

To the creditors of
Departments & Stores Europe AB, 556541-8778
Box 16142
103 23 Stockholm



REORGANISER'S REPORT AND COMPOSITION PROPOSAL

By decision of the Stockholm District Court on March 23, 2020, Departments & Stores Europe AB (*the Company*) has initiated corporate reorganisation. As reorganisers appointed by the district court, we hereby submit a reorganiser's report and convey the following composition proposal.

1 BACKGROUND

- 1.1 The Company has on March 23, 2020 submitted an application for reorganisation in accordance with the Company Reorganisation Act (Swedish: lagen om företagsrekonstruktion). The Stockholm District Court granted the application the same day and consequently the Company entered company reorganisation. The lawyers Ola Sellert and Mats Emthén have been appointed as reorganisers. The court's case number is Å 4433-20.
- 1.2 A circular letter in accordance to Chapter 2, Section 13 of the Company Reorganisation Act with information concerning the reorganisation has been sent to all known creditors. A preliminary reorganisation plan has been submitted and presented at a creditor's meeting before the district court on April 29, 2020. The Company has on June 22, 2020 requested that the district court extends the reorganisation by a further three months. The district court has not yet decided on the extension, since the request is to be supplemented by this reorganisation report and

composition proposal. However, there is no reason to believe that the Company would not be granted the requested extension.

- 1.3 The preliminary reorganisation plan describes how the Company conducts its operations during the reorganisation, regarding, among other things the prohibition on paying debts that arose before the reorganisation and how to handle advance payments to suppliers for continued deliveries. In addition, there is a description of the group that the Company is a part of, the RNB Group (*the Group*), with general information about the Company's, Brothers AB's and Polarn O. Pyret AB's operations, stores, employees, etc. These sections have continued validity, but are left out here for presentational reasons, and the reorganisers may therefore in these sections refer to the preliminary reorganisation plan.

2 COMPOSITION PROPOSAL

- 2.1 **Under the conditions set out below, the Company is offering its non-priority creditors a composition with the payment of a basic amount of SEK 10,000 and 25 percent on any excess claim amount. The composition covers capital sums and interest calculated up until the date of the reorganisation application, March 23, 2020. The composition payment shall be made no later than January 31, 2021, or at a later date when the district court's decision to approve the composition has entered into legal force.**
- 2.2 It can be noted that the creditors in Brothers AB's and Polarn O. Pyret AB's reorganisations are offered a corresponding composition this day.
- 2.3 The composition proposal offers several advantages for the Company's creditors compared to the bankruptcy option. Foremost, the composition is considered to provide better distribution compared to bankruptcy. In addition, due to the size of the business, it will take a long time before a bankruptcy can be finalized, which means that distribution is likely to take at least 2-3 years. The composition also means that the creditors know in advance what distribution they can expect, which is not the case in bankruptcy. In these pandemic times, the forecasts of what a bankruptcy would mean for, among other things, the possibility of liquidating inventory stocks quickly, are highly uncertain. The outcome of a bankruptcy may well be worse than what is presumed in this report. The composition proposal thus implies a certainty that is lacking in bankruptcy.
- 2.4 For a large proportion of creditors, the basic amount of SEK 10,000 means that they will receive significantly more than 25 percent distribution on the claim in the composition. In addition, the composition offer means that creditors get paid much faster than in a bankruptcy.

- 2.5 The composition proposal is considered by the reorganisers as being in the creditors' favour when compared to the estimated outcome in a bankruptcy. The reorganisers therefore support the composition proposal.
- 2.6 The liquidity budgets made by the Company show that the Company will be able to make the composition payment no later than 31 January 2021. The intended composition payment has been scheduled at a time when the Company is expected to be strong in terms of liquidity. Parts of the business may be sold in order to secure the financing of the composition payment and the continued financing.
- 2.7 If it turns out that the Company's business is developing better than the forecasts, which is primarily assumed to be linked to the easing up of the effects of the Corona pandemic, the Company will make the composition payment sooner. The Company's ambition is thus to make the composition payment as soon as possible. This also has the advantage that one can expect that the Company will be able to obtain customary supplier credits to a greater extent at an earlier stage.
- 2.8 Intra-group receivables are covered by, and vote in, the composition, but the Group companies are waiving the composition payment for now in order to strengthen the Company's liquidity. The intra-group (accrued) receivables will thus remain on the Company's balance sheet.
- 2.9 The reasons for why the composition offer is constructed as it is, and the background to the assessments presented above, are shown below.

3 THE FINANCES OF THE COMPANY AND THE REASONS FOR ITS PAYMENT DIFFICULTIES

- 3.1 During the financial year 2018-09-01--2019-08-31, the Company had sales of approximately SEK 943m.
- 3.2 According to the most recently published quarterly report, the Company's turnover during the financial period 190901--200229 amounted to SEK 482m compared with SEK 479m for the corresponding period last year, and the Company reported an operating loss of SEK 1m and an operating profit of SEK 18m during aforementioned periods.
- 3.3 The reasons for the Company's liquidity problems are severalfold. The Company has been going through a challenging period for some time as the Company's largest business location, NK Stockholm, has been undergoing major a refurbishment for several years. The Company is also dependent on international tourism, and the redevelopment has for a long time resulted in lower visitor numbers and turnover from tourists. Today's consumption pattern, where an increasing proportion of purchases are made via e-commerce, has also contributed to a more challenging

situation as NK does not offer an e-commerce platform that can compensate for the loss of customers in the physical stores.

- 3.4 The Company has experienced declining operating profit over the past three years, which is conditional on fewer visitors and customers in the Company's department stores, which has resulted in lower sales. At the same time, local rents and staff costs have increased, which could not be offset by increased sales prices or volume increases. However, the Company has had a clear plan for dealing with the situation and with confidence looked forward to the completion of the refurbishment of the Stockholm department store.
- 3.5 However, the situation for the Company has drastically deteriorated as a direct and inevitable consequence of the global pandemic COVID-19, which has led to fewer visitors and a drastically lower activity in the retail trade. The international tourists, which are so important to the Company's operations, have almost been completely gone for several months. For domestic customers and visits, the decline is still very significant. The effects of the pandemic on visits and sales have not been foreseeable, and the effects cannot be sufficiently emphasized as a cause of the Company's acute problems.
- 3.6 During the quarter of March-May 2020, the Company's sales in the NK-department stores amounted to approximately 46 percent in relation to the same month last year (ie a 54 percent decline in sales).
- 3.7 The declining turnover has not been fully compensated for by lower costs given the drastically changed situation, but the Company believes it has a good position to return to after the situation has normalised, both with regard to renovation and especially COVID19.
- 3.8 A preliminary balance report as of 2020-05-31 is attached, see Appendix 1 (in Swedish).

4 ESTATE INVENTORY FOR THE COMPOSITION

General

- 4.1 An estate inventory for the composition as of 2020-05-31, including a balance sheet with assets and liabilities arranged by order of priority, is appended, see Appendix 2 (in Swedish).
- 4.2 This estate inventory also provides a forecast for how the outcome of a bankruptcy could impact the Company's unsecured creditors. The bankruptcy outcome is highly dependent on the assumptions made regarding the valuation of assets and liabilities in a bankruptcy scenario. It goes without saying that this is not an easy task, but the reorganisers' considerations in this regard are presented below.

Assets

- 4.3 The Company's fixed assets have a book value of approximately SEK 40m, primarily consisting of equipment, shop fittings and investments in leased premises. It can be assumed that such assets have virtually no value in a bankruptcy situation and the assets have therefore been valued at a standard rate of 10 per cent of book value.
- 4.4 The Company's current assets mainly consist of stock, mainly clothing, but also jewellery, watches, cosmetics, etc., with a book value of approximately SEK 137m. Stocks are always difficult to value in bankruptcy scenarios, especially given the prevailing circumstances of the COVID-19 pandemic. Nor can it be ruled out that other bankruptcies in the retail trade or governmental orders could affect the possibility of selling out the Company's stock in a bankruptcy. In a projected bankruptcy scenario, the Company's stock has been assigned a value corresponding to half of the book value. It should be noted that there are at present major problems associated with selling out a very large stock quickly. It is likely that a bankruptcy trustee must liquidate the stock for a significantly longer period of time than is normally the case, and at high costs since staff must be hired, rent paid etc. Stock valuation is also in line with similar reorganisation and bankruptcy cases (see, among others, MQ and Intersport).
- 4.5 The Company's current assets also include prepaid costs. Such items lack value in a bankruptcy.
- 4.6 There are also accounts receivable from external parties amounting to approximately SEK 14m in book value. The value of these receivables has been standardized in a bankruptcy scenario at approximately SEK 10m, corresponding to 70 percent of the nominal value. Credit card receivables and receivables from Klarna, Paypal and others, with a total value of approximately SEK 9m, are in principle expected to unimpededly accrue to the Company in the event of bankruptcy.
- 4.7 The Company also has a not insignificant cash balance which, at the balance sheet date, amounted to approximately SEK 56m (however, the cash balance fluctuates daily, as does the stock balance, since the operations are ongoing). This is largely due to the fact that the reorganisation was initiated just before salaries were paid out in March, such that these salaries, instead of being paid by the Company, were covered by the state wage guarantee. However, it can be noted that salary guarantees for the period after reorganisation must now be re-paid in full, and not, as was previously the case, be subject to a composition settlement with creditors (consequently this period's salary guarantee is under priority, and not under non-priority, liabilities). Thus, the wage guarantee to some extent only provides a liquidity relief. It should also be noted that under current circumstances, a liquidity reserve is needed, partly because it cannot be ruled out that a second wave of the Corona pandemic could occur in the fall and winter.

Liabilities

- 4.8 An estimated bankruptcy trustee fee of approximately SEK 9m has been included as a priority debt (however, it is actually a bankruptcy expense, which has been included as a debt here to illustrate the effect of a bankruptcy).
- 4.9 The reorganisers have so far granted super-privileged rights only to the suppliers who have had partner agreements with the Company which meant that stockholding and sales was done on commission or consignment basis. Prior to the reorganisation, the Company accounted for sales and paid for deliveries under the relevant contracts on a monthly basis. Now during the reorganisation, it has not been practically possible to handle the sales and the debt thus incurred to the suppliers with advances. However, the accounting periods have been reduced such that reporting and payment by the Company is carried out twice a month. For the debt that is still accumulated during the accounting period, the reorganisers have granted super-preference rights. Outstanding liabilities associated with super-preferential rights vary over time depending on sales but have been estimated to amount to approximately SEK 5m based on estimated sales under current agreements. This amount has therefore been included among priority debts in the estate inventory.
- 4.10 Vacation debt owed to employees has also been included as a "priority" in the reorganisation scenario, since the Company, in order to retain and motivate staff, does not intend to make any composition on owed vacation time that is not covered by the salary guarantee. However, this vacation time debt is not prioritised in the event of bankruptcy.
- 4.11 Among the non-priority liabilities are, among other things, the Company's accounts payable, which at the date of the reorganisation amounted to approximately SEK 95m, distributed among approximately 620 creditors. The Swedish state has through the Swedish Tax Agency approximately SEK 78m in claims for wage guarantees as well as taxes and fees.
- 4.12 The largest creditor in the reorganisation is the Group. Together with the other Group companies, the Parent Company accounts for a total of approximately SEK 92m in receivables.
- 4.13 In the event of bankruptcy, the Company will be notified of significant additional liabilities that are not included on the balance sheet, in part because leases will be cancelled prematurely and claims will be brought against the Company as a result. In addition to the landlord at the NK department stores, AB Nordiska Kompaniet through its owner Hufvudstaden, the landlord who is responsible for the Company's warehouse is also affected. In order to make the bankruptcy scenario feasible, a debt to the landlords of SEK 133m has been included in the estate inventory, corresponding to a period of 12 months' rent, which must be considered reasonable under the prevailing market conditions. It may not be likely that the premises need

to be left empty for that long, but on the other hand there is a clear risk that the level of rent after a bankruptcy will be substantially lower with consequent significant claims for damages.

- 4.14 In the event of bankruptcy, a new salary guarantee will also be granted to the employees. This will burden the Company by approximately SEK 33m.
- 4.15 The Company has outstanding balances with customers of approximately SEK 1.6m, which the Company continues to redeem during the reorganisation. However, these debts are non-priority in a bankruptcy.

Guarantee commitment to Danske Bank and bondholders

- 4.16 The Group is mainly financed by Danske Bank and by a corporate bond listed on Nasdaq OMX (ISIN: SE0010625830) for a total of approximately SEK 490m, of which the bank accounts for approximately SEK 90m (current debt, the credit limit is, however, slightly higher) and the corporate bond SEK 400m. The bond is owned in more than half by Konsumentföreningen Stockholm and Spiltan Fonder. The credits are entered in the Parent Company. According to an exceedingly comprehensive financing agreement, which is not easily accessible to an outsider, the Parent Company has pledged the shares in its subsidiaries, including the shares in the Company, as collateral for current loans. The operating subsidiaries of the Group, including the Company, have in addition guaranteed the Parent Company's debts. According to the financing agreement, Danske Bank and the bondholders can therefore make direct claims against the Company and other subsidiaries under the guarantee commitment.
- 4.17 As far as could be deduced, the relevant credits in the Parent Company are older and have originally been raised to finance the acquisition of the JC Group about 15 years ago. When parts of the JC Group subsequently were sold by the Parent Company, the acquisition credit was not resolved, but prolonged in the Parent Company. The credits can thus not be derived directly from the financing of the Company's, or other subsidiary's, operations (although the Parent Company is a major creditor in the subsidiary's reorganisations). Therefore, the reorganisers have continued on the assumption that the guarantee undertaking did not have a purely commercial character for the Company, and that the undertaking is thus covered by the Companies Act's (Swedish: aktiebolagslagen) rules on transfer of value in Chapter 17 of the Companies Act.
- 4.18 The undertaking would thus, as a result of these rules, be valid only within the framework of non-restricted equity at the time when the Parent Company's credit was last rescheduled and the guarantee commitment was made on 30 January 2018 (see the Swedish Supreme Court's decision NJA 1995 s. 418). In so far as can be deduced, the Company's equity amounted to approximately SEK 92m at this time. However, it should be emphasised that the aforementioned is an estimate

that does not lack elements of uncertainty; thus, it cannot be ruled out that the guarantee commitment has been purely commercial in nature for the Company, and thus that the entire guarantee commitment of approximately SEK 490m would be valid.

- 4.19 It should also be noted that the assessment is also based on the fact that the credits were refinanced as of 30 January 2018 with brand new creditors and terms. This would thus be a *new* guarantee, which may be regarded as being entered as of the aforementioned date. However, the guarantee commitments from the Company and Brothers AB (but not Polarn O. Pyret AB) have been included in previous credit packages, and it can therefore not be ruled out that the guarantee commitments, as far as these companies are concerned, may be considered entered into at an earlier date and only *confirmed* in the new financing package in January 2018. It can thus be an earlier date, when equity is likely to have been larger, that is relevant to determine the size of a guarantee commitment that had cover in equity. What the relevant time is can also have a bearing on the question of whether the guarantee commitment was entered out of a commercial nature or not.
- 4.20 It should also be noted that the Parent Company entered into a so-called "standstill agreement" with Danske Bank concerning the bank's credits, which in any case is valid until September 30, 2020. The principal owners of the bond, Konsumentföreningen Stockholm and Spiltan, who represent a majority of the bond, have not announced that they require any active measures to be taken under the financing agreement with the Parent Company or the reorganisation companies under the aforementioned guarantee commitments. The reorganisers perceive that Konsumentföreningen Stockholm and Spiltan contribute to a constructive dialogue concerning the reorganisations in the Group.
- 4.21 However, these positions and perceptions that suggest that one, for the time being, does best by "not rocking the boat" will reasonably be altered in the event of bankruptcy in the Company or in other companies in the Group - since such an event would have a significant effect on the creditor's security pool and position. For the sake of prudence, therefore, the requirement of SEK 92m, as per the assessment above, which can be raised against the Company under the financing agreement's guarantee commitment, has been included in the estate inventory's bankruptcy scenario. It is possible that the effect of the claim can be mitigated to some extent by the fact that any distribution in the Company's bankruptcy could be reclaimed as a right of recourse by the other guarantors in the Group. However, the effects in this regard are highly uncertain and could not be accounted for in the framework of the estate inventory, especially as a bankruptcy scenario could also include other guarantors.
- 4.22 Based on the estate inventory for the composition, the reorganisers estimate that in the event of bankruptcy, the distribution to unsecured creditors would be lower,

especially taking into account the uncertain financial situation. Thus, the composition proposal described above will mean better distribution than the projected outcome in a bankruptcy. As previously mentioned, it cannot be ruled out that the entire guarantee commitment of approximately SEK 490m (SEK 510m if the credit limit is fully utilized) against Danske Bank and the bond could be valid - which could have very a significant impact on the outcome of a bankruptcy.

5 PURPOSE OF REORGANISATION AND OPERATIONAL MEASURES

Purpose of reorganisation

- 5.1 The purpose of the company reorganisation is to carry out a financial and operational reorganisation of the Company's (and the Group's) financial position and operations.
- 5.2 Through the financial and operational measures that the Company intends to implement during the reorganisation, the Company expects to be able to overcome the liquidity crisis that the Company is currently experiencing, and to achieve long-term profitability and stability.

Operational measures

- 5.3 The Company has called for negotiations with AB Nordiska Kompaniet, which is owned by Hufvudstaden, to renegotiate the rents on the contracts in the NK department stores and also with the landlord for the Company's external warehouses. Significant concessions are required by the landlords in order for the Company to cope with the reorgansation in the short term and to achieve sustainable profitability in the longer term.
- 5.4 The Company has reached an agreement with AB Nordiska Kompaniet on the rents for the second quarter, which resulted in a substantial reduction in rent. However, the effects of the Corona pandemic are still highly noticeable and the number of visitors to the department stores, and thus the Company's sales, is considerably lower than normal. Therefore, the Company needs continued rent reductions to manage its operations. Negotiations are ongoing with AB Nordiska Kompaniet on the necessary rent reductions for the third quarter, but no agreement has yet been reached.
- 5.5 As long Corona-effects do not subside, and customer traffic in the stores do not return to normal, prolonged rental reductions are required.
- 5.6 In the event that the rental negotiations do not yield results, bankruptcy cannot be ruled out. The situation is that serious.

- 5.7 One thing that has complicated the negotiations is the fact that significant uncertainty has surrounded the support packages announced by the Swedish government. This has made the negotiations considerably more difficult. The rent negotiations are also complicated by the fact that the government does not seem to intend to introduce any state support for landlords who grant rent rebates for the third quarter.
- 5.8 As part of the rental negotiations with AB Nordiska Kompaniet, the parties are also discussing how the Company's operations and how the operations in the department stores should be organised in the future. As mentioned above, parts of the Company's operations may be sold. Dialogue on this is ongoing in consultation with the landlord.
- 5.9 The Company has terminated all store employees and re-hired the majority at lower employment rates (some at 100 percent however) and has also regulated the staffing requirement by not taking in hourly-paid workers. With these measures, the Company deems the personnel force to have been adequately adapted to the prevailing circumstances. The workforce has also been reduced at the headquarter.
- 5.10 This has meant that the number of employees has decreased by approximately 81 as converted to full-time employments, of which approximately 63 are store employees, 11 are warehouse employees and 7 are white collar employees. A salary cost reduction of about 20 percent is estimated as a result of the cuts.
- 5.11 The purchasing budget has been revised and adjusted to the current sales situation and assumptions of reduced sales for the future. Even before the reorganisation began, the Company chose to cancel certain orders that had been placed with suppliers. Relative to what was previously planned, the purchasing need is estimated to have decreased by about 10-15 percent in the current spring / summer season. With regard to the next autumn / winter season, purchasing needs are estimated to have decreased by approximately 20 percent.
- 5.12 Stockholding has been streamlined by, inter alia better purchasing routines and increased use of "outlets". The Company has sharpened its marketing efforts. Focus is on digital channels and to sell via the e-commerce site "Man of a Kind". Other costs, such as cleaning, IT services, etc., have, or will be, reviewed and reduced.
- 5.13 Investments are made in e-commerce, as a result both of changed retail patterns of consumers and the ongoing pandemic. Free shipping and free returns are offered on the e-commerce platform. Sales-driven services on the e-commerce platform will be developed, subscription services and personal measurements for example.
- 5.14 The Company has paused all investments in department store premises that are not considered to be absolutely necessary. However, the Company looks forward with confidence to the fact that the extensive general renovation (undertaken by

the landlord) at NK have been completed. This should in the long term lay the basis for an increased number of visitors and a shift in NK's brand towards premium and luxury, which may benefit the Company in the long term.

Assumptions about the future and forecasts

- 5.15 The adverse effects of the COVID-19 pandemic are expected to gradually diminish after an initial acute phase. However, it should be emphasised that the forecast, in the same way that applies to business in general, is uncertain. Based on the assessments that the Company has obtained from representatives of the industry, the Company expects that the effects will continue to be extremely noticeable compared to normal operations for several months to come.
- 5.16 The Company's forecasts for the current fiscal year 19/20 are therefore based on the assumption of sales remaining at the current levels, which are low in relation to a normal situation. Only during later parts of the autumn will the Company expect to be able to return to a more normal turnover. Part of the sales loss seen in stores has been compensated by increased sales in e-commerce. In today's extreme situation in the wake of the pandemic, the Company's e-commerce accounts for approximately 15 percent (accounting for April accumulated) of the Company's total sales.
- 5.17 The Company expects to reach sales of approximately SEK 760m for the current financial year. Gross margins are expected to deteriorate, because in order to drive sales in the prevailing market climate, campaigns and offers, which entail lower prices to customers, must be deployed.
- 5.18 The Company expects the aforementioned operational reorganisation measures for the period April - August 2020 to result in a cost reduction of approximately 35-40 percent. However, this is not enough to fully compensate for a sharp decrease in sales and a decrease in the gross profit margin. Operating profit (i.e. profit before extraordinary items) is forecasted to amount to a loss of approximately SEK 41m. However, a future composition settlement with creditors, and the gains that result from that composition, are deemed to be able to compensate for this operating loss in terms of profit.
- 5.19 The forecast for the coming fiscal year 20/21 looks much better. However, the forecasts are based on an assumption of a gradual return to more normal sales conditions in the department stores. Only after year-end 20/21 are sales expected to return to a normal situation, but the Company expects a more long-term sales reduction of about 15 percent thereafter as well. E-commerce is estimated to grow by about 100 percent compared to the previous years, but still cannot fully compensate for the reduced sales at department stores. Sales for the financial year are estimated to amount to approximately SEK 850m. The savings and profitability improvements that the operational reorganisation measures entail should mean that

the Company is able to show a profit for the financial year of approximately SEK 9m.

Financial measures

- 5.20 Based on what is said above, it is considered necessary that the Company enters into a composition settlement with the creditors regarding a write-down of the Company's liabilities through the composition which is being offered. Without a write-down of old liabilities and a corresponding improvement in the balance sheet, the Company will not have long-term ability to manage the business.

6 AUDIT REVIEW, RECOVERABLE TRANSACTIONS, ETC.

- 6.1 There have been no reasons for remarks on accounting, financial reporting or internal financial control. As the Parent Company is listed on the stock market, the Company faces a reporting and auditing requirements that far exceeds what is required by law. The accounting risks should thus be low.
- 6.2 The reorganisers have been assisted by the Authorized Public Accountant David Olow at KPMG during the review at hand. Olow has also assisted in the investigation of the guarantee commitments entered into by the Company, and other operating companies, as part of the financing package with Danske Bank, and the bondholders, of approximately SEK 490m (and which are reported above).
- 6.3 No recoverable transactions have been found. There is also no reason to believe that crimes under Chapter 11 of the Penal Code (Swedish: brottsbalken) has been committed.

7 FINAL COMMENTS FROM THE REORGANISERS

- 7.1 According to the present liquidity forecasts, the Company is able to finance its operations during the reorganisation. The Company has implemented a large number of operational measures to ensure continued operations, foremost terminating redundant staff and renegotiate the rents. The budgets for the future in the longer term that have been developed show that the Company will be able to continue to operate in the future. The greatest element of uncertainty and future risk concerns the effects of the Corona pandemic on society and the economy.
- 7.2 According to the current liquidity budgets, the Company will also be able to finance the composition payment. The composition payment has been scheduled at a time when the Company should have good liquidity. As far as we can assess, the composition proposal is to the clear advantage of the creditors, especially when the

bankruptcy alternative involves a number of uncertainties about outcome and processing times. We therefore support the composition proposal at hand from the Company.

- 7.3 The reorganisers have updated the timeline for the reorganisation, see Appendix 3. As can be seen from this, the reorganisers intend that composition negotiations can be held in court in mid-October, that a composition enters into legal force three weeks thereafter, and that the composition payment, which follows from the composition proposal, is to be paid as soon as possible but no later than January 31, 2021.

8 QUESTIONS, INFORMATION, ETC.

- 8.1 The reorganisers and the Company will continuously inform about the reorganisations and publish relevant reorganisation documents on the following website:

www.rnb.se/en/Reorganisation/

- 8.2 The website also contains questions and answers on how the reorganisation can affect you as a supplier and creditor, among other things, regarding continued deliveries to the Company during the reorganisation and how invoicing and payment is done. The website also contains contact information for the Company and the reorganisers.

Malmö / Stockholm, July 1, 2020



Ola Sellert



Mats Emthén

The above composition proposal (see paragraph 2.1) is hereby confirmed.

Stockholm, July 1, 2020

DEPARTMENTS & STORES AB

A handwritten signature in blue ink, appearing to read "Kristian Lustin".

Kristian Lustin

A handwritten signature in blue ink, appearing to read "Lars Jungerth".

Lars Jungerth

Bolag: Departments & Stores Europe AB**Belopp: Tkr**

Balansräkning	2020-05-31
Varumärken	106
Inventarier	39 767
Summa anläggningstillgångar	39 873

Färdigvarulager	136 944
Kundfordringar	12 159
Fordringar hos koncernföretag	868
Skattefordran	3 260
Övriga fordringar	2 842
Förutbetalda kostnader och upplupna intäkter	50 621
Kontokortsfordringar	2 005
	0
DB (som tillhör koncernkrediten)	55 782
Övrig kassa & bank (Likvida medel)	547
Summa omsättningstillgångar	265 030
Summa tillgångar	304 903

Aktiekapital	8 100
Överkursfond	0
Fond för utvecklingsutgifter	0
Reservfond	18 500
Balanserat resultat	23 531
Årets resultat	-33 205
Summa eget kapital	16 926

Leverantörsskulder	123 167
Skulder till koncernföretag	94 831
Övriga skulder	54 790
Upplupna kostnader och förutbetalda intäkter	15 189
Summa kortfristiga skulder	287 977
Summa eget kapital och skulder	304 903

Företagsrekonstruktion

Bilaga 2

Ackordsbouppteckning

Departments and Stores AB

Bokförda värden enligt prel balansräkning 2020-05-31 i tkr

Kompletterande aktuella uppgifter har inhämtats från leverantörsreskontra och skattekonto

Tillgångar	Bokfört värde	Konkursvärde	
Anläggningstillgångar			
Varumärke mm	106	11	
Byggnadsinventarier, inventarier, datorer mm	39 767	3 977	
Omsättningstillgångar			
Lager butiker	108 058	54 029	
Lager på extern logistikcentral	29 127	14 564	
Förutbetalda kostnader och upplupna intäkter	50 078	0	
Kundfordringar, externa	14 188	9 932	
Fordran Brothers AB	48	0	
Kontokortsfordringar, Klarna, Pay Pal mm	8 889	8 889	
Kassa, bank, klientmedel mm	56 340	56 340	
Summa tillgångar	306 601	147 740	
Skulder			
Förmånsberättigade skulder			
4 § 3 p FRL, handpanträtt	Äganderättsförbehåll butiksinredning	1 145	1 145
10 § 4 st FRL (superförmånsrätt)	Beräknad upparbetad skuld försäljning åt kommittenter/konsignanter		5 000
	Reservering för konkursförvaltararvode mm.		9 000
12 § FRL, lön etc	Tjänstepensioner: Collectum, FORA	1 294	1 294
	Semesterlöner inkl soc avgifter	1 925	
	Beräknad lönegaranti 1 mån bruttolön samt lönefordringar utöver taket men inom LAS	12 891	1 748
Summa förmånsberättigade skulder	17 255	18 187	
Ej förmånsberättigade skulder			
18 § FRL	Leverantörer (ca 616st)	94 947	94 947
	Skulder anställda lönefordringar utöver lönegaranti		1 259
	Skatteverket inkl lönegaranti	78 377	78 377
	RNB Retail And Brands AB	69 444	69 444
	Portwear AB	22 239	22 239
	Polarn O. Pyret AB	693	693
	Borgensåtagande för RNB Retail and Brands AB avseende SENIOR SECURED FLOATING RATE NOTES (400 Mkr) och SUPER SENIOR OVERDRAFT AND GUARANTEE (120 Mkr). Utnyttjad kredit 490 mkr		92 384
	Beräknat tillkommande skadestånd 1 år samtliga hyreskontrakt i NK-varuhusen samt logistiklager vid konkurs		133 000
	Skuld utestående tillgodokvitto	1 616	1 616

Lönegarantiskuld avseende tid efter beslut vid konkurs		11 143
Semesterlöner etc vid konkurs		1 925
Ny beräknad lönegaranti 3 månader vid konkurs		33 429
Upplupna kostnader mm	11 278	11 278

Inom linjen

Danske Bank

Bankgarantier mot leverantörer om totalt 4 247 tkr

Summa oprioriterade skulder	278 594	551 734
Summa skulder	295 849	569 921
SAMMANFATTNING		
TILLGÅNGAR	306 601	147 740
SKULDER	295 849	
varav förmånsberättigade	17 255	18 187
varav ej förmånsberättigade	278 594	551 734
UNDERSKOTT/ÖVERSKOTT	10 752	-422 181

Steg och tidslinje i företagsrekonstruktionerna i Departments & Stores Europe AB, Brothers AB and Polarn O. Pyret AB

The steps and timeline of the company reorganisation for Departments & Stores Europe AB, Brothers AB and Polarn O. Pyret AB

23 mars/March 23

Ansökan om företagsrekonstruktion gavs in till Stockholms tingsrätt

The application was filed for company reorganisation to the District Court of Stockholm

23 mars/March 23

Tingsrätten beslutade att:

A – bevilja ansökan om företagsrekonstruktion

B – förordna rekonstruktörer (advokaterna Ola Sellert och Mats Emthén)

C – bestämma tid för borgenärssammanträde, den 29 april

the District Court decided to:

A – grant the application for company reorganisation

B – appoint reorganisers (Ola Sellert and Mats Emthén, lawyers)

C – schedule a meeting of the creditors on April the 29th

Legala konsekvenser med anledning av beslutet från tingsrätten:

A – skydd mot exekutiva åtgärder från borgenärer

B – skydd mot att avtal hävs av borgenärer

C – skulder som uppkommit före rekonstruktionen får inte betalas

D – leveranser som görs under rekonstruktionen ska betalas i förskott eller kontant eftersom rekonstruktionsbolaget inte får dra på sig nya skulder

E – skulder som uppkommit efter rekonstruktionen och som har skriftligen godkänts av rekonstruktörerna har i händelse av konkurs s.k. superförmänsrätt.

Legal consequences of the decisions made by the District Court:

A – protection from executive measures made by the creditors

B – protection from terminations of contracts by the creditors

C – debts arisen before the reorganization are not allowed to be paid

D – deliveries made during the reorganisation must be paid in advance or cash as the reorganisation company is not allowed to accrue new debts

E – debts arisen after the reorganisation and approved in writing by the reorganisers have a so called “super priority” in the event of bankruptcy

25 mars/March 25

Alla borgenärer har underrättats med:

A – den senaste balansräkningen

B – anledningen till och syftet med företagsrekonstruktionen

C – tiden för borgenärssammanträdet den 29 april

All creditors are notified with:

A – the latest balance sheet

B – the reason for and purpose of the company reorganisation

C – the scheduled meeting of the creditors on April the 29th

29 april/April 29

En preliminär rekonstruktionsplan, innefattande en preliminär ackordsbouppteckning och en beskrivning av vilka operativa och finansiella åtgärder som ska vidtas, publiceras på hemsidan: www.rnb.se/rekonstruktion.

A preliminary reorganisation plan, including a preliminary composition estate inventory and what operative and financial actions are to be taken, is published on the website: www.rnb.se/reorganisation.

29 april/April 29

Borgenärssammanträdet hålls i tingsrätten. Den preliminära rekonstruktionsplanen presenteras för tingsrätten och närvarande borgenärer.

The creditor's meeting at the District Court is held. The preliminary reorganisation plan is presented to the District Court and the attending creditors. The Court decided that the reorganisation will continue for a first period of 3 months, until June the 23rd.

23 juni/June 23

Ansökan om förlängning av rekonstruktionen med ytterligare tre månader.

Application for extension of the reorganisation period for another three months.

1 juli/July 1

Rekonstruktörsberättelse och ett ackordsförslag riktat till samtliga borgenärer med oprioriterade krav har skickats ut till berörda borgenärer.

A reorganisation report and a composition proposal for all creditors with non-priority claims has been sent to the concerned creditors.

oktober 2020/October 2020

(PROGNOS/ESTIMATED) De oprioriterade borgenärerna kommer att få rösta om ackordsförslaget vid ett borgenärssammanträde i tingsrätten. Givet att ackordet antas och inte överklagas vinner det laga kraft 3 veckor därefter.

Efter att ackordet vunnit laga kraft kommer tingsrätten besluta om att företagsrekonstruktionen ska upphöra. Detta innebär att bolaget kan gå tillbaka till normala betalningsrutiner och åta sig skulder på sedvanligt sätt gentemot leverantörer och andra.

(ESTIMATED) The unprivileged creditors will take a vote on the composition proposal at a meeting of the creditors at the District Court. Given that the composition is accepted and not appealed, the composition enters into legal force after three weeks.

After the composition has entered into legal force, the District Court will decide to end the reorganization. This implies that the company can revert to normal payment routines and also undertake customary debts towards suppliers and others.

31 januari 2021/

January 31, 2021

Ackordslikviden kommer betalas så snart som möjligt efter att ackordet vunnit laga kraft dock senast den 31 januari 2021.

The composition settlement will be paid as soon as possible after the composition has entered into legal force, but no later than January 31, 2021.