



VARTA AG, Ellwangen, ISIN: DE000A0TGJ55

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VARTA AG updates restructuring concept

Ellwangen, April 11, 2024

VARTA AG is in the process of evaluating the restructuring program that was agreed with the financing banks and the majority shareholder at the beginning of July 2023 on the basis of an IDW S6 expert opinion prepared by a restructuring expert and which is to be implemented by the end of 2026. It has become apparent that the assumptions made in the existing IDW S6 expert opinion and the restructuring measures agreed on the basis of these assumptions and the recommended corporate strategy are no longer appropriate for the current economic situation of the VARTA Group in order to return to a profitable growth path by the end of the restructuring period. The reasons for this include a further deterioration in the economic environment for the VARTA Group's various business areas, volatile forecast purchase volumes by customers, particularly in the area of small-format lithium-ion cells, an unexpected significant decline in demand for energy storage solutions from end consumers and due to high inventory levels in the retail sector, an aggressive pricing policy on the part of competitors and ongoing supply chain problems. In addition, the cyberattack on part of VARTA's IT systems, which was published on February 13, 2024, led to a production standstill lasting several weeks and a further deterioration in the financial situation. The operational and financial consequences of this cyberattack cannot yet be fully assessed. Among other things, it has resulted in a postponement of the publication of the Company's 2023 consolidated financial statements.

In light of these developments, the existing IDW S6 expert opinion is currently being analysed and updated as a basis for adjusting the restructuring measures by AuxilPartner as the new restructuring expert, which has already been supporting the Executive Board for several months in connection with the ongoing operating restructuring. The financing parties are supporting this process, among other things, by means of a standstill agreement, which is currently in the process of being signed and which will give VARTA the necessary flexibility under the existing restructuring and financing agreement. At present, no reliable statement can yet be made regarding possible adjustments or further restructuring and subsequent financing measures. The Executive Board currently assumes that an updated IDW S6 expert opinion will likely be available by mid-2024.

In addition, the Executive Board has secured the support of other experienced advisors to analyse various scenarios and has mandated Rothschild & Co. as financial advisor, among others, to elaborate strategic options regarding potential recapitalisation and financing measures.

In light of the existing restructuring agreement from 2023, the Executive Board is in close contact with the financing parties and is confident that a solution can be found that will enable the Company to restructure sustainably.