

Press Release

PLUTA partner Ilkin Bananyarli seeks investor for e-commerce platform Mädchenflohmarkt

23 June 2023 · Stuttgart · Business Area: Insolvency Administration

Mädchenflohmarkt GmbH, an online shop offering second-hand clothes, has filed for insolvency. On 7 June 2023, the Local Court of Stuttgart then ordered provisional insolvency administration for the company's assets and appointed restructuring expert Mr Ilkin Bananyarli from PLUTA Rechtsanwalts GmbH as provisional administrator.

Mädchenflohmarkt is a marketplace for second-hand fashion. Its target market is women that buy and sell clothing, shoes, bags and accessories on the platform. Founded in 2012, the company finances itself through commissions and services. In addition to providing a platform for use, it also offers a concierge service, whereby it photographs the goods and places them on the platform and then takes care of shipping.

Ongoing business operations

PLUTA restructuring expert Mr Ilkin Bananyarli has gained an overview of the company's situation in the past few days. "The marketplace will remain fully operational. The website is still live and the platform can be used for all purchases and sales.

The goods provided for consignment trade remain the

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Further information about PLUTA and the contents of these Press information you will find under www.pluta.net

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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property of the users and are not a part of the insolvency proceedings. Payment is guaranteed to users who sell goods via the website since the insolvency order was issued on 7 June and buyers will receive their goods.

On legal grounds, however, it is not possible to settle old claims; all sellers still awaiting payment from the period prior to the company filing for insolvency will be able to have their claims registered in the insolvency schedule after the insolvency proceedings open in approximately three months. The insolvency administrator will write to all creditors once the proceedings have been opened. Further information will be made available on the PLUTA website. A guide to insolvency proceedings is also provided there.

Search for investor launched

Mädchenflohmarkt GmbH based in Stuttgart employs ten people. Their wages and salaries are guaranteed for a period of three months thanks to specific substitute benefits provided under German insolvency law. The company also has a subsidiary in Poland, but this is not affected by the insolvency proceedings. Around 30 people work there in logistics and warehouse operations.

Mr Ilkin Bananyarli said, "The initial talks have gone well. We are focusing on keeping the business operational. All users can continue to sell their goods online." The attorney will also launch an M&A process. "The company has its own marketplace and is not dependent on external vendors. We are looking for a suitable investor who will want to retain and further develop the business model," said Mr Bananyarli. He is being supported in the proceedings by

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attorney Mr Niko Maier.

PLUTA expert Mr Bananyarli has experience in the e-commerce arena. The attorney based in Stuttgart was recently a member of the restructuring team for online retailer surf4shoes.

Guide to insolvency proceedings:

Mädchenflohmarkt GmbH has filed for insolvency. The court has assented to this application and appointed attorney Mr Ilkin Bananyarli from PLUTA Rechtsanwalts GmbH as provisional insolvency administrator. The company has been involved in provisional insolvency proceedings since 7 June 2023.

Are current payments guaranteed?

Goods can still be bought and sold on the platform. New payments to sellers are guaranteed. This relates to all payments to users who sell goods via the website since the insolvency order was issued on 7 June 2023.

Why is there a distinction between new and old claims?

For reasons attributable to insolvency law, any claims that arose prior to 7 June 2023 cannot be settled. Outstanding amounts will be dealt with in accordance with insolvency law, which means creditors will be able to have these registered in the insolvency schedule once the insolvency proceedings have been opened. For all transactions conducted after the insolvency proceedings were ordered on 7 June 2023, however, the company will settle all new invoices and make the payments to customers. Users can

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rely on this.

In general, after a company has filed for insolvency, the competent local court reviews the application and appoints an expert/provisional insolvency administrator. Typically after three months or so, the court decides on the basis of an expert report on opening the insolvency proceedings and then appoints a regular insolvency administrator. At this point, creditors can file their claims for registration in the insolvency schedule. As the insolvency administrator will write to all creditors, sellers do not have to proactively contact the administrator.

What will happen in the coming weeks?

The (provisional) insolvency administrator will carefully examine all the facts. At this time, the team is focusing on keeping Mädchenflohmarkt GmbH operational. The goal is to arrive at a solution over the coming months that will secure the platform's future. Therefore, the PLUTA team is looking for a new investor. The parties responsible will hold discussions in this regard with potential investors over the coming weeks. As is usual in such matters, the management team is involved in the process. It is liaising closely with the provisional insolvency administrator and his team and assisting in the search for an investor.

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