

## Press Release

# No investor for the KLiNGEL Group as a whole

28 August 2023 · Pforzheim · Business Area: Restructuring

- Creditors' committee decides to phase out operations
- Mail-order business to continue operating until late January 2024
- Group to sell trademark rights, online shops and all assets to interested investors

Despite considerable efforts, it has not been possible to find an investor for the KLiNGEL Group as a whole. The group will continue operating until late January 2024, after which the multichannel mail-order retail business will have to cease trading. This is the decision that has been taken by the creditors' committee with the approval of the insolvency monitor, acting on the proposal of the debtor-in-possession team. The KLiNGEL Group has been involved in debtor-in-possession insolvency proceedings since May 2023. K - Mail Order GmbH & Co. KG is the group's main company. The activities of SCHNEIDER GmbH & Co. KG are not affected by the winding down of the business.

All customers will be able to continue to place orders and receive their goods over the coming months. The handling of returns and provision of all other services are also assured until spring 2024. All suppliers and service providers will still be paid under the debtor-in-possession proceedings.

### PLUTA press contact

Patrick Sutter  
relatio PR  
+49 89 210 257-22  
presse@pluta.net

### PLUTA expert



#### Marcus Katholing

Diplom-Betriebswirt, Bankkaufmann



#### Stefan Warmuth

Rechtsanwalt, Diplom-Kaufmann,  
Steuerberater

#### About PLUTA

PLUTA helps companies in legally and economically difficult situations. Since the company was founded in 1982, PLUTA has constantly grown. Today PLUTA has a staff of about 500 employees in Germany, Spain and Italy including more than 290 graduates in business economics and business management, attorneys, business lawyers, tax consultants, public auditors, certified accountants, economists, bankers, bookkeepers, engineers and insolvency administration specialists. Many of them own multiple qualifications what ensures practicable and economically sensible solutions. In particular, PLUTA provides support in restructuring companies affected by a crisis or insolvency and in continuing business operations, if necessary by involving restructuring experts in a responsible role. PLUTA is one of the top enterprises specialising in restructuring and turning around companies, as demonstrated by rankings and awards from INDat, JUVE, The Legal 500, Who's Who Legal, brandeins, and Focus. Further information at [www.pluta.net](http://www.pluta.net)

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There are a number of parties interested in maintaining and operating individual KLINGEL Group brands and online shops under their own control from early 2024.

Discussions are currently ongoing with strategic investors regarding the acquisition of the trademark rights, online shops, customer lists and all other assets. However, there will be no transfer of operations.

### Group posts losses

It would not be possible to keep the business operating on a lasting basis without an investor solution. Given the difficult situation for the industry and business, however, there is no party willing to invest in the group as a whole and maintain its operations based on the restructuring concepts that have been drawn up.

Management at the KLINGEL Group has worked together with industry experts in recent months to develop various restructuring concepts. Many of the measures have already been implemented or have been in preparation since spring 2023. Investor concepts have been drawn up and new business lines identified with a view to repositioning the business. Despite considerable cost cutting, however, the group continues to post losses. As the effects of the measures taken in 2023 will not be felt until 2024 in most cases, there is no possibility of the group breaking even in the current business year.

The KLINGEL Group has been disproportionately affected by the downturn in the industry and has suffered a double-digit decline in sales. In addition, a switchover of IT systems in the second half of 2022 severely hampered



**Daniela Jeske**

Bachelor of Arts B.A.



**Simon Eickmann**

M.Sc. Business Administration



**Dr. Oliver Liersch**

Rechtsanwalt,  
Fachanwalt für Insolvenz-  
und Sanierungsrecht,

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business operations and has also had an impact on sales and earnings in the early months of 2023. IT process optimisation was seen as a key factor in the restructuring. It has become clear in recent weeks that there is no prospect of a significant improvement in the group's situation in the short term, even though the business has recovered lately. Given the persistently difficult economic environment and the state of the industry, the group's sales will not improve sufficiently in the short to medium term. Even with comprehensive cost-cutting measures, the group cannot continue to operate under its own steam.

The more than 1,300 employees of K - Mail Order GmbH & Co. KG were informed about the decision to phase out operations today. The debtor-in-possession team has taken the steps needed to keep the business operating in the coming months. At the same time, the parties responsible have held discussions with employee representatives in recent days and concluded a social plan and reconciliation of interests agreement. Solutions that will help mitigate the impact on the workforce are thus in place and employees will also be offered assistance to find new jobs.

Management at the KLINGEL Group said, "We have taken numerous measures in recent months and reviewed all restructuring options for the KLINGEL Group. We would have needed a financially strong investor to preserve the group in its entirety. Unfortunately, no investor solution could be found, so the decision has been taken to cease trading. This has not been an easy decision for any of us, but unfortunately we are left with no alternative. Over the

Fachanwalt für Handels-  
und Gesellschaftsrecht



**Ingo Thurm**

Rechtsanwalt,  
Fachanwalt für Insolvenz-  
und Sanierungsrecht

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coming months, we will continue with the debtor-in-possession proceedings as best as possible in the interests of creditors, customers and employees.” CRO Mr Marcus Katholing and CFO Mr Cord Henrik Schmidt will manage the KLINGEL Group during the coming months. CEO Dr Sven Axel Groos and CDO Mr Sven Christian Andrä will leave the company.

### **Debtor-in-possession proceedings to continue**

The debtor-in-possession insolvency proceedings opened by the Local Court of Karlsruhe on 1 August 2023 will continue in the meantime. The multichannel mail-order retailer will keep the business operating during the proceedings with the continued support of the PLUTA restructuring firm. The insolvency monitor is attorney Mr Martin Mucha from GRUB BRUGGER, a law firm operating throughout Germany. He is monitoring the debtor-in-possession proceedings in the interests of the creditors. The employees’ salaries are guaranteed for the next few months and business partners will continue to receive their payments. The group will focus on selling the 2023/2024 autumn/winter collection over the coming months. For this, the existing online and print sales channels will continue operating as usual until probably late January 2024.

The business activities of SCHNEIDER GmbH & Co. KG are not affected by the decision. This company within the group is also involved in debtor-in-possession proceedings. Discussions with investors aimed at preserving the company are currently ongoing.

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### **KLINGEL Group operates well-known brands**

The Group headquartered in Pforzheim was founded in 1923 and has evolved from a traditional catalogue-based retailer to an international multichannel mail-order operator with a focus on online business. The company owns numerous brands, including KLINGEL, WENZ and MONA for womenswear, menswear brand BABISTA, jewellery retailer DIEMER, purveyors of plus-size fashion HAPPYsize, MIAMODA and Meyermode, shoe shop Vamos and health brand WELLSANA. The target group for all of the brands is the over-55 demographic.

In 2021, the group still closed the year with a positive result, posting sales of almost 1 billion euros. K - Mail Order GmbH & Co. KG is the group's main company. In addition to K - Mail Order GmbH & Co. KG, Hamburg-based subsidiaries IMPRESSIONEN Versand GmbH and SCHNEIDER GmbH & Co. KG are also undergoing debtor-in-possession proceedings. While the decision to cease business operations in Hamburg for IMPRESSIONEN had already been taken prior to filing for insolvency, SCHNEIDER continues to operate.

When the proceedings began, K - Mail Order GmbH & Co. KG had around 1,600 employees. There are now still over 1,300 people working for the company. The others have left or are about to leave the company at their own request. The other group companies located in Germany and elsewhere employ more than 250 people in total and are not currently involved in insolvency proceedings. Discussions regarding their future are ongoing.

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