



PRESS RELEASE

Malmö, 11 March 2009

BRIO financially reconstructed – shareholders' equity strengthened by more than SEK 300 million

- BRIO's main owner Proventus guarantees issues of preference shares of around SEK 164 million with preferential rights to subscribe for existing BRIO shareholders
- BRIO's principal banking partner converts loans of SEK 150 million into preference shares
- BRIO's equity strengthened by around SEK 314 million before issue costs
- BRIO will in total receive at least SEK 175 million in expanded liquidity
- The preference shares are issued at SEK 2.20 per share and carry up to 25% preferential rights which has a considerable dilution effect for existing shareholders
- The board does not expect BRIO to pay any cash dividend in coming years
- The Board intends to bring the date of the Annual General Meeting forward to 27 April 2009
- Operations to be divided into two new business areas, BRIO Toy and BRIO Baby
- BRIO to implement measures to reach additional annual cost savings of SEK 40 million

Background and the Board's proposals for new issues and rescheduled Annual General Meeting

In the quarterly report dated 19 November 2008, BRIO's Board of Directors announced that the company would be taking measures in 2009 to secure BRIO's long-term capital procurement. In connection with the publication of BRIO's 2008 financial statement on 17 February 2009, the Board announced its estimate that BRIO's equity required reinforcement of at least SEK 300 million. The Board further announced that it was working to secure BRIO's capital procurement in the short and long term and that by 13 March 2009 a proposal would be made concerning refinancing, which could be achieved through a new issue of shares and loans directed at BRIO's shareholders.

As previously announced, BRIO was in breach of the bank covenants as of the end of the third quarter 2008. The operational loss (excluding capital gains) for 2008 amounted to around SEK -127 million. In February 2009, the Board also made the assessment that BRIO would shortly experience a serious liquidity crisis due to lack of profitability, one-off costs and the existing need for refinancing. With interest-bearing liabilities amounting to SEK 373.8 million and pension liabilities amounting to SEK 63.8 million, BRIO's shareholder's equity was close to exhausted.

After consultation with BRIO's principal owners and major creditors, the Board can now present a proposal for financial reconstruction whereby the Group's equity will be reinforced with around SEK 314 million and the liquidity available to the Group will be extended by at least SEK 175 million.

The Board has decided to reschedule the date of the Annual General Meeting, previously planned for 13 May 2009, and now to be held at 10 a.m. on 27 April 2009 at BRIO's offices on Nordenskiöldsgatan 6, Malmö. The Board's proposals concerning the new share issues will be addressed at the rescheduled AGM. In addition to the share issues proposed by the Board, the AGM will also address questions arising from the proposal, including changes to the articles of association with regard to share capital, number of shares and share series. Shareholders holding 78% of the shares and 96% of the votes in BRIO have declared their intention to vote in favour of the Board's proposal. An invitation to the AGM will be published on 30 March 2009 at the latest.

Introduction of new share series and implementation of share issues

The Board proposes to implement issues of preference shares with preferential rights for existing shareholders of around SEK 164 million, an offset issue of around SEK 150 million and one issue of subscription options at terms outlined below. All share issues are at the subscription price of SEK 2.20 per share.

1. **Preferential issue of series C preference shares:** BRIO will issue, with preferential rights for existing BRIO shareholders, 46,666,660 series C preference shares with 10 votes per share, amounting to around SEK 103 million. Series C preference shares provide the preferential rights to a capital amount of SEK 2.20 which amount is increased by 25% per year (less any cash dividend paid) from the date of issue, but otherwise equal to ordinary shares.
2. **Preferential issue of series D preference shares:** BRIO will issue, with preferential rights for existing BRIO shareholders, 27,999,996 series D limited preference shares with 1 vote per share, amounting to around SEK 62 million. Series D shares provide only the preferential rights to a capital amount of SEK 2.20 which amount is increased by 7% per year (less any cash dividend paid) from the date of issue. When redeemed by BRIO, the series D preference share will only receive an amount corresponding to SEK 2.20 per share increased by the preferential yield, which limits the owner's total yield to 7% per year from the date of issue.

Shareholders will only be able to subscribe for a unit comprising 5 series C preference shares and 3 series D limited preference shares at SEK 2.20 per share, i.e. a total of SEK 17.60 per unit. It will not be possible to subscribe to series C or D preference shares separately. Shareholders will be offered to subscribe to 1 unit per share of series A or B held in BRIO.

- 3. Offset issue of series D preference shares:** BRIO will issue a further 68,182,000 series D preference shares (as described above) in an offset issue, equivalent to SEK 150 million. The share issue will be subscribed for by BRIO's principal bank, which will offset the issue amount against existing loans. The final issue volume and number of series D preference shares will increase somewhat as a result of accrued interest up until the share issue. When redeemed by BRIO, the series D preference share will only receive an amount corresponding to SEK 2.20 per share increased by the preferential yield, which limits the owner's total yield to 7% per year from the date of issue. Including the preferential share issue, a total of around 96,181,996 series D preference shares will be issued.

4. Subscription options

As part of the agreement with BRIO's principal bank, BRIO will furthermore issue to 1,037,037 subscription options with a duration of five years. The subscription options are issued without payment. The options give entitlement to subscribe for 1,037,037 series B ordinary shares at a subscription price of SEK 2.20 per share. On full utilisation, shares subscribed for using these options will correspond to 10% of the total number of ordinary shares and 0.7% of the total number of shares following the issues.

BRIO's principal bank has reached agreement with BRIO's owner, Proventus Ivest AB (Proventus), whereby Proventus will purchase all of the principal bank's around 68,182,000 preference shares and all of the the principal bank's 1,037,037 subscription options for an overall purchase amount of SEK 1, and the principal bank will retain the right from 30 May 2014, or earlier in the event of a change in the majority ownership of BRIO, to buy back all the shares and all the subscription options for an overall purchase price of SEK 1. The agreement is a result of the principal bank's wish to only receive the economic benefits of the shareholding.

Total number of shares, dilution and listing

The board's proposal implies the issue of 142,848,656 preference shares and subscription options for 1,037,037 relating to series B ordinary shares as described in the following table. The preference shares are issued at a subscription price of SEK 2.20 per share with up to 25% preferential yield, which will have a material dilution effect for BRIO's existing shareholders. After the issue of preference shares and both before and after full dilution relating to subscription options, the ownership share of existing ordinary shares amounts to 6.1% of the total number of shares in BRIO. The exact number of series D preference shares in the offset issue will increase somewhat due to accrued interest up to the issue day, and this will marginally affect the issue volumes, number of shares and split of shareholdings in the table below.

	Series A ordinary shares	Series B ordinary shares	Series C preference shares	Series D preference shares	Total
<i>Nominal value, SEK</i>	2,20	2,20	2,20	2,20	
<i>No of votes</i>	10	1	10	1	
As of 10 March 2009	4 416 666	4 916 666	0	0	
Preferential issue of series C preference shares			46 666 660		
Preferential issue of series D preference shares				27 999 996	
Offset issue series D (Bank)				68 182 000	
Total proposed issue of preference shares			46 666 660	96 181 996	142 848 656
Total	4 416 666	4 916 666	46 666 660	96 181 996	152 181 988
Share of total number of shares	2,9%	3,2%	30,7%	63,2%	100,0%
Subscription options 2014 (Bank)		1 037 037			
Total after share issues and full dilution	4 416 666	5 953 703	46 666 660	96 181 996	153 219 025
Share of total number of shares on full dilution	2,9%	3,9%	30,5%	62,8%	100,0%

BRIO's series B ordinary shares were transferred to the observations segment of the Stockholm Stock Exchange following the publication of the interim annual report for 2008 on 17 February 2009, at which point Remium suspended its service as liquidity provider for the series B ordinary share. Depending on the participation from the existing shareholders in the proposed issues, the shareholding structure may force BRIO to review the listing of the company's shares. With regard to the limited distribution, it may be assumed that series B, C and D shares will be listed on NASDAQ OMX's First North (or other similar market).

Issue guarantee and bridge financing

Proventus, the main owner of BRIO, has undertaken without charge to guarantee the entire preferential issues of preference shares. Furthermore, Proventus has undertaken to guarantee liquidity of up to SEK 100 million at BRIO's disposal from the present day until the proposed share issues are completed. Proventus will receive market-based remuneration for this liquidity guarantee.

Overall effect on shareholders' equity and on liquidity

With consideration for the proposed reconstruction, BRIO's interest-bearing debt pro forma as of 31 December 2008 amounts to SEK 164 million (after repayment of the short-term loan amounting to SEK 60 million that BRIO's main owner, Proventus, made available to BRIO in the final quarter of 2008 and the reduction of BRIO's bank loans by SEK 150 million resulting from the principal bank converting the loan into preference shares). The share issue and agreement with BRIO's bank are calculated, before costs, to increase the Group's equity by SEK 314 million and thus give BRIO a pro forma equity/assets ratio of 39% as per 31 December 2008.

The remaining bank financing, after amortization of SEK 150 million will run without amortization until 31 December 2011. After the completion of the share issues and in combination with the extended financing through invoicing loans offered (seasonally) by the principal bank amounting to around SEK 75 million, the Group will receive around SEK 175 million in available liquidity in season.

The board does not expect BRIO to pay any cash dividend either to ordinary shares or preference shares in coming years.

Preliminary timetable

30 March 2009 (latest)	Invitation to AGM
9 April 2009	Complete proposal to the AGM available to shareholders
27 April 2009	AGM in Malmö
29 April 2009	Final day for trading including right to receive subscription rights
30 April 2009	First day for trading excluding right to receive subscription rights
4 May 2009	Publication of prospectus
5 May 2009	Record day for receiving subscription rights
11-20 May 2009	Trading in subscription rights
11-26 May 2009	Subscription period
13 May 2009	Interim report first quarter 2009

Final agreement

The financial reconstruction is based on an agreement entered into by BRIO, Proventus and BRIO's principal bank in line with the content of this press release and is apart from decisions by the AGM conditional on customary credit documentation.

Advisers

Erik Penser Bankaktiebolag acts as financial adviser to BRIO in relation to the proposed share issues.

Risks and extensive ongoing programme of changes

During the last decade, BRIO has suffered significant structural problems. Furthermore in previous years the Group has underinvested considerably in product development and despite having a strong brand, market share has fallen. To address these problems and establish a new position for BRIO on the market has required greater resources and taken longer than originally expected. BRIO

has a pessimistic view of consumer spending development in coming years and sees risks for the negative consequences of continued profitability problems and ongoing structural measures among BRIO's suppliers.

Intensive and very extensive changes are required to create sustainable profitability for BRIO. The key concepts behind the changes are efficiency and focus.

BRIO's executive team is currently implementing an action plan whose main points are the focus on geographic and product-based strengths. BRIO will focus on sales on markets in Northern Europe and on product areas that from February 2009 will make up BRIO's two business areas: BRIO Toy and BRIO Baby.

The business area BRIO Toy encompasses the Group's combined offering within toys, ie. product development, purchasing and sales of toys under the owned Group's brands BRIO and Alga, distribution of toys through Scanditoy with purchasing and sales of trend-, license and other externally branded toys and in addition to the franchise chain operated in Norway.

The business area BRIO Baby encompasses the Group's product development, purchasing, manufacturing and sales of baby articles, principally strollers, children's car seats and children's furniture under the Group's brands BRIO, Carena and SIMO. The new organisation is better suited to optimize efficiency and better adapt the organisation to the different market conditions of the various businesses.

Additional annual cost savings of around SEK 40 million will be made on top of the measures announced in November 2008, through the co-ordination of internal resources, winding up of activities not related to core activities and by working in a new, more efficient organisation with more efficient supplies, lower tied-up capital and improved cash flow with primary.

Malmö, Sweden
11 March 2009

BRIO (publ)

For further information, please contact:

Andreas Sbrodiglia, CEO, tel: +46 479-19 000

Daniel Sachs, chairman of the Board, tel: +46 8-723 31 83

BRIO is a Swedish company that develops and sells toys, prams, children's car seats and children's furniture. The company was formed in 1884 and is today an international Group with the BRIO, Alga, SIMO and Carena brands. The Group also includes Scanditoy, an extensive toy wholesale business in the Nordic region. The company has about 400 employees, is represented in over 50 countries and has been listed on the O-list of the OMX Nordic Exchange Stockholm since 1985.

www.brio.net