



VARTA

Press release
Ellwangen, 20th March 2023

VARTA AG plans capital increase and comprehensive restructuring concept

VARTA AG is in advanced discussions with the financing banks on far-reaching restructuring measures to stabilise the company financially and operationally. The restructuring concept, which has been developed in recent weeks within the framework of an IDW-S6 expert opinion, includes targeted measures to increase profitability and improve the financing structure. The proceeds of a targeted capital increase of 50 million euros are to be used for investments in important innovation fields of the company.

Following the challenges of 2022 triggered by the global crises, which most recently weighed on earnings, VARTA AG has held talks with its financing banks in recent months on the further restructuring and stabilisation of the company. An IDW-S6 expert opinion prepared by KPMG confirms VARTA AG's ability to restructure and the company's clear growth prospects. The prerequisite is the group-wide, consistent reduction of the cost base in the areas of procurement, internal processes and personnel as well as a further diversification of the customer base and investments in growth areas. The restructuring concept is subject to the final approval of the responsible bodies of the banks.

As a first step, VARTA AG's Executive Board today agreed with the Supervisory Board on the implementation of a capital increase to strengthen VARTA AG's growth areas. The target is proceeds of 50 million euros. The new shares will originate from authorised capital and will be issued under exclusion of shareholders' subscription rights at a selling price not significantly below the market price of VARTA shares. Only VGG Beteiligungen SE, a wholly owned subsidiary of Montana Tech Components, will be admitted to subscribe for the new shares. Among other things, the company intends to use the proceeds to expand its existing and very well developing energy storage business. In addition, VARTA intends to secure growth in large-format lithium-ion cells, which are already being supplied to one customer. The implementation of the capital increase is secured by a subscription guarantee from Montana Tech Components, which is subject to a final agreement with the financing banks.

The goal of further restructuring measures is to return to a stable growth path. To this end, an adjustment of production and structural costs is planned, which also includes personnel measures. The company management will hold talks with the works council in the near future on the concrete form of these measures. In addition to structural and organisational optimisation, VARTA is focusing on increased efficiency in internal processes. Central supplier management is intended to expand the supplier base and achieve the best possible procurement costs. Additional savings are to be realised by revising administrative processes and focusing marketing activities.

The measures are intended in particular to increase profitability in the areas of micro batteries, small lithium-ion button cells (CoinPower) and household batteries (Consumer Batteries). At the same time, VARTA is consistently expanding its customer base. The company is currently in concrete negotiations with new customers, particularly in the CoinPower area.

Dr Markus Hackstein, Speaker of the Executive Board of VARTA AG: "With the restructuring concept we have presented, we are maintaining a balance between necessary restructuring measures and the development of our growth potential. The current economically challenging situation requires clear steps in order to be able to operate successfully and profitably again. Through the comprehensive measures, we are stabilising the company and securing the innovative strength of VARTA AG in the long term. Unfortunately, it is unavoidable that this procedure also involves savings in personnel costs. In view of the current economically volatile times, we are extremely aware of our responsibility towards our employees. We have therefore offered the works council to immediately begin talks on the form of the concrete measures."

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Dr Michael Tojner, Chairman of the Supervisory Board of VARTA AG: "The restructuring concept secures VARTA's future viability. The implementation of the measures is not easy, but it is necessary to return to the path of success. As a traditional brand known for quality and innovations *Made in Germany*, the company is already strongly positioned to grow with and in the future markets of energy transition and e-mobility. With the targeted capital increase and the operational and financial measures now in place, we are creating the conditions for VARTA to fully play to these strengths again."

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About VARTA AG

VARTA AG produces and markets a comprehensive battery portfolio from micro batteries, household batteries, energy storage systems to customer-specific battery solutions for a variety of applications and, as a technology leader, sets industry standards in important areas. As the parent company of the group, it operates in the business segments "Lithium-Ion Solutions & Micro Batteries" and "Household Batteries".

The "Lithium-Ion Solutions & Micro Batteries" segment focuses on micro batteries, lithium-ion coin power, lithium-ion round cells (lithium-ion large cells) and the lithium-ion battery pack business. Through intensive research and development, VARTA sets global standards in many areas of lithium-ion technology and micro batteries, making it a recognized innovation leader in the important growth markets of lithium-ion technology and in primary hearing aid batteries. The "Household Batteries" segment comprises the battery business for end customers, including household batteries, accumulators, chargers, portable power (power banks) and lights as well as energy storage devices.

The VARTA AG Group currently employs almost 4,700 people. With five production and manufacturing facilities in Europe and Asia as well as sales centers in Asia, Europe and the USA, the operating subsidiaries of VARTA AG are currently active in over 75 countries around the world.