



Candie's, Inc. Acquires Luxury Designer Brand Badgley Mischka; Beginning Of New Strategic Direction To Build A Differentiated Portfolio Of Elite Brands

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NEW YORK--(BUSINESS WIRE)--Nov. 1, 2004--Candie's, Inc. (NASDAQ: CAND) (the "Company"), announced today that it has entered into an agreement to acquire the principal assets of B.E.M. Enterprise, Ltd., the holding company for the designer business "Badgley Mischka" from parent company Escada U.S.A. Advising Candie's, Inc. on the acquisition and acting as its merchant banker was UCC Capital Corporation.

The purchased assets will include the Badgley Mischka trademark, the assumption of two existing licenses with Pronovias USA for bridal gowns and BC International for fur coats. Additionally, the Company has acquired the rights to operate the Badgley Mischka retail store located on Rodeo Drive in Beverly Hills, California. The purchase price for the transaction will be paid in shares of the Company's common stock.

Candie's, Inc. has been in the process of transforming from a footwear and jeanswear operating company to a multi-brand licensing business. The Company licensed its Candie's and Bongo footwear operations in May 2004, and effective last August, it licensed Bongo jeanswear, which license will be fully transitioned by January 31, 2005. The acquisition of the luxury Badgley Mischka label reflects the Company's strategy to own and license a portfolio of differentiated trademarks.

Based in New York City, Badgley Mischka is known for its luxury evening wear sold through the most prestigious retailers in the United States including Bergdorf Goodman, Neiman Marcus, Saks Fifth Avenue and Nordstrom. In addition, Badgley Mischka also exports its products to eleven foreign countries. Founded in 1988 by designers Mark Badgley and James Mischka, Badgley Mischka has been named one of the "Top 10 American Designers" by Vogue Magazine and dresses numerous celebrities including Madonna, Catherine Zeta Jones, Jennifer Lopez, Sarah Jessica Parker and Ashley Judd.

"This acquisition launches the next phase of our strategic plan, to aggregate a diverse portfolio of elite brands and leverage our marketing and licensing expertise to generate lucrative revenue streams without the risk inherent in operating apparel companies," stated Neil Cole, Chairman and CEO of Candie's, Inc. "Badgley Mischka is an illustrious brand with enormous untapped licensing potential and Mark and James are two of the most talented designers in America. We look forward to announcing a strategic alliance for the couture collection and the rollout of the licensing program in the very near future."

According to James Mischka, "It is very exciting to see their passion and detailed plan for building Badgley Mischka into a luxury lifestyle brand. We eagerly look forward to this next phase of growth as a renaissance for Badgley Mischka where we will design and create with unprecedented passion and scale."

According to Mark Badgley, "Candie's is an extremely attractive partner for us because we believe their new business model is perfectly aligned with the goals of our business moving forward. It will enable us to continue our couture collections yet also leverage Candie's core competency of licensing and marketing to take our business to a whole new level."

About Candie's, Inc.

Candie's, Inc. is in the business of licensing the CANDIE'S and BONGO trademarks on a variety of young women's footwear, apparel and fashion products. Through its wholly owned subsidiary Brightstar Footwear, Inc., the Company also arranges for the manufacture of footwear products for mass market and discount retailers under the private label brand of the retailer. For investor information please visit the corporate web site at <http://www.candiesinc.com>.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995. The statements that are not historical facts contained in this press release are forward looking statements that involve a number of known and unknown risks, uncertainties and other factors, all of which are difficult or impossible to predict and many of which are beyond the control of the Company, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such factors include, but are not limited to, uncertainty regarding the results of the Company's decision to license its footwear business, continued market acceptance of current products and the ability to successfully develop and market new products particularly in light of rapidly changing fashion trends, the impact of supply and manufacturing constraints or difficulties relating to the Company's dependence on foreign manufacturers and suppliers, uncertainties relating to customer plans and commitments, the ability of licensees to successfully market and sell branded products, competition, uncertainties relating to economic conditions in the markets in which the Company operates, the ability to hire and retain key personnel, the ability to obtain capital if required, the risks of litigation and regulatory proceedings, the risks of uncertainty of trademark protection, the uncertainty of marketing and licensing acquired trademarks and other risks detailed in the Company's SEC filings. The words "believe", "anticipate," "expect", "confident", and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statement was made.

Contacts

Candie's, Inc.

Maria Dolgetta, 212-819-2084

mdolgetta@candiesinc.com