a material adverse effect on the Company's business.

For the three and nine months ended October 31, 2017, the Company had concentrations of sales with three customers equal to 26.4% and 32.8% of the Company's net sales, respectively (2016: sales with two customers equal to 33% and 32%, respectively). As at October 31, 2017, the accounts receivable balances for these customers was \$123,523 (January 31, 2017: \$0).

11. Commitments

- i) In accordance with a negotiated agreement, the Company is required to pay royalty fees based on the greater of a pre-determined percentage of certain sales, not to exceed 10% of these net wholesale sales, as defined in such agreements, or a minimum annual amount. The Company may terminate the agreement in the event that the other party fails to perform any of the services required to be performed under the agreement or breaches any of its other covenants or agreements set forth in the agreement.

At October 31, 2017, the Company has not made all minimum royalty payments as they have become due and payable under the terms of the agreement, however as at October 31, 2017, the Company has not been provided a notice of default by the other party to the agreement.

Subsequent to the quarter ending October 31, 2017, the Company signed a termination agreement to settle the above agreement. The Company agreed to pay \$200,000 cash which includes a one-time royalty payment of \$150,000 and \$50,000 to re-purchase 365,688 warrants and 36,569 anti-dilution warrants held by the other party.

On December 7, 2017, the Company paid \$200,000 to settle the terms of this agreement.

- ii) Pursuant to a Strategic Consulting and Collaboration Agreement, the Company is committed to pay a monthly cash retainer ranging from \$10,000 to \$20,000 over the three-year term of the agreement. The Company has negotiated a hold on the monthly cash retainer, effective March 1, 2016 and continuing indefinitely.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

We are an apparel and lifestyle brand company that is currently focused on innerwear products for women and men. Under our flagship brand name and registered trademark "Naked[®]", we design, manufacture and sell men's and women's underwear, intimate apparel, loungewear and sleepwear through retail partners and direct to consumer through our online retail store www.wearnaked.com. We have a retail footprint for our men's and women's innerwear products in premium department and specialty stores and internet retailers in North America, including accounts such as Nordstrom.com, Dillard's, Bloomingdale's, Amazon.com, Soma.com, Saksfifthavenue.com, barenecessities.com and others.

On May 25, 2017, we entered into an Agreement and Plan of Reorganization (the "Merger Agreement"), by and among Bendon Limited, a New Zealand limited company ("Bendon"), Bendon Group Holdings Limited, an Australia limited company ("Holdco"), Naked Merger Sub Inc., a Nevada corporation and a wholly owned subsidiary of Holdco ("Merger Sub"), and, solely for the purposes of Sections 2.28 and 5.18(b) of the Merger Agreement, Bendon Investments Ltd., a New Zealand company and the owner of a majority of the outstanding shares of Bendon (the "Principal Shareholder"), pursuant to which Merger Sub will be merged with and into Naked (the "Merger") with Naked as the surviving corporation.

On July 26, 2017, Naked entered into Amendment No. 1 (the "Amendment") to the Merger Agreement. The Amendment provides that, among other things, Holdco shall use its best efforts to file the registration statement on Form F-4 (the "Registration Statement") by August 25, 2017, and Bendon has agreed to pay certain public company operating expenses of Naked not to exceed \$130,000 per month for the months of September and October 2017.

Immediately prior to the consummation of the Merger, Bendon and Holdco will consummate a reorganization (the "Reorganization"), pursuant to which all of the shareholders of Bendon will exchange all the outstanding ordinary shares of Bendon (the "Bendon Ordinary Shares") for 146,311,063 ordinary shares of Holdco ("Holdco Ordinary Shares"), subject to certain potential adjustments pursuant to the Merger Agreement. As a result of the Reorganization and Merger, Bendon and Naked, respectively, will become wholly owned subsidiaries of Holdco and the shareholders of Bendon and the stockholders of Naked, respectively, will become the shareholders of Holdco.

Upon completion of the Merger, each issued and outstanding share of Naked common stock ("Naked Common Stock") will be converted into the right to receive one Holdco Ordinary Share, resulting in Naked stockholders owning approximately seven percent (7%) of Holdco.

The completion of the Merger is subject to the satisfaction or waiver of certain customary conditions, including Naked stockholder's approving the Merger Agreement and the transactions contemplated thereby at a meeting called for such purposes (the "Stockholder Meeting"); and several other conditions as further described in the Merger Agreement.

The Merger Agreement, as amended also contains specified termination rights, including the right to terminate the Merger Agreement (i) by mutual agreement of the parties to terminate; (ii) by either party if (1) the Merger has not been consummated by December 31, 2017 (the "Outside Date"), except if the primary reason the Merger has not been consummated is because of the continued review of the Registration Statement by the SEC or the Holdco Ordinary Shares have not been approved for listing on the Nasdaq Capital Market or the NYSE, in which case the Outside Date shall be fifteen (15) days after the later of the completion of the Special Meeting and approval of all regulatory bodies and Nasdaq or the NYSE, (2) any law or order permanently prohibits consummation of the Merger, or (3) Naked stockholder approval is not obtained by the Outside Date; (iii) by either party if the other party has breached or failed to perform in any material respect any of its representations and warranties or covenants under the Merger Agreement such that a closing condition is not satisfied (subject to notice and cure and other customary exceptions); and (iv) by Naked if (1) Bendon substantially changes its business as conducted as of the date of the Merger Agreement, or (2) Naked accepts a Superior Proposal (as defined in the Merger Agreement).

On July 27, 2017, Naked and Bendon issued a joint press release announcing, among other things, Bendon's entering into an agreement to acquire full ownership of FOH Online Corp., the exclusive licensee of the Frederick's of Hollywood global online license, and the execution of the Amendment.

On September 12, 2017, as permitted by the Jumpstart Our Business Startups Act of 2012, Holdco has confidentially submitted a draft of the Registration Statement to the SEC. On November 7, 2017, Holdco confidentially submitted its response to comments from the SEC regarding the confidentially submitted a draft registration statement on Form F-4 related to the previously announced business combination between the parties.

On December 7, 2017, Naked signed a Termination Agreement (the "Termination Agreement") with Wade Enterprises, LLC ("Wade") to terminate the Collaboration and Endorsement agreement dated June 15, 2015 by and between Naked and Wade. Under the terms of the Termination Agreement, Naked agreed to pay \$200,000 cash to Wade which includes a one-time royalty payment of \$150,000 and \$50,000 to re-purchase 365,688 warrants and 36,569 anti-dilution warrants held by Wade. On December 7, 2017, Naked paid to Wade the \$200,000 in accordance with the Termination Agreement.

Financial Highlights

Our net sales in the third quarter ended October 31, 2017 were \$620,928, compared to \$551,494 during the quarter ended October 31, 2016, an increase of 12.6% over the comparable period. Overall increases in sales for the period were most significantly driven by an increase in sales to third party ecommerce sales including the addition of Amazon, off-price store sales including a large sale of women's off-price inventory to HauteLook, and an increase in overall specialty store accounts.

During the third quarter ended October 31, 2017, sales to department stores were approximately \$169,100, or 27.2% of total net sales, as compared to \$266,300 or 48.3% during the same period in fiscal 2016. The reason for the decrease in department store sales is as a result of (i) the loss of Nordstrom in store accounts, (ii) the overall percentage increase of sales to other channels.

Net sales through our ecommerce store (www.wearnaked.com) were approximately \$87,500 for the third quarter ended October 31, 2017 compared to \$99,600 during the same period in fiscal 2016, a decrease of 12.2%. Sales through our ecommerce store accounted for approximately 14.1% of total net sales in 2017 as compared to 18.1% of total net sales in 2016.

Net sales through third party ecommerce sites increased to approximately \$64,600 for the third quarter ended October 31, 2017 compared to \$14,500 in the same period in fiscal 2016, an increase of 345.8%. Sales through these channels accounted for approximately 10.4% of total net sales in 2017 as compared to 2.6% of total net sales in 2016. This increase is attributable to new third-party ecommerce accounts added in fiscal 2017, specifically the addition of Amazon.

Sales to retail and specialty store accounts constituted approximately \$201,200, or 32.4% of total net sales in 2017, as compared to \$145,800, or 26.4% of total net sales in 2016. Total sales to retail and specialty store sales increased by approximately 38% over the comparative year, due to the addition of accounts.

During the three-month period ended October 31, 2017, we sold approximately \$96,500 in out of season and overstock inventory through off price sales channels, compared to \$25,200 in the same period of 2016. Sales to these customers accounted for approximately 15.5% of total net sales in the current quarter, as compared to 4.6% of total net sales in the comparative quarter in 2016.

During the three-month period ended October 31, 2017, men's products constituted 20.9% of total sales and women's products constituted 79.1% of total sales. We continue to see most of our growth driven by our women's collections.

During fiscal 2017, our gross margin was 37.0%, compared to 29.6% in the comparative period ended October 31, 2016. The increase in gross margin was primarily an increase in inventory allowances in the comparative period. In addition, as a result of the lower sales allowances in the current period, due to a change in estimates triggered by a transition in department store accounts.

Our products are sold in North America; however, we believe our products appeal to men and women worldwide. We continue to explore international distribution relationships for our Naked products.

In the future, we intend to expand the Naked brand on our own and through licensing partnerships into other apparel and product categories.

THREE MONTHS ENDED OCTOBER 31, 2017

Results of Operations

Revenue

Our net sales in the quarter ended October 31, 2017 were \$620,928, compared to \$551,494 during the third quarter ended October 31, 2016, an increase of 12.6% over the comparable period. Overall increases in sales for the period were most significantly driven by an increase in sales to third party ecommerce sales including the addition of approximately \$61,000 in sales to Amazon, off-price store sales including approximately \$52,200 of women's off-price inventory to HauteLook, and an increase in overall sales to specialty store accounts.

Gross Margins

Our gross margin for the quarter ended October 31, 2017 was 37%, compared to 29.6% in the comparative period ended October 31, 2016. The increase in gross margin was primarily an increase in inventory allowances in the comparative period. In addition, as a result of the lower sales allowances in the current period, due to a change in estimates triggered by a transition in department store accounts.

During the quarter ended October 31, 2017, men's products constituted 20.9% of total sales and women's products constituted 79.1% of total sales, compared to approximately 63.9% and 36.1%, respectively in the comparative period ended October 31, 2016. We continue to see most of our growth driven by our women's collections.

Operating Expenses

General and administrative	Three months ended October 31,		Change	
	2017	2016	\$	%
Bad debts	2,497	(2,110)	4,607	218.3
Bank charges and interest	17,563	4,912	12,651	257.6
Consulting	62,162	25,645	36,517	142.4
Depreciation	-	2,182	(2,182)	(100.0)
Directors fees ⁽¹⁾	39,614	117,491	(77,877)	(66.3)
Insurance	25,102	33,498	(8,396)	(25.1)
Investor relations	3,407	17,780	(14,373)	(80.8)
Marketing	200,856	292,473	(91,617)	(31.3)
Occupancy and rent	18,000	60,743	(42,743)	(70.4)
Office and misc	51,856	41,528	10,328	24.9
Product development	36,200	97,805	(61,605)	(63.0)
Professional fees	132,501	91,082	41,419	45.5
Salaries and benefits ⁽¹⁾	441,862	1,647,556	(1,205,694)	(73.2)
Transfer agent and filing fees	8,025	16,803	(8,778)	(52.2)
Travel	8,785	28,553	(19,768)	(69.2)
Warehouse management	78,183	27,928	50,255	179.9
Total	1,126,613	2,503,869	(1,377,256)	(55.0)

(1) Included in director compensation is an amount of \$39,614 (2016: \$117,491) for non-cash stock option compensation and stock compensation charges. Included in salaries and benefits is an amount of \$79,253 (2016: \$1,109,48) for non-cash stock option compensation charges.

General and administrative expenses decreased during the quarter ended October 31, 2017 to \$1,159,946, compared to \$2,503,869 in the comparative quarter ended October 31, 2016, a decrease of 53.7%.

Of the total general and administrative expenses, \$140,253 was related to non-cash stock option and warrant compensation charges in 2017, as compared to \$1,224,826 for 2016. These amounts are included in salaries and benefits, director fees, investor relations, product development and consulting components of general and administrative expenses above. The fair value of non-cash stock option compensation is calculated using the Black Scholes option pricing model and is charged to operating expenses over the vesting term of the related option awards. Stock based compensation charges decreased significantly during the current quarter, as compared to the quarter ended October 31, 2016 as a result of the completion of vesting of the majority of stock options issued to a new core management team and directors in June 2014 as part of certain incentive based compensation packages.

The decrease in general and administrative expenses is mostly attributable to a decrease in salaries and wages expense, director fees, product development expenses, occupancy and rent charges, and marketing costs. These decreases were partially offset by an increase in consulting, professional fees, and warehouse management as further explained below.

Salaries and benefits decreased during the current period, mostly as a result of a large decrease in stock option compensation charges, as discussed above. There was also a decrease in salaries and wages expenses as a result of termination charges incurred in the comparative period.

Product development costs have decreased in the current period because we incurred higher product development costs in the comparative period in connection with the launch of our women's collections.

Occupancy and rent decreased in the third quarter ending October 31, 2017 as compared to the comparative period ended October 31, 2016, as a result of moving into new shared offices with Bendon.

Marketing costs decreased in 2017 as compared to 2016, because we incurred higher marketing costs in the comparative period in connection with the launch of our women's collections. Also, the decrease in marketing costs can be attributed to a negotiated lower monthly retainer with Case Study Brands in the current year and the reversal of \$33,333 in accrued royalties due to the terms of a termination agreement signed with Wade in November 2017.

Consulting fee expenses increased as a result of two main factors. We transitioned some management roles into a consulting relationship, contributing to a decrease in salaries and wages expenses and an increase in consulting fees. In addition, there was a recovery of stock option compensation charges in the comparative period for stock options issued to non-employees, which are being re-measured at each reporting period in accordance with ASC 505-50, *Equity Based Payments to Non-Employees*, the value of which decreased in that period, resulting in a recovery of consulting expenses.

Professional fees increased as a result of activities related to the proposed transaction with Bendon. The pending transaction necessitated an increase in professional fees as a result of corporate activities related to the merger.

Warehouse management costs increased for the third quarter ending due to the preparation and shipment of 155,264 units of consignment inventory to Bendon per the consignment agreement dated October 4, 2017.

Other income and expenses

We incurred interest expenses during the current quarter of \$3,048 as compared to \$19,731 in 2016. Interest expenses are incurred in connection with the factoring of accounts receivable. Interest expenses decreased as a result of interest incurred in the comparative period on a related party convertible note which was converted into shares in January 2017.

Financing and accretion charges were \$21 for the quarter ended October 31, 2017 compared to \$805 for the quarter ended October 31, 2016. Financing and accretion charges have decreased as a result of the repayment of all non-operating liabilities.

Net loss and comprehensive loss

Our net loss for the quarter ended October 31, 2017 was \$(903,139), or \$(0.09) per share, as compared to a net loss of \$(2,362,600), or \$(0.39) per share for the quarter ended October 31, 2016. The decrease in net loss in the current period is primarily due to the increase in gross profit and the decrease in general and administrative expenses, as more fully described above.

NINE MONTHS ENDED OCTOBER 31, 2017

Results of Operations

Revenue

Our net sales in the nine-month period ended October 31, 2017 were \$1,746,644, compared to \$1,292,132 over the nine-month period ended October 31, 2016, an increase of 35.2% over the comparable period. We saw an increase in net sales across most sales channels, but most significantly with third party ecommerce sites, department stores, and new specialty/retail store accounts.

Gross Margins

For the nine-month period ended October 31, 2017, our gross margin was 33%, compared to 8.2% in the comparative period ended October 31, 2016. The increase in gross margin was primarily due to an increase in inventory allowances in the comparative period. In addition, the increase in gross margin is a result of the reversal of sales allowances in the current period, due to a change in estimates triggered by a transition in department store accounts.

Operating Expenses

General and administrative	Nine months ended October 31,		Change	
	2017	2016	\$	%
Bad debts	2,497	(2,478)	4,975	200.8
Bank charges and interest	47,592	12,984	34,608	266.5
Consulting	421,277	6,560	414,717	6,321.9
Depreciation	-	7,987	(7,987)	(100.0)
Directors fees ⁽¹⁾	248,357	364,020	(115,663)	(31.8)
Insurance	96,089	48,443	47,646	98.4
Investor relations	148,360	57,898	90,462	156.2
Marketing	672,296	884,676	(212,380)	(24.0)
Occupancy and rent	126,000	159,847	(33,847)	(21.2)
Office and misc	117,799	150,714	(32,915)	(21.8)
Product development	162,483	369,583	(207,100)	(56.0)
Professional fees	720,375	360,017	360,358	100.1
Salaries and benefits ⁽¹⁾	3,242,195	5,452,686	(2,210,491)	(40.5)
Transfer agent and filing fees	49,716	47,614	2,102	4.4
Travel	38,597	74,015	(35,418)	(47.9)
Warehouse management	157,566	241,842	(84,276)	(34.8)
Total	6,251,199	8,236,408	(1,985,209)	(24.1)

(1) Included in director compensation is an amount of \$223,357 (2016: \$364,020) for non-cash stock option compensation and stock compensation charges. Included in salaries and benefits is an amount of \$2,053,118 (2016: \$3,808,744) for non-cash stock option compensation charges.

General and administrative expenses decreased during the nine-months ended October 31, 2017 to \$6,251,199, compared to \$8,236,408 in the comparative quarter ended October 31, 2016, a decrease of 24.1%.

Of the total general and administrative expenses, \$2,376,825 was related to non-cash stock option and warrant compensation charges for in fiscal 2017, as compared to \$4,038,509 for fiscal 2016. These amounts are included in salaries and benefits, director fees, investor relations, product development and consulting components of general and administrative expenses above. The fair value of non-cash stock option compensation is calculated using the Black Scholes option pricing model and is charged to operating expenses over the vesting term of the related option awards.

The decrease in general and administrative expenses is mostly attributable to a decrease in salaries and wages expense, directors' fees, marketing, product development expenses, and warehouse management costs. These decreases were partially offset by an increase in consulting, investor relations and professional fees, as further explained below.

Salaries and benefits and directors' fees decreased during the current period, mostly as a result of a large decrease in stock option compensation charges, as a result of the completion of vesting of certain stock options issued to a new core management team and directors in June 2014 as part of certain incentive based compensation packages. There was also a decrease in salaries and wages expenses as a result of termination charges incurred in the comparative period.

Our marketing expenses decreased significantly for the nine-month period ended October 31, 2017 as a result of expenses incurred in the comparative period of fiscal 2016 for merchandising consulting, photoshoots and promotional material in connection with the launch of new collections, and expenses in that period associated with a collaboration and endorsement agreement with Dwyane Wade, including advanced royalty charges, photoshoots and promotional materials.

Product development costs have decreased in the current period because we incurred higher product development costs in the comparative period in connection with the launch of our women's collections.

Warehouse management expenses decreased in 2017 as compared to 2016, as a result of the engagement of a new third-party warehouse at a lower cost, this was partially offset by a third quarter increase due to the preparation and shipment of 155,264 units of consignment inventory to Bendon per the consignment agreement dated October 4, 2017.

Certain general and administrative expenses increased as a result of activities related to the proposed transaction with Bendon. We engaged consultants to advise on the structure and fairness of the transaction, resulting in an increase in consulting fee expense. In addition, we engaged a consultant in investor and media relations to assist in public and investor relations activities in respect of the proposed Merger. In addition, the pending transaction has also resulted in an increase in professional fees as a result of corporate activities related to the proposed Merger.

Consulting fee expenses increased as a result of two other factors as well. We transitioned some management roles into a consulting relationship, contributing to a further decrease in salaries and wages expenses and an increase in consulting fees. In addition, there was a recovery of stock option compensation charges in the comparative period for stock options issued to non-employees, as a result of the application of the re-measurement principal for non-employee stock option awards.

Professional fees also increased in the nine-month period ended October 31, 2017, as a result increased legal fees due to activities related to the transaction with Bendon as described above.

Other income and expenses

We incurred interest expenses for the nine-month period ended October 31, 2017 of \$44,541 as compared to \$56,200 in the nine-month period ended October 31, 2016. Interest expenses are incurred in connection with the factoring of accounts receivable.

Financing and accretion charges were \$266 for the nine-month period ended October 31, 2017 compared to \$16,196 for the period ended October 31, 2016. Financing and accretion charges have decreased as a result of the repayment of all non-operating liabilities.

Net loss and comprehensive loss

Our net loss for the nine months ended October 31, 2017 was \$(5,716,874), or \$(0.57) per share, as compared to a net loss of \$(8,204,475), or \$(1.35) per share for the nine-months ended October 31, 2016. The decrease in net loss in the current period is primarily due to the increase in net sales and decrease in general and administrative expenses, as more fully described above.

The decrease in net loss per share is also due to the increased number of shares outstanding compared to the comparative period, as a result of shares of common stock sold and issued in connection with the at-the-market offering (“ATM”).

LIQUIDITY AND FINANCIAL CONDITION

Liquidity

Our cash requirements have been principally to fund working capital needs, the development of new product lines and the procurement of inventory to support our growth.

As of October 31, 2017, the Company had cash totaling \$2,170,665 and working capital of \$3,861,459. The Company believes it has cash resources to fund its operations through the fourth quarter of fiscal 2018.

The Company expects to incur significant further losses in the development of its business, which casts substantial doubt about the Company’s ability to continue as a going concern. To remain a going concern, the Company will be required to obtain the necessary financing to pursue its plan of operation.

Management intends to continue to raise funds from equity and debt financings to fund our operations and objectives. However, we cannot be certain that financing will be available on acceptable terms or available at all. To the extent that we raise additional funds by issuing debt or equity securities or through bank financing, our existing stockholders may experience significant dilution. In addition, the terms of the Merger Agreement with Bendon may restrict us from pursuing any of these alternatives without first obtaining consents, which we may not be able to obtain on acceptable terms, or at all. If we are unable to raise funds when required or on acceptable terms, we may have to significantly scale back, or discontinue, our operations.

<i>Working Capital (Consolidated)</i>	October 31, 2017	
	(unaudited)	January 31, 2017
Current Assets	\$ 4,798,351	\$ 3,604,548
Current Liabilities	\$ 936,892	\$ 2,327,872
Working Capital	\$ 3,861,459	\$ 1,276,676

The increase in working capital during the period is primarily attributable to net proceeds of \$5.3 million received in connection with the ATM offering agreement.

Cash Flows

	Nine months ended October 31,	
	2017	2016
Cash flows used in Operating Activities	\$ (3,459,806)	\$ (4,116,570)
Cash flows used in Investing Activities	-	(7,779)
Cash flows provided by (used in) Financing Activities	4,751,457	(612,280)
Net change in cash during period	\$ 1,291,651	\$ (4,736,629)

Operating Activities

Cash flows used in our operating activities was \$3,459,806 for the nine months ended October 31, 2017, compared to \$4,116,570 for the comparative period in 2016. The cash used in operations during the period was largely the result of a net loss for the period, offset by non-cash charges of \$2,376,824 related to share based compensation charges.

Investing Activities

Cash flows used in our investing activities was \$nil for the nine months ended October 31, 2017, compared to \$7,779 for the comparative period in 2016. The cash used in investing during the comparative period was for the acquisition of intangible assets.

Financing Activities

Proceeds from financing activities during the nine months ended October 31, 2017 included net proceeds of \$5,307,233 received in connection with the issuance of shares in connection with the ATM. This was partially offset by repayment of \$302,776 under a factoring arrangement and \$253,000 in short term loans.

Cash used in financing activities during the nine months ended October 31, 2016 was \$612,280, which included \$600,000 for the repayment of convertible promissory notes, proceeds from convertible notes of \$112,000 and \$124,280 in net repayments under factoring arrangements.

Commitments and capital expenditures

We do not anticipate that we will expend any significant amount on capital expenditures like equipment over the next twelve months or enter into any other material commitments.

Disclosure of Outstanding Share Data

As of December 14, 2017, there were 10,342,191 shares of our common stock issued and outstanding. In addition, at December 14, 2017, the total dilutive securities outstanding, including options and warrants was 4,684,701.

Critical Accounting Policies

Our interim condensed consolidated financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles used in the United States ("GAAP"). Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our financial statements is critical to an understanding of our financial statements.

There have been no significant changes in the critical accounting policies and estimates described in our Annual Report on Form 10-K for the year ended January 31, 2017 as filed with the SEC on April 26, 2017.

New Accounting Pronouncements

For a description of new applicable accounting pronouncements, see Note 3, *Basis of Presentation*, of the Notes to the Interim Condensed Consolidated Financial Statements of this Form 10-Q.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are not required to provide the information under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of October 31, 2017, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control

There were no other changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are not presently a party to any material litigation, nor to the knowledge of management is any litigation threatened against us that may materially affect us.

Item 1A. Risk Factors.

In addition to the information set forth in this Form 10-Q, you should also carefully review and consider the risk factors contained in our other reports and periodic filings with the SEC, including without limitation the risk factors contained under the caption “Item 1A—Risk Factors” in our Annual Report on Form 10-K for the year ended January 31, 2017 and under the caption “Item 1A—Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended April 30, 2017, that could materially and adversely affect our business, financial condition, and results of operations. The risk factors discussed in that Form 10-K and Form 10-Q do not identify all risks that we face because our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Except as provided below, there have been no material changes in the significant factors that may affect our business and operations as described in “Item 1A—Risk Factors” of the Annual Report on 10-K for the year ended January 31, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None

Item 6. Exhibits.

The documents listed in the Exhibit Index of this Form 10-Q are incorporated by reference or are filed with this Form 10-Q, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 14, 2017

NAKED BRAND GROUP INC.

By: /s/Kai-Hsiang Ling
Kai-Hsiang Lin, Vice President of Finance
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
<u>2.1</u>	<u>Amendment No. 1 to Agreement and Plan of Reorganization, dated July 26, 2017 (incorporated by reference to Exhibit 2.1 to our current report on Form 8-K, as filed with the SEC on July 27, 2017).</u>
<u>4.1</u>	<u>Form of 10% Promissory Note (incorporated by reference to Exhibit 4.2 to our current report on Form 8-K, as filed with the SEC on November 9, 2016).</u>
<u>10.1</u>	<u>Agreement and Plan of Reorganization dated May 25, 2017 (incorporated by reference to Exhibit 2.1 to our current report on Form 8-K, as filed with the SEC on May 25, 2017).</u>
<u>31.1*</u>	<u>Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>31.2*</u>	<u>Certification of Principal Financial and Accounting Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.1**</u>	<u>Certification of Principal Executive Officer and Principal Financial and Accounting Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
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

* Filed herewith.

** Furnished herewith.

Rule 13a-14(a)/15d-14(a) Certification

I, Carole Hochman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended October 31, 2017 of Naked Brand Group Inc. (the “registrant”);

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 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 registrant as of, and for, the periods presented in this report;

4. The registrant’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 15-d-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 our supervision, to ensure that material information relating to the registrant, 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 registrant’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 registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the Audit Committee of the registrant’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 registrant’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 registrant’s internal control over financial reporting

Date: December 14, 2017

/s/Carole Hochman

Carole Hochman, Chief Executive Officer
(Principal Executive Officer)

Rule 13a-14(a)/15d-14(a) Certification

I, Kai-Hsiang Lin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended October 31, 2017 of Naked Brand Group Inc. (the “registrant”);

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 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 registrant as of, and for, the periods presented in this report;

4. The registrant’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 15-d-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 our supervision, to ensure that material information relating to the registrant, 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 registrant’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 registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the Audit Committee of the registrant’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 registrant’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 registrant’s internal control over financial reporting.

Date: December 14, 2017

/s/Kai-Hsiang Ling

Kai-Hsiang Lin, Vice President of Finance
(Principal Financial Officer and Principal Accounting Officer)

Section 1350 Certification

In connection with the Quarterly Report on Form 10-Q of Naked Brand Group Inc., (the “Company”) for the quarterly period ended October 31, 2017 as filed with the U.S. Securities and Exchange Commission (the “Report”), I, Carole Hochman, Chief Executive Officer of the Company, and I, Kai-Hsiang Lin, Vice President of Finance of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

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 result of operations of the Company.

Date: December 14, 2017

/s/Carole Hochman
Carole Hochman, Chief Executive Officer
(Principal Executive Officer)

Date: December 14, 2017

/s/Kai-Hsiang Ling
Kai-Hsiang Lin, Vice President of Finance
(Principal Financial Officer and Principal Accounting Officer)

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.
