

RNB RETAIL AND BRANDS

PRESS RELEASE

March 23, 2020

RNB has today applied for Company Reorganisation for the subsidiaries Brothers, Departments & Stores and Polarn O. Pyret

RNB Retail and Brands AB (publ) today announces that the Board of Directors of the Company has applied for company reorganization (Sw. företagsrekonstruktion) for the subsidiaries Departments & Stores Europe AB ("Departments & Stores"), Polarn O. Pyret AB ("Polarn O. Pyret") and Brothers AB ("Brothers") (together "the Companies") at the Stockholm District Court. During the reorganization, the Companies will keep stores and e-commerce open. The decision to apply for reorganization is based on the liquidity crisis that the Companies are experiencing as a direct consequence of the global pandemic COVID-19. The reorganizations are necessary to give the companies short-term ability to get through the extreme COVID-19 situation, and long-term give the Companies the time needed to find a financial solution. The Companies will also implement operational and organizational changes.

Traditional commerce and retail have for a long time been under great pressure from increased competition from e-commerce. Recently, the Companies' liquidity has deteriorated rapidly when the global Corona pandemic (COVID-19) has contributed to reduced tourism and rapidly changing consumer behavior.

Polarn O. Pyret has always been characterized by a strong focus on sustainability, but its competitors have moved their positions forward. At the same time, the exceptionally mild weather of the recent winter season, combined with the recent high focus on fashion in Polarn O. Pyret's collections, has meant that the garments have become outdated in a shorter time than desired. The company's focus will therefore be adjusted to a higher degree of offering timeless fashion with core products of high quality. In order to extend the life of each garment, the company has introduced PO.P Second Hand and PO.P Repairs - clothing repair in a circular system for the reuse of children's clothing. By highlighting the secondary market, a greater focus is placed on the resale value of the products, which in turn increases the consumer's willingness to pay. A greater focus on sustainability will not only include the range, but also the business model. The company's updated direction is headed by a newly appointed CEO and a new CPO. The company has initiated a new purchasing process as well as a new range and price model. The company will also strengthen communication on the sustainability work being carried out.

Brothers has had a clear restructuring plan to renew the company, but the rapidly deteriorating market in the retail sector has meant that there was not enough time for implementation. Brothers has undergone major restructuring work that has included designing an updated customer offering to meet changes in consumer behavior. The positive effects of this begun to show at the beginning of the year and are also visible in the company's improved earnings in Q2 compared to last year.

Departments & Stores runs a fundamentally sound business but has for several years invested in the renovation of the NK department store in Stockholm. This has resulted in fewer visitors and customers in the company's department stores, while local rents and staff costs have increased. The situation is now acute following the global pandemic's impact on domestic demand and completely

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 240 stores and e-commerce platforms in 10 countries. RNB RETAIL AND BRANDS is listed on Nasdaq Stockholm (RNBS). www.rnb.se

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halted international tourism.

Through the measures the Companies intend to implement during the reorganizations, both financially and operationally, the Companies expects to be able to get out of the current situation and achieve long-term profitability and stability. At the same time, the Corona pandemic means that the situation for the entire business community is very uncertain and will be noticeable for several months to come. However, based on assessments made by industry representatives, the Companies believe that effects of the Corona pandemic will gradually decrease.

The reorganization is likely to result in significant concessions by landlords, suppliers and other creditors.

Considering the above circumstances, the RNB Retail and Brands AB (publ) Board of Directors has today decided to apply for a corporate reorganization at Stockholm District Court.

Within the framework of the reorganization, salaries are paid to employees of the Companies and the business continues as usual with open stores and e-commerce. This also means that gift cards will be valid and returns and exchanges will work as usual during the reorganization. During the reorganization period, payment may not be made to suppliers for work or materials for the period up to the filing date for the company reorganization. However, suppliers will be paid for work done during the reorganization period. The Board and management continue to lead the Companies during the reorganization.

In order to solve the Companies' financial problems, the following restructuring measures must be taken mainly within the framework of the corporate restructuring:

- Renegotiation of contracts with landlords.
- Renewal of Polarn O. Pyret's purchasing process and structure in the range. The company's updated direction is governed by a newly appointed CEO and a new purchasing manager.
- Renewal and adaptation of Brother's range to the new market strategy with the deliveries of the spring range 2020.
- Preparing for the completion of the rebuilding of NK Stockholm, where the NK brand is refined and moved even more towards modern luxury and premium feeling.

Given the size of the reorganizations, two people have been requested to lead the reorganization, lawyers Ola Sellert and Mats Emthén. Both have significant experience from Company Reorganizations.

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This information is information that RNB RETAIL AND BRANDS AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:15 CET on March 23, 2020.