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26 June 2019

Bonmarché Holdings plc

("Bonmarché" or the "Group")

UPDATE AND CHANGE IN RECOMMENDATION

Further to the announcement of 17 May 2019 and in light of the fact that the unconditional mandatory cash offer of 11.445 pence per share from Spectre Holdings Limited ("Spectre", the "Offer") continues to remain open for acceptance, the Board of Bonmarché wishes to update shareholders on trading during the first quarter of the financial year, which is almost complete, and its recommendation with regard to the Offer.

Current trading and financial position

Trading during the first quarter of the new financial year has been poor, primarily due to continued weakness in the underlying clothing market, and a lack of seasonal weather to counteract it, particularly in June. In previous years, there would have been an expectation that at some stage during the selling season, better weather would generate a sales peak to offset the dip experienced during the first quarter but, in our experience, the current clothing market is not following the patterns of previous years. It is early in the financial year, and the achievement of a PBT result which is in line with the Board's expectations is possible, but there is a significant degree of uncertainty attached to this, and risks are more heavily weighted towards the downside.

The Group's cashflow forecasts indicate that due to the implementation of its cost reduction programme, which has lowered the annual cost base by approximately £6.0m, and the cessation of all but unavoidable capital expenditure, it has adequate liquidity provided its bank continues to support it by way of its £5.0m overdraft and other facilities.

Nevertheless, in view of the uncertainty, PwC, Bonmarché's auditor, has suggested during informal discussions, that without a clear indication of an improvement in trading prior to the date the FY19 accounts are due to be signed (26 July 2019), it may include an emphasis of matter reference in its audit report due to the uncertainty with regard to going concern. It has also expressed concern with regard to uncertainty surrounding Mr Philip Day's ultimate plans for the business (Mr Day is Spectre's sole shareholder).

Change in recommendation in relation to the Offer

Spectre's Offer continues to remain open for acceptance until further notice, and not less than 14 calendar days' notice must be given by Spectre before closing the Offer.

Whilst the Board's view remains that the Offer does not adequately reflect the potential longer term value of the business, the increase in uncertainty that has developed reflecting the trading and financial position of the business during the first quarter of the financial year makes the certainty represented by the Offer potentially more attractive in the short term. As a result, the Board of Bonmarché, which has been so advised by Investec as to the financial terms of the Offer, is now of the view that the terms of the Offer are fair and reasonable. The Board therefore recommends that shareholders accept the Offer, as they intend to do so in respect of their own beneficial holdings.

Investec is providing independent financial advice to the Board of Bonmarché for the purposes of Rule 3 of the Code and, in doing so, has taken into account the commercial assessments of the Bonmarché Directors.

The Board believes that once the near term has been weathered, the medium and long term prospects for the Bonmarché business are good. The Board continues to welcome the opportunity to

engage with Mr Day, who has, as yet, not taken up the offer to discuss future plans for the business, and believes that, with his sector experience, he would be a successful long term owner.

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Rule 26.1 disclosure

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available at www.bonmarचेplc.co.uk by no later than 12 noon (London time) on the Business Day following the date of this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Market Abuse Regulation

This announcement contains inside information for the purpose of Article 7 of the Market Abuse Regulation (EU) No 596/2014. The person who arranged for the release of this announcement on behalf of Bonmarché Holdings plc was Stephen Alldridge, Finance Director.