BANJO & MATILDA
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Banjo & Matilda updates Shareholders on Exciting New Path

LOS ANGELES, CA March 10, 2017. **Banjo & Matilda, Inc.** (OTC: BANJ) ("Banjo & Matilda" or the "Company"), an e-commerce premium lifestyle brand, best known for its luxury woman's cashmere sold at non-luxury prices, has just released the following update to shareholders:

Dear Shareholders:

I am pleased to update you on the Company's progress and its exciting new path for the future.

After a strategic review of the Company's historical operating performance and the current state of the traditional retail apparel business, the Board and Management decided to pivot its strategy and wind-down the traditional wholesale business in favor of a more efficient, high-margin, direct-to-consumer e-commerce business model.

In line with other vertical digital brands, we believe this transformation will propel the Company to become significantly more profitable and valuable in the future.

The Company has completed the wind-down of its traditional wholesale business, and is now executing its high value digital direct-to-consumer business plan. The new model has already proven to be significantly more profitable and should create tremendous value for shareholders in the future.

Digital Vertical vs Traditional

Digital vertical brands (DVB) are broadly considered to be the most valuable and promising segment of the lifestyle apparel market. (1)

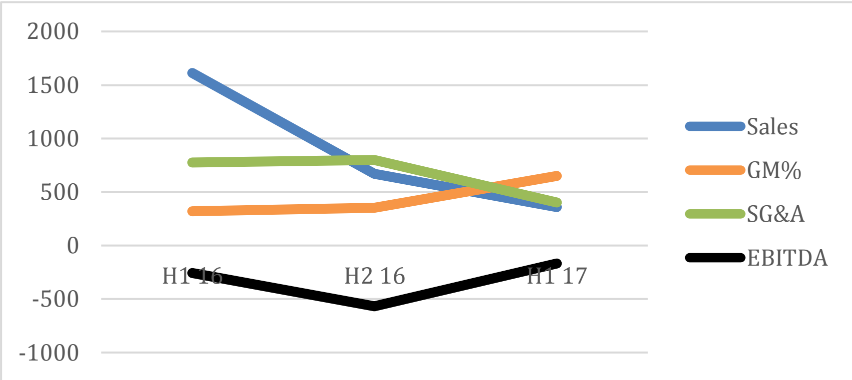
DVBs bypass traditional retailers and instead sell directly to consumers online, at much higher margins. (2) The additional gross margin allows the Company to improve its overall operating metrics and have greater flexibility and control over the retail pricing for its products. This translates into a significant improvement in the customer value proposition and subsequently, brand adoption. This strategy also enables the Company to own and control the valuable direct relationship with end customers. Owning the direct relationship with the customer allows the Company to build a more loyal customer base, which ultimately drives repeat purchasing, a sustainable high-growth revenue stream and long-term brand value.

DVBs are generally considered superior in value to traditional retail apparel brands. Typical recent private investment valuations of DVB's have been transacted at valuations of 3-4 x annual sales versus less than 1 x annual sales for traditional brands (3). In pursuit of transforming the company into a DVB model, the Company's sales declined during the remainder of 2016 and the start of 2017 due to the elimination of our low-margin wholesale category.

While there has been a short-term reduction in gross sales, the Company believes the superior DVB business model will generate and sustain greater value for shareholders moving forward. This belief has already been confirmed by the notable improvement in gross margins and operating profitability since this strategic shift occurred.

The Company has a sustainable competitive advantage; it provides a comparable product to traditional luxury brands at less than half the price. Traditional brands, which operate with legacy wholesale business models, cannot achieve comparable and competitive price points due to restrictions caused by the mark-up required by retailers who sell their products. Banjo & Matilda also has a unique and authentic brand proposition being founded in Australia, and we believe the brand will be a strong and highly differentiated competitor in a large and rapidly growing market.

Transformation impact to date



As can be seen from this chart, while overall sales have decreased, gross margins have already more than doubled. Operating overhead has halved, and profitability has improved by 34%.

In addition to general financial improvements of higher gross margins and lower costs, important key unit economics have improved and are considered in the top 5% of DVB's (4):

- $678 Customer lifetime value (CLV)
- $321Average order value (AOV)
- 48%Repeat purchase rate
- $43Customer acquisition cost (CAC)
- 75% Customer satisfaction Net Promoter Score (NPS)

The Company has been cash constrained over the past twelve months, and this has meant that, on average, 72% of core products have been out of stock. Management estimates with normal inventory levels through the period, sales would have been 2.2 x higher and the Company would have achieved profitability over the past six months (5).

Immediate strategy

The Company has been focused on completing the transformation to a digitally centric vertical brand. Now this has occurred, the focus is to inject capital into:

- Core best-selling inventory levels,
- Digital marketing acquisition of new customers to grow its customer base and general brand marketing; and,
- Expansion of new product lines to drive additional repeat purchasing from existing customers, and increased order values.

As experienced by other digital vertical brands including Bonobos, Everlane, DSTLD, AllBirds and many others, once capital is injected, these brands have seen rapid growth in both sales and profitability.

We would like to take this opportunity to thank you for your ongoing support. The Management and the Board are excited about this next phase of the Company and look forward to keeping shareholders updated with our progress.

Additional information about Banjo & Matilda, Inc. can be found at the Company's corporate website: www.banjoandmatildainvestors.com.

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Sincerely,

Ben Macpherson

Chief Executive Officer

END

References:

(1) Based on investment transactions recently completed listed in Pitchbook, news releases and general market commentary such as this recent article from Andy Dunn CEO of Bonobos here.
(2) Based on Pitchbook, general news releases and direct information obtained from other DVB's. Researched and summarized by specialist DVB advisors ComCap LLC.
(3) Traditional retailers require a "mark-up" of 2.2 or more, causing traditional brands who sell via traditional retail stores to either reduce their margins, and or increasing their retail pricing to accommodate these retailers.
(4) Based on management discussions with other DVB's, information from various sources including venture capital and private equity firms. Company KPI data taken from third party systems.
(5) Based on estimates derived from "back in stock" requests from web site visitors, historical sales data, and historical web site conversion data.

Forward looking Statement

Certain matters discussed in this press release are 'forward-looking statements' intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. In particular, the Company's statements regarding trends in the marketplace, growth in the number of stores that will carry its products, increases in its sales and financial results, are examples of forward-looking statements. Forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, economic trends and conditions, trends in the fashion and retail industries, the acceptance of new product designs, inherent discrepancy in actual results from estimates, projections and forecasts made by management and other factors not within the Company's control The factors discussed herein and expressed from time to time in the Company's filings with the Securities and Exchange Commission could cause actual results and developments to be materially different from those expressed in or implied by forward looking statements made by the Company. The forward-looking statements contained herein are made only as of the date of this press release and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

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