

Press Release

Chocolate and confectionery specialist Leysieffer files for insolvency

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Leysieffer GmbH & Co. KG has filed for insolvency with the Local Court of Osnabrück. Following this, on 1 July 2022, the court ordered provisional insolvency administration for the company's assets and appointed attorney Mr Stefan Meyer from PLUTA Rechtsanwalts GmbH as provisional administrator.

The company has had to file for insolvency due to liquidity problems. Sales have declined significantly in recent months, with a resulting impact on the liquidity situation. These difficulties have been compounded by recent sharp hikes in raw material and energy costs as well as the lingering effects of the persistent coronavirus pandemic.

Known throughout Germany for the high-quality confectionery it produces, the Osnabrück-based company runs its own cafés, bistros and stores at twelve select locations across the country. Its chocolates, pralines, fruit spreads and other premium products are supplied from its own factory. The company has already successfully implemented extensive restructuring measures over the past two years. Under-performing stores have been closed and new locations with high development potential opened, the brand identity has been fundamentally

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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

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redesigned, production at a new facility has been matched to the company's needs and an online shop has been successfully established.

Provisional insolvency administrator Mr Meyer has spent the first few days following his appointment, including the weekend, together with his team and Leysieffer management gaining an initial detailed overview of the legal and financial situation. Now that this examination has been completed, he is in the process of holding discussions and negotiations on the resumption of operations with all necessary stakeholders. The main task – to which a great deal of attention was paid over the past weekend – lies in settling the question of the employees' entitlement to substitute benefits under German insolvency law as quickly as possible. Employees of insolvent companies are usually covered by these benefits for up to three months in every imaginable scenario, no matter what the next steps in the insolvency process may be. However, the Federal Employment Agency declared employees of Leysieffer GmbH & Co. KG ineligible for these benefits in an initial statement dated 30 June 2022. As a result and apart from a few exceptions, the employees have had to be released from their work duties and the stores closed at least temporarily.

Leysieffer GmbH & Co. KG currently has a workforce of almost 200 employees. The provisional insolvency administrator is already engaged in a very intensive exchange with staff at the Federal Employment Agency. A final decision on the benefits is expected soon based on the current state of the negotiations. In addition to the



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provisional insolvency administrator, the PLUTA team consists of attorneys Dr Ria Brüninghoff and Ms Stefanie Breitenströter-Brüggemann.

Attorney Mr Meyer said, "We are currently conducting constructive negotiations, with great urgency, with the decision-makers at the Federal Employment Agency to secure substitute benefits for the Leysieffer employees. This is the only way we will be able to resume and maintain operations. As these are follow-on insolvency proceedings, specific issues of fact and law still have to be clarified. Personally speaking, I don't feel that the decision to refuse benefits taken by the Federal Employment Agency on 30 June 2022 is appropriate because I believe the special facts of this situation have not been sufficiently recognised."

In spring 2020, Leysieffer concluded its previous insolvency proceedings as a debtor in possession. After an insolvency plan agreed with creditors entered into legal force, these debtor-in-possession proceedings were terminated on 30 April 2020. The termination of both the proceedings and the protection afforded by them came at a time when the effects of the coronavirus pandemic were beginning to be felt, the consequences of which have not been sufficiently overcome to date. Nevertheless, Leysieffer GmbH & Co. KG has fully met its obligations under the insolvency plan from the initial insolvency proceedings, with the exception of mutually agreed deferred claims.

Ms Anna Winkler, managing director of Leysieffer, said, "The current situation is particularly challenging for all

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involved, especially our staff. Our long-standing and loyal employees are obviously hoping that the company will resume operations. Given the Federal Employment Agency's decision to refuse substitute benefits, we unfortunately had no other choice but to immediately release our staff from their work duties for their own benefit and to protect their rights so that they could claim unemployment benefits without having been dismissed. This meant we also had to temporarily close our stores, which has been very painful for us. We really hope that the provisional insolvency administrator will be able to convince the Federal Employment Agency to amend its decision of last week. However, this would have to come very soon, in the next few hours or a few days at the most, because otherwise it will be almost impossible for us to get the business up and running again." The employees were informed by management about the proceedings and the next steps this morning during a staff meeting at the main location.

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