

Written report of the Executive Board on the partial utilisation of the Authorised Share Capital 2022 I under exclusion of subscription rights

On 21 June 2022, the Annual General Meeting of the Company authorised the Executive Board, with the consent of the Supervisory Board, to increase the share capital by up to a total of EUR 8,084,337.00 by 20 June 2027 by issuing new no-par value bearer shares on one or more occasions against cash and/or non-cash contributions (Authorised Share Capital 2022 I).

Pursuant to this authorisation by the Company's Annual General Meeting, the Executive Board resolved on 20 March 2023, with the consent of the Supervisory Board on the same day, to partially utilise the Authorised Share Capital 2022 I in the amount of EUR 2,220,000.00, which reduced the Authorised Capital 2022 I to EUR 5,864,337.00.

In the process, the subscription rights of shareholders were excluded in the context of the increase in share capital, the implementation of which was entered in the company's commercial register on 23 March 2023. In the context of the capital increase, the share capital of the company was increased by EUR 2,220,000.00 from EUR 40,421,686.00 to EUR 42,641,686.00 with the issue of 2,220,000 new shares. The volume of the capital increase from authorised capital with the exclusion of subscription rights therefore corresponds to a pro rata total of approximately 5.5% of what constituted the Company's total share capital prior to the capital increase. This consequently complies with the limit set for the volume of shares issued against cash contributions under exclusion of subscription rights provided for in the Company's Annual General Meeting authorisation resolution on Authorised Share Capital 2022 I.

The new shares were issued at a price of EUR 22.85 in accordance with the resolution of the Executive Board of 21 March 2023 with the approval of the Supervisory Board on the same day. The majority shareholder, VGG Beteiligungen SE, with its registered office in Vienna, Austria, entered in the commercial register under number FN 2847 63 w, was authorised to subscribe to and take over the new shares.

The new shares were included without a prospectus in the existing listing on the Frankfurt Stock Exchange in the sub-segment of the regulated market with additional post-admission obligations (Prime Standard). The gross issue proceeds from the capital increase amounted to EUR 50,727,000.00. Among other aspects, the Company intends to use the proceeds to expand its existing and very well developing energy storage business. In addition, the Company is aiming to secure

growth in large-format lithium-ion cells, which are already being delivered to one customer.

In setting the price, the requirements of Sections 203 (1) and (2), 186 (3) sentence 4 of the German Stock Corporation Act (AktG) were observed, compliance with which is prescribed by the Authorised Capital 2022 I for the exclusion of subscription rights in the case of a capital increase against cash contributions of up to 10% of the total share capital. Accordingly, the price for the new shares may not be significantly lower than the stock exchange price of the Company's shares. The fixed issue price per share of EUR 22.85 corresponds to a discount of 4% on the XETRA closing price of the Company's shares on the day the price was fixed. Consequently, there was no significant undercutting of the stock exchange price.

The capital increase was part of the restructuring concept negotiated in March 2023 with the Company's financing banks and the majority shareholder, whereby the short-term liquidity requirements identified therein were covered by the proceeds from the capital increase. In doing so, by excluding shareholders' subscription rights, the Company made use of an option provided by law in Sections 203 (1) and 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) to exclude subscription rights in the case of cash capital increases of companies traded on the stock exchange. Such an exclusion of subscription rights was necessary in the present case in view of the Company's urgent liquidity requirements in order to be able to utilise the subscription guarantee issued by Montana Tech Components AG at short notice and to achieve correspondingly predictable and high proceeds from the share issue. By contrast, the preparation of a prospectus for the share offer to be submitted for approval to BaFin and the subscription period of at least two weeks (Section 186 (1) sentence 2 of the German Stock Corporation Act), which is required if subscription rights are granted, would not have permitted such a short-term measure. In addition, if subscription rights are granted, the final subscription price must be announced no later than three days before the end of the subscription period (Section 186 (2) sentence 2 of the German Stock Corporation Act). Due to the longer period between pricing and settlement of the capital increase and the volatility of the stock markets, there is therefore a higher market and in particular, price change risk than in the case of allocation without subscription rights. A successful placement in the context of a capital increase with subscription rights would therefore have required a corresponding safety discount on the current stock market price when setting the price and would therefore presumably have led to conditions that were not close to the market, with the issue proceeds presumed to be significantly lower. For the

above reasons, the exclusion of subscription rights was in the interests of the Company.

On the other hand, by setting the price close to the current stock market price and limiting the volume of shares issued with exclusion of subscription rights to around 5.5% of the capital stock existing at the time the share capital increase from Authorised Share Capital 2022 I took effect, the interests of the shareholders were also adequately safeguarded. This is because, in view of the liquid stock market trading, in principle, the shareholders are given the opportunity to maintain their relative shareholding in the Company by means of an additional purchase via the stock exchange at comparable conditions. By issuing the new shares at a slight discount on the current stock market price, it was also ensured that the capital increase was associated with only a slight economic dilution of the shareholders' stockholding.

The special nature of the subscription by the majority shareholder of the company was due to the special financial situation of the company, which in particular required urgent financial stabilisation and the injection of liquidity. Montana Tech Components AG had issued a subscription guarantee via VGG Beteiligungen SE in the amount of EUR 50 million on 19 March 2023. This removed the uncertainty regarding the success of the capital measure and at the same time ensured the issue proceeds required for the restructuring covered the short-term liquidity needs. In addition, the capital measure was particularly urgent, so that a market sounding among other existing shareholders or even a subscription offer was out of the question. At the time of the exclusion of subscription rights, the Executive Board also had no concrete indications that other shareholders and/or outside investors were willing to subscribe to larger blocks of shares, especially at a price close to the market price.

In light of the above considerations, the utilisation of Authorised Share Capital 2022 I in accordance with the provisions under exclusion of subscription rights was materially justified overall.

Ellwangen (Jagst), May 2023

VARTA AKTIENGESELLSCHAFT

Executive Board