

Ad hoc announcement pursuant to Art. 53 LR  
Thun, January 17, 2024

## **European market distortion impacts 2023 financials – Meyer Burger to focus on manufacturing footprint in the U.S. and prepare for closure of German module manufacturing**

- Following the severe impact of the market distortion in Europe, Meyer Burger currently anticipates total sales of approximately CHF 135m for the 2023 fiscal year with an EBITDA loss of at least CHF 126m and a year-end cash position of around CHF 150m
- Meyer Burger is driving growth of the U.S. business serviced by its leading R&D and equipment manufacturing at its sites in Europe; ready to close its module production in Germany to eliminate unsustainable losses in the absence of resilience measures; cell production will continue in Germany in order to support ramp-up of U.S. module production
- Meyer Burger is focusing on strategic options to enhance its long-term growth potential and funding position, such as partnerships with industrial players and technology licensing; Meyer Burger has mandated a globally leading investment bank as an advisor to assist in the strategic process
- Meyer Burger is in advanced discussions with the German Federal Ministry for Economic Affairs and Climate Protection about Euler Hermes covered export financing and continues to pursue additional funding options, including 45X and U.S. Department of Energy loan. Meyer Burger is also considering raising equity primarily to fund completion of construction of cell and module facilities in the U.S.
- The long-term upsides for Meyer Burger remain highly attractive as the only western solution for high performance hetero-junction technology; the potential in the U.S. alone is substantial with 5.4 GW of offtake agreements

Meyer Burger Technology AG, a long-time pioneer and technology leader in the global photovoltaic industry, has prepared a plan to cut losses in Europe and focus on profitable growth in the U.S. together with its existing and potentially new offtake and industrial partners. With a deteriorating market environment in Europe, continuing with full-scale European solar manufacturing is not sustainable for the time being.

In parallel, Meyer Burger is considering strategic partnerships to accelerate the commercialization of its cutting-edge technology. Such partnerships would allow for faster growth with less capital requirements while strengthening the local U.S. supply chain.

Part of the plan would unfortunately be the closure of one of Europe's largest operational solar module production sites in Freiberg, Germany, as early as beginning of April 2024, affecting approximately 500 people. A final decision would have to be made by the second half of February 2024 in the absence of sufficient measures to create a level playing field in Europe such as a resilience-reward scheme. The solar cell production in Thalheim (Bitterfeld-Wolfen), Germany, would continue to support production ramp-up of U.S. solar module manufacturing in Goodyear, U.S. Equipment manufacturing and R&D sites in Switzerland and Germany would not be affected by these measures and continue to develop and produce technology and equipment to support Meyer Burger's business outside Europe.

Meyer Burger plans to enter into discussions with all stakeholders. In the event of a closure, necessary positions in engineering, technology, supply chain management and certain other critical functions at the manufacturing site in Freiberg would be offered the option of transferring their contracts to other Meyer Burger entities.

Gunter Erfurt, CEO of Meyer Burger explained: "In the U.S., we can take full advantage of our leading technology position, resulting in substantial interest by partners and supported by favourable industry policies. Given 5.4 GW of order book under offtake agreements and a potential to generate EBITDA at roughly CHF 250m in 2026, we are able to grow a profitable business, providing a positive outlook for our shareholders. The expansion of the U.S. business is currently proceeding as planned with the ramp-up of our solar module production site in Goodyear, expected to start in the second quarter of 2024."

### **2023 Financial Performance**

A sharp increase in Chinese production overcapacity and trade restrictions imposed by India and the U.S. resulted in significant oversupply and unprecedented distortion in the European solar market in 2023. Meyer Burger's ability to execute its existing strategy successfully was negatively impacted and now needs to be reviewed in the absence of policies creating a level playing field, such as the Net Zero Industry Act (NZIA) in the EU and subsequent national solutions such as resilience measures in Germany. Meyer Burger's withdrawal as a solar module manufacturer in Europe would further cement the continent's dependence on imports from China and leave Europe's solar energy transition with less safeguards for the future.

Meyer Burger currently expects to conclude the 2023 fiscal year with an EBITDA loss of at least CHF 126m (preliminary unaudited figure). Given the increase in produced solar modules to 650 MW despite slumped sales, module inventory increased significantly to around 360 MW. The EBITDA was negatively impacted by underutilization of production capacities in Germany and impairments on production materials and finished products as well as by costs incurred as a result of the continued commissioning of production facilities in Germany and the ongoing expansion in the U.S. in 2023. The final EBITDA number could deviate significantly from the estimate announced today, in particular if further impairment charges materialize due to plant closures.

### **Funding Options**

Meyer Burger ended 2023 with a cash position of approximately CHF 150m. Based on current projections, Meyer Burger requires funding of approximately CHF 450m until it becomes cash flow positive, expected during 2025 if the ramp-up of U.S. operations goes according to plan. Meyer Burger expects potential restructuring costs to be self-funded through the sale of inventory.

Several financing options are available to the company. Meyer Burger is in advanced discussions with the German Federal Ministry for Economic Affairs and Climate Protection about Euler Hermes covered export financing. Further options include a 45X (basically the monetization of future U.S. tax credits) or advanced manufacturing production credit and a loan by the U.S. Department of Energy for which Meyer Burger has successfully passed the first assessment stage. The company is also considering equity financing, involving a rights issue, private placements or other forms of equity-based financing.

### **Strategic Options**

In the current environment, the U.S. remains by far the most attractive market for local solar manufacturers. The U.S. market has proven conducive to a thriving domestic solar industry, which benefits from a stable cost base, fixed purchase agreements and attractive price levels. Governmental support schemes, such as the Inflation Reduction Act (IRA), further add to the existing market potential.

Gunter Erfurt added: "The focus at this point is leveraging growth in the highly attractive U.S. market. Together with partners we could significantly enhance our position avoiding major capital expenditure. We would leverage and expand our technological leadership position, drawing on our R&D and equipment facilities in Switzerland and Germany. Closing our state-of-the-art module production in Germany, which started production less than three years ago, is a decision we would like to avoid. But in the absence of long-time announced firm commitments by lawmakers on measures to create a level playing field, we are prepared to execute our restructuring plan in Germany."

With the support of a globally leading investment bank, the company has entered into discussions with selected potential strategic partners.

In addition, Urs Schenker, Member of the Board of Directors, has resigned from his post for personal reasons. Franz Richter, Chairman of the Board of Directors, stated: "The Board of Directors would like to thank Urs Schenker for his valuable input and contributions to the realignment of Meyer Burger."

Meyer Burger offers conference calls to investors, analysts and media representatives to discuss its plans and answer questions.

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A webcast incl. a conference call in English will take place today (January 17, 2024) at 10:00 CET and at 15:00 CET.

### **Webcast 10:00 CET (English)**

You can follow the webcast under the following link:

<https://www.webcast-eqs.com/meyerburger-2024-01>

(Audio and presentation in web browser)

Please use the following link to register to **ask questions via conference call**:

<https://webcast.meetyoo.de/reg/LYQkSFT6K6So>

### **Webcast 15:00 CET (English)**

You can follow the webcast under the following link:

<https://www.webcast-eqs.com/meyerburger-2024-02>

(Audio and presentation in web browser)

Please use the following link to register to **ask questions via conference call**:

<https://webcast.meetyoo.de/reg/FIE5RQuJAhey>

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