



## Corporate news on the figures for Q1 2022

# VARTA AG remains committed to annual targets despite global crises

- Group revenue still set to be between € 950m and € 1bn.
- First quarter of 2022 influenced by the war against Ukraine and long-term impacts of COVID-19.
- Revenue Q1 2022: € 185.3m (Q1 2021: € 204.3m).
- Adjusted EBITDA Q1 2022: € 38.1m (Q1 2021: € 59.9m).
- Increased stockpiling of raw materials and finished goods to ensure delivery capability.
- High demand for household batteries and high growth rates for energy storage systems continue.
- For Q2 2022, revenue is expected to total between € 195m and € 205m, with EBITDA in a corridor between € 34m and € 38m.

Ellwangen, May 12, 2022. VARTA AG remains committed to its target of revenue growth. The technology company based in Ellwangen (Baden-Württemberg) expects to generate Group revenue of between € 950m and € 1bn in the current year, which would equate to growth of up to around 10% in comparison with the previous year. VARTA will continue to invest in the expansion of its production capacities for lithium-ion batteries: At present, the Company is delivering tens of thousands of ultra-high-performance lithium-ion round cells per month from its pilot production line in Ellwangen to customers for release testing. For the small, rechargeable lithium-ion cells – CoinPower – the Company has the infrastructure in place to react fast and flexibly to customer demands.

Up to now, the ongoing global COVID-19 pandemic has not had any direct impact on VARTA's supply chains, and there have been no periods of production downtime at proprietary factories either. Moreover, the war against Ukraine is not directly impacting the Company. Nevertheless, indirect impacts from the pandemic and the war cannot be ruled out. Some VARTA customers have been affected by COVID-related disruptions in terms of deliveries of raw materials and semiconductors as well as local shutdowns of production facilities. The impact of rising raw material prices and energy costs as a result of the war against Ukraine are impacting revenue and profit and price increases can only be passed on to customers with a time delay.

Herbert Schein, CEO of VARTA AG: "VARTA is continuing to invest in our lithium-ion business and we are expanding our portfolio. Our strength lies in our innovative capacity, as we are currently demonstrating with our large-format lithium-ion round cells. Here, we are offering strategic advantages, just like we have done with CoinPower. Customer interest here is huge. VARTA cells allow them to manufacture and market new and improved products in areas such as home and garden, power tools, industrial applications and in the automotive sector."

Armin Hessenberger, CFO of VARTA AG: "VARTA is and remains a very healthy company – although we are not immune to global crises either. Rising costs for raw materials and energy can only be passed on to customers with a delay, while project and set-up costs in connection with large-format lithium-ion cells, for which we expect to generate initial revenue in 2024, are also curbing revenue and profit."

Rainer Hald, CTO of VARTA AG: "The pilot production line for our ultra-high-performance lithium-ion round cells is going very well. Our customers are already successfully testing these cells in various applications. However, we are also implementing our innovation strategy in other areas, and will present further innovations and improvements over the course of this year."

### VARTA AG - Group

in € m	Q1 2022 <sup>(1)</sup>	Q1 2021 <sup>(1)</sup>	
Revenue	185.3	204.3	-9.3%
Adjusted EBITDA	38.1	59.9	-36.4%
Adjusted EBITDA margin	20.6%	29.3%	-8.7 PP

<sup>(1)</sup> unaudited company figures



## Growth opportunities in the "Lithium-Ion Solutions & Microbatteries" segment

Revenue in the "Lithium-Ion Solutions & Microbatteries" segment amounted to € 88.4m in the first quarter of 2022, which equates to a decline of € -27.5m. The current situation is compromising the fundamentally sound demand in the areas of microbatteries, solutions and CoinPower. VARTA is reacting to the restrained demand with temporary capacity adjustments and cost savings, but is able to return to full capacity utilization at short notice and can also take advantage of additional growth opportunities through the short-term expansion of production capacities. In the second half of the year, new products are expected to be launched that should contribute to a significant upturn in business.

In the first three months of fiscal year 2022, adjusted EBITDA fell from € 45.9m to € 26.7m in comparison with the prior-year period, although the financial result declined more sharply in the areas of Microbatteries and Solutions than was the case for CoinPower.

### Lithium-Ion Solutions & Microbatteries

in € m	Q1 2022 <sup>(1)</sup>	Q1 2021 <sup>(1)</sup>	
Revenue	88.4	121.9	-27.5%
Adjusted EBITDA	26.7	45.9	-41.9%
Adjusted EBITDA margin %	30.2%	37.6%	-7.4 PP

<sup>(1)</sup> unaudited company figures

## High demand for products from the "Household Batteries" segment

The "Household Batteries" segment comprises the consumer batteries business and energy storage solutions. In the first three months of 2022, revenue in this segment rose from € 82.4m to €96.9m in comparison with the prior-year period. This corresponds to revenue growth of € 17.6m. Adjusted EBITDA fell by € 2.5m, declining from € 13.9m to €11.4m overall. The profit contribution from additional business was not able to offset price rises for raw materials in full.

The Consumer Batteries segment is continuing to benefit from high demand, registering revenue growth in the double-digit percentage range. In the reporting year, the energy storage solutions business again recorded highly dynamic growth and continued to profit from the sustained high demand for home storage systems. The adjusted EBITDA margin stands at 11.8% in relation to revenue, which corresponds to a decline of 5.1 percentage points in comparison with the previous year.

### Household Batteries

in € m	Q1 2022 <sup>(1)</sup>	Q1 2021 <sup>(1)</sup>	
Revenue	96.9	82.4	17.6%
Adjusted EBITDA	11.4	13.9	-18.1%
Adjusted EBITDA margin %	11.8%	16.9%	-5.1 PP

<sup>(1)</sup> unaudited company figures

## Outlook: VARTA AG well-positioned despite crises, pilot production line for ultra-high-performance lithium-ion cells running according to plan

The structural growth of the core markets, the company's strong market position in these core markets according to its own assessment and the continued high level of investments in the expansion of production capacities will lead to a positive business development in 2022. This outlook is based on the assumption of constant exchange rates.



The Company remains very well positioned despite the ongoing global COVID-19 pandemic and fluctuating infection rates. Production activities at proprietary facilities have continued without major interruption since the start of the pandemic. Although many companies around the world have suffered supply chain interruptions, VARTA has been able to maintain its supply chains at all times. Nevertheless, negative impacts on the VARTA AG Group cannot be ruled out completely.

The war against Ukraine and assessments with regard to its future development are hard to be made in terms of their impact on the Company. The revenue share in Ukraine, Belarus and Russia is less than 1% of Group revenue and is generated exclusively via supply contracts; the Company does not operate any proprietary factories in these countries either. Moreover, VARTA does not maintain any supplier relationships on the procurement side. For this reason, the direct negative impacts arising from this war zone on the business are estimated to be low. It is not possible to accurately forecast the extent to which this crisis will result in increased costs for raw materials and energy, nor is it possible to say whether these increases will be of a long-term nature. The Company is confident that it will be able to pass on these increased costs to customers by raising prices. However, this will only happen in line with the market and competitive landscape and after a time delay, and could become a potential stress factor.

VARTA has directed its efforts at counteracting potential supply chain interruptions by increasing the stockpiling of raw materials. In the event that these interruptions last longer than initially anticipated or that the prices of raw materials remain higher over the longer term, the Company can neither rule out the possibility of temporarily suspending production activities nor of reduced revenue and profit results. It can also not be ruled out that our customers are temporarily unable to accept deliveries of VARTA AG products due to disrupted production processes at their own sites. The pandemic may be the cause of such scenarios. In addition, global demand for semiconductors is very high. Due to a shortage of supply, this could lead to production interruptions or prompt manufacturers to selectively use the electronic components available to them.

In view of the diverse risk situation, the Company anticipates Group revenue of between € 950m and € 1bn for 2022. This would equate to growth of up to around 10% against the previous year. The adjusted operating result (EBITDA) is anticipated to total between € 260m and € 280m, as against a value of € 282.9m in fiscal year 2021. The risk situation outlined above and set-up costs in connection with V4Drive cells look set to impact the Company's revenue and profit development. For the second quarter of 2022, the Company expects to generate revenue of between €195m and € 205m, with adjusted EBITDA totaling between € 34m and € 38m.

**Quarterly report for Q1 2022 available at:**

<https://www.varta-ag.com/publications/>

**Dates:**

Consolidated annual financial statements 2021  
Interim report Q1 2022  
Annual General Meeting  
Half-year report 2022  
Interim report Q3 2022

Thursday, 31<sup>st</sup> March, 2022  
Thursday, 12<sup>th</sup> May, 2022  
Tuesday, 21<sup>st</sup> June, 2022  
Thursday, 11<sup>th</sup> August, 2022  
Tuesday, 15<sup>th</sup> November, 2022

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# VARTA

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## **About VARTA AG**

VARTA AG produces and markets a comprehensive battery portfolio from microbatteries, 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 is active in the business segments "Lithium-Ion Solutions & Microbatteries" and "Household Batteries".

The "Lithium-Ion Solutions & Microbatteries" segment focuses on the microbattery, lithium-ion CoinPower, 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 microbatteries, 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 around 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.