



VARTA AG, Ellwangen, ISIN: DE000A0TGJ55

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VARTA AG announces commercial agreement on restructuring concept

Ellwangen, August 17, 2024 – VARTA AG announces that it has today reached a commercial agreement on a restructuring concept with almost all syndicate loan lenders and certain lenders of promissory notes. The restructuring concept will significantly reduce the Company's debt and provide it with fresh liquidity and provides for the entry of a company controlled by the Company's current indirect majority shareholder, DDr. Michael Tojner ("MT InvestCo"), and an investment company of Dr. Ing. h.c. F. Porsche AG ("Porsche") as the new shareholders. The implementation of the restructuring concept will secure the financing of VARTA AG on the basis of the current business plan until the end of 2027 and shall be carried out in the course of the notified restructuring plan under the application of the German Company Stabilization and Restructuring Act (Unternehmensstabilisierungs- und -restrukturierungsgesetzes, StaRUG).

The restructuring concept foresees a significant reduction of the existing debt of € 485 million by a total of approximately € 285 million to approximately € 200 million through a haircut and an extension of the remaining loan obligations until December 31, 2027. In addition, to cover the liquidity requirements, a new senior loan (super senior) in the amount of € 60 million with a term until December 31, 2027 ("New Funds") is planned, which can be provided in accordance with the commercial agreement by those of the existing lenders (syndicated loan lenders and lenders of promissory notes), who agree to the restructuring plan, pro rata to their existing loan commitments. The provision of the New Funds is fully guaranteed by certain existing lenders by way of a so-called backstop. In this context, an exception from the debt cut (so-called "elevation") for existing loans and promissory notes in the amount of the provision of New Funds shall be made for those lenders who participate in such provision of New Funds. In addition, it is planned that all lenders participating in the provision of New Funds ("Super Senior Lenders") will be granted a virtual participation in VARTA AG in the form of a value recovery instrument, which represents a significant participation in the Company's economic equity. All other lenders shall be granted a debtor warrant (Besserungsschein), which will allow them to participate in the Company's positive development if certain EBITDA figures are exceeded.

The restructuring concept also includes a simplified reduction of the share capital of VARTA AG to € 0, which will lead to the compensation-free exit of the current shareholders of VARTA and the delisting of VARTA shares.

Immediately following the capital reduction, MT InvestCo and a Porsche investment vehicle shall contribute a total of € 60 million in cash with a share premium in kind (in the form of operating real property currently leased by VARTA) for the purpose of stabilizing VARTA by way of a capital increase excluding subscription rights in exchange for the issuance of new shares in VARTA AG. After the capital measures have been completed, the Super Senior Lenders would economically hold 36% of the equity of VARTA AG, while MT InvestCo and Porsche would hold 32% each. Legally, the shares in VARTA AG would initially be held by MT InvestCo and Porsche, each with a 50% share, with neither MT InvestCo nor Porsche having control. The commercial agreement also provides for the opportunity for a further investor to invest into the Company within one year of completion of the StaRUG proceedings by way of a cash capital increase of up to a further € 30 million, which would dilute the shares held by the Super Senior Lenders, MT InvestCo and Porsche. In the course of the restructuring proceedings, VARTA AG may also be converted into a limited liability company (Gesellschaft mit beschränkter Haftung, GmbH).

VARTA will prepare the further documentation on this basis together with its advisors in the short term. However, the signing of the agreements to be prepared on the basis of the commercial agreement is still subject to, among other things, the approval of the committees of the parties involved and the approval of the merger control authorities.

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VARTA

It is currently assumed that VARTA will submit a corresponding restructuring plan to the competent district court in Stuttgart – Restructuring Court – and request a hearing and voting date following the signing of these agreements.