

Press Release

Shoe wholesaler Pölking to restructure itself as a debtor in possession

21 March 2023 · Osnabrück · Business Area: Restructuring

J. H. Pölking GmbH & Co. KG based in Osnabrück filed for debtor-in-possession proceedings on 20 March 2023. The Local Court of Osnabrück approved the application, ordered provisional debtor-in-possession proceedings and appointed Mr Stefan Meyer, a specialist attorney for insolvency and restructuring law with PLUTA Rechtsanwalts GmbH, as provisional insolvency monitor. Founded in 1894, shoe wholesaler Pölking has a long history. By taking this step, the company wants to use the options afforded by today's debtor-in-possession proceedings to adapt itself to the changed market conditions, restructure itself for the future and re-establish its competitiveness.

Attorney Mr Joachim Walterscheid, acting as general agent, and his team at Walterscheid Rechtsanwalts-gesellschaft für Restrukturierung mbH will support Pölking management in the in-court restructuring proceedings. Mr Stefan Meyer, who has been appointed (provisional) insolvency monitor by the court, will constructively oversee the proceedings in the interest of protecting the rights of creditors. He will also bring his experience in similar situations to bear to ensure that the company can be restructured and preserved and the jobs there maintained.

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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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The application was filed due to imminent illiquidity on account of the various crises from 2020 onwards. The coronavirus pandemic significantly affected the shoe trade as a whole, especially on the retail side due to lengthy shop closures. Following only a brief period of recovery, the geopolitical situation with the war of aggression in Ukraine and the inextricably intertwined energy crisis recently sent inflation spiralling and resulted in a very cautious approach to spending among consumers. The decline in sales and earnings caused by these crises have successively eroded liquidity. Given Pölking's extremely strained liquidity situation, the company had no choice but to file for debtor-in-possession proceedings.

"Our business operations will be maintained without any restrictions. We will also continue to supply retailers with shoes from our current catalogue," said managing director Ms Angelika Pölking.

Those responsible informed the some 85 employees about the latest developments and the next steps in the debtor-in-possession proceedings during a staff meeting today. Employee salaries are guaranteed for a period of three months thanks to substitute benefits provided during provisional proceedings under German insolvency law.

Restructuring for repositioning

The aim is to sustainably restructure the company in order to ensure its future viability and re-establish its competitiveness. To this end, Pölking will gradually develop the current restructuring concept further over the coming weeks and months and then move immediately to



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implement it in consultation with the insolvency monitor and his team as well as with creditor involvement. "Shoe wholesaler Pölking has an excellent and very broad customer base that it has built up over the decades, both in Germany and Eastern Europe. We will take all of the restructuring measures needed and leverage the identified efficiency potential. By acting sufficiently early, the company has given itself a solid basis for repositioning itself under these debtor-in-possession proceedings," said general agent Mr Joachim Walterscheid.

J. H. Pölking GmbH & Co. KG will remain fully operational. Pölking employees will therefore also continue to provide their customers – more than 3,000 retail businesses in Germany and elsewhere in Europe – with the same level of reliable service they were accustomed to before the debtor-in-possession proceedings were opened.

"Given the situation as it stands, the initial discussions and negotiations, and particularly the early initiation of the proceedings, I am confident that the aim of the proceedings can be achieved, namely a sustainable restructuring and thus the company's preservation," said provisional insolvency monitor Mr Stefan Meyer from PLUTA.

Founded in Osnabrück in 1894, Pölking is a strong partner to retailers in the shoe segment. In addition to supplying the conventional shoe retail trade, still the strongest sales channel, the company also runs its own outlets and retail locations. Online business with various web shops has done well in recent years and accounts for an increasing share of turnover. Pölking's customer structure has been

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built up over recent decades and now includes 3,000 customers in Europe, mainly Germany and Eastern Europe. The company is known and recognised in the market for its high level of flexibility in respect of delivery volumes and times.

The debtor-in-possession proceedings give the company a way to exploit the restructuring elements afforded by law and take into account the interests of creditors and therefore the aim of the proceedings at the same time. The company is permitted to guide the business through the debtor-in-possession proceedings itself and will continue to make all business decisions on its own authority, supported by experienced restructuring experts and supervised by an insolvency monitor. The management board remains in office during debtor-in-possession proceedings and is responsible for ongoing business and the restructuring.

Stores to continue operating

Lemax shoe-fashion GmbH, which belongs to the group, is also affected by the application for debtor-in-possession proceedings. Including the outlet at the company's headquarters, it runs a total of 13 stores in North Rhine-Westphalia, Lower Saxony and Bremen as well as a number of online shops. The salaries of the some 75 Lemax employees are also guaranteed for a period of three months thanks to the specific substitute benefits provided under German insolvency law. As is the case for Pölking as well, business operations will be maintained at all locations without restrictions.

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The provisional insolvency administrator for these proceedings is Dr Ria Brüninghoff from PLUTA Rechtsanwalts GmbH. The specialist attorney and restructuring expert explained, "Customers can continue to shop in store and have access to the entire range. The online shops also remain fully operational and orders are welcome at any time. For these proceedings, we are coordinating closely with the debtor-in-possession proceedings for Pölking in an effort to find joint restructuring solutions." Dr Brüninghoff will analyse the legal and financial position of Lemax shoe-fashion GmbH and review all possible restructuring options in the coming weeks.

In addition to Mr Stefan Meyer and Dr Ria Brüninghoff, the PLUTA team also includes attorneys Mr Ingo Thurm, Dr Uwe Paul and Mr Frank Schorisch.

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