

RNB RETAIL AND BRANDS

PRESS RELEASE

July 1, 2020

RNB's subsidiaries submit draft settlement proposals

RNB Retail and Brands AB (publ) subsidiaries Brothers AB, Departments & Stores Europe AB och Polarn O. Pyret AB have today presented to Stockholm's district court the proposals that the companies will submit to the creditors. The settlement proposals mean settlement of SEK 10,000 and 25 per cent on excess amounts for the subsidiaries' non-priority receivables, i.e. write-down of 75 percent.

The companies Brothers AB, Departments & Stores Europe AB and Polarn O. Pyret AB, as well as their restructurers Ola Sellert and Mats Emthén, worked during the restructuring to identify the necessary measures to make the company's operations viable in the long term. Reaching a settlement that involves large write-downs of debts with the creditors is necessary to ensure the survival of the companies.

Altogether, the companies have around 1,300 creditors to whom the companies have accounts payable totaling SEK 553 million. As receivables up to SEK 10,000 are paid in full, more than 40 percent of creditors will be paid in full. Intra-group liabilities will be paid only after the companies' suppliers, landlords and other external creditors have been paid in full.

The settlement proposal has been adjusted according to ongoing as well as expected effects of the COVID-19 pandemic. In addition, the companies have achieved large cost-cutting measures, including staff reductions, reduced purchasing, as well as rent discounts.

"We have come a long way, but we still have a long journey ahead of us. Amongst other things, rents must be adjusted according to the current market situation. When many landlords cannot fulfill their part of the contract, to attract customers into their malls, we think it is most appropriate with some kind of performance-based rent." says Kristian Lustin, CEO of RNB Retail and Brands.

The reorganisations have proceeded according to plan and as previously communicated, the reorganisations are expected to last for another period of 3 months. The Stockholm District Court is expected to make a decision about the settlement proposal in October.

The draft settlement proposal includes the following:

Brothers AB

Among Brothers AB's unsecured debts are noticed, among other things, the company's accounts payable, which at the date of the restructuring, amounted to approximately SEK 37 million. The State, through the Swedish Tax Agency has, for salary guarantee as well as taxes and fees etc. about SEK 39 million to claim.

Brothers AB's sales in stores in Sweden during the quarter of March-May 2020 amounted to approximately 46 per cent in relation to the same quarter last year (i.e. a 54 per cent decrease in sales).

RNB RETAIL AND BRANDS owns, operates and develops fashion wear, ready-to-wear clothing, accessories, jewelry and cosmetics stores and e-commerce that focus on providing excellent service and a world-class shopping experience. Sales are conducted through the concepts Brothers, Departments & Stores, Man of a kind and Polarn O. Pyret. The Group has around 210 stores and e-commerce platforms in 10 countries. RNB RETAIL AND BRANDS is listed on Nasdaq Stockholm (RNB). www.rnb.se

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Brothers AB expects to reach sales of approximately SEK 320 million for the current financial year which expires on August 31. Gross margins are expected to deteriorate in order to drive sales in prevailing market climates, as campaigns and offers must be used that entail lower prices to customers.

Departments & stores Europe AB

Among Departments & Stores Europe AB's unsecured debts are noticed, among other things, the company's accounts payable, which at the date of the restructuring, amounted to approximately SEK 95 million. The State, through the Swedish Tax Agency has, for salary guarantee as well as taxes and fees etc. about SEK 78 million to claim.

Departments & Stores Europe AB's sales in the NK department stores in Sweden during the quarter of March-May 2020 amounted to approximately 46 per cent in relation to the same quarter last year (i.e. a 54 per cent decrease in sales).

Departments & Stores Europe AB expects to reach sales of approximately SEK 760 million for the current financial year, which expires on August 31. Gross margins are expected to deteriorate in order to drive sales in prevailing market climates, campaigns and offers must be used that entail lower prices to customers.

Polarn O. Pyret AB

Among Polarn O. Pyret AB's unsecured debts are noticed, among other things, the company's accounts payable, which at the date of the restructuring, amounted to approximately SEK 18 million. The State, through the Swedish Tax Agency has, for salary guarantee as well as taxes and fees etc. about SEK 50 million to claim.

Polarn O. Pyret AB's sales in stores in Sweden during the quarter of March-May 2020 amounted to approximately 56 per cent in relation to the same quarter last year (i.e. a 44 per cent decrease in sales).

Polarn O. Pyret AB expects to reach sales of approximately SEK 460 million for the current financial year. Gross margins are expected to deteriorate in order to drive sales in prevailing market climates, campaigns and offers must be used that entail lower prices to customers.

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