

Press Release

e-cargo bike provider sigo begins restructuring under its own direction

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e-cargo bike provider sigo, which operates all across Germany, is to position itself for the future under a debtor-in-possession restructuring process. The company filed a corresponding application, and the Local Court of Darmstadt approved the provisional debtor-in-possession proceedings on 12 June 2023.

Founded in 2017, the company has a workforce of almost 40 employees. Their salaries are guaranteed for a period of three months thanks to specific substitute benefits provided under German insolvency law. The start-up continues to operate without restrictions. Its employees have been informed about the current situation.

With its inductive charging stations, sigo GmbH based in Darmstadt is one of Germany's first providers of a fully automatic e-cargo bike system. The company operates a B2B2C business model. It is working together with the housing industry and municipalities to drive forward the transition to e-mobility.

The company has developed its own cargo bikes adapted for rental for its sharing service. The high-quality bikes are inductively charged at fixed charging stations to ensure their rapid availability. Thanks to the use of an app, bike rental is not tied to any particular opening hours. The

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About PLUTA

PLUTA assists companies facing legal and financial challenges. The firm provides support for reorganisations and transactions and helps companies to restructure and maintain their operations in crisis and insolvency situations. If necessary, PLUTA restructuring experts may also assume leadership roles in other businesses. Since the company was founded in 1982, PLUTA has constantly grown and today has a staff of approximately 500 employees in Germany, Spain and Italy. More than 290 business and management experts, attorneys, business lawyers, tax consultants, public auditors, certified accountants, economists, banking and bookkeeping experts, engineers and insolvency administration specialists, many with multiple qualifications, ensure practicable and economically sound solutions. PLUTA is one of the top restructuring companies, as demonstrated by rankings and awards from INDat, JUVE, The Legal 500, Who's Who Legal, brand eins, Wirtschaftswoche and Focus. Further information is available at www.pluta.net.

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partners benefit from the full-service offering, with sigo not only providing the e-cargo bikes and app but also taking care of the installation of the charging stations, customer support, maintenance and repairs. The sharing model makes neighbourhoods more appealing, while the cargo bikes themselves contribute to urban traffic calming and climate protection.

The start-up's current financial situation has been caused by the difficult conditions in the industry relating to a number of factors, including increased construction interest rates and a significant decline in new builds in the past twelve months, which has led to lower demand. In addition, the financing situation for start-ups has recently become considerably tougher because of major interest rate hikes in the capital market. A further funding round with the company's members was not successful. Therefore, it filed an application for debtor-in-possession proceedings. This should allow for the best possible exploitation of the restructuring opportunities afforded through such.

Ongoing business operations

The company has already held good discussions with its business partners, who are supporting sigo during the debtor-in-possession proceedings. The company's business operations are continuing without any disruption. An agreement has already been reached with an existing member, who will provide the financing during the proceedings and already expressed interest in a takeover.

Mr Tobias Lochen, managing director of sigo, said, "Our

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company has been operating successfully since we launched on the market in 2020 and has good long-term prospects, as we are working with strong and reliable partners. However, the economic environment has changed considerably in recent times. That is why we have decided to restructure our company under debtor-in-possession proceedings. We are confident that our company will remain in the market.”

Debtor-in-possession proceedings are in-court restructuring proceedings to rescue and rehabilitate financially distressed companies. The company concerned manages the restructuring process itself, supervised by an insolvency monitor and supported by restructuring experts with relevant experience in this field. sigo will work together with all responsible parties to draw up a restructuring concept over the coming weeks. Management is aiming to reach an agreement with creditors within the framework of an insolvency plan. An M&A process will be launched in parallel in order to fully exploit all of the opportunities afforded by restructuring.

The company is being assisted by experienced restructuring experts in this. Attorneys Mr Philip Konen and Ms Kristina Breuer from PLUTA Rechtsanwalts GmbH have been supporting the e-mobility provider as general agents in respect of managing its operational business as a debtor in possession and advice on insolvency law. Support is also being provided by attorney Dr Sebastian Gall from the GRUB BRUGGER law firm. He had already advised the company in advance on preparing the insolvency plan and other matters.

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PLUTA attorney Mr Philip Konen said, "The business continues to operate and all services are still available. We will put the company on a viable footing together with management and our colleagues at GRUB BRUGGER."

Attorney Ms Sylvia Rhein from Rhein Rechtsanwälte PartGmbH has been appointed provisional insolvency monitor. Ms Rhein said, "sigo has good prospects. I will support the debtor-in-possession proceedings over the coming months in the interests of creditors."

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