



Corporate news on the results of Q1 / 2021

## VARTA AG increases profitability and confirms cooperation on V4Drive with automotive manufacturer

- Group revenue grows in the first three months of 2021 by 2.9% from € 198.5 million to € 204.3 million compared to the same period of the previous year.
- Adjusted EBITDA is € 59.9 million (Q1 2020: € 51.7 million). This corresponds to an increase of 15.9% compared to the previous year.
- New segment name emphasizes focus on lithium-ion business: "Microbatteries & Solutions" is now called "Lithium-Ion Solutions & Microbatteries".
- Revenue in this segment rose by 2.7% to € 121.9 million (2020: € 118.7 million).
- The Household Batteries segment continues to develop very positively. Revenue und sales figures in the Energy Storage Systems division have doubled year-on-year.
- Household Batteries: Revenue increase by 3.4% to € 82.4 million (2020: € 79.7 million)
- First customer from the automotive sector for new lithium-ion round cells
- Development of the pilot line for lithium-ion round cells on schedule
- Further, larger lithium-ion round cells planned

Ellwangen, May 12, 2021. VARTA AG is continuing its successful lithium-ion strategy with new battery formats. VARTA confirms to have a first customer from the automotive sector for the new high-performance V4Drive round cell in the 21700 format. In addition, the technology company from Ellwangen (Baden-Württemberg) announced that it will also develop other, larger lithium-ion round cells in the future. In the first quarter of 2021, VARTA was able to increase group revenue by 2.9% to € 204.3 million compared to the same period of the previous year. The adjusted EBITDA rose by almost 16% to € 59.9 million. "VARTA has further increased its profitability. We are optimistic about the second half of the year," says Herbert Schein, CEO of VARTA AG. "All segments continue to contribute to the growth of our company and were able to further increase the good results. The properties of our new lithium-ion round cells are met with great interest from customers. We are thus opening new and larger areas of business. In the meantime, we have also been able to win our first customer for our V4Drive in the automotive sector. VARTA remains successful with its innovation strategy." In the second half of the year in particular, VARTA expects an increase in revenue and business results thanks to new customer orders in the area of True Wireless Stereo Headsets (TWS). "In order to emphasize our focus on the successful business with our lithium-ion batteries, we have decided to rename our Microbatteries & Solutions segment to Lithium-Ion Solutions & Microbatteries", says Schein.

Armin Hessenberger, Chief Financial Officer (CFO) of VARTA AG, adds: "VARTA is a thoroughly healthy company. Thanks to our further increased profitability and our low level of debt, we have the opportunity to continue investing heavily in the lithium-ion business and at the same time to pay our shareholders a dividend for the first time. The decision will be made by the general meeting next month. "



## VARTA AG – Group

in mio. €	Q1 2020	Q1 2021	
revenue	198,5	204,3	2,9%
adjusted EBITDA	51,7	59,9	15,9%
adjusted EBITDA margin	26 %	29,3%	+3,3 PP

## Lithium-Ion Solutions & Microbatteries segment grows by 2.7%

Revenue in the Lithium-Ion Solutions & Microbatteries segment rose from € 118.7 million to € 121.9 million in the 2021 financial year. This corresponds to a revenue growth of 2.7% compared to the previous year. The development of the rechargeable lithium-ion cells for high-tech consumer products, especially for true wireless premium headphones (TWS), was as expected. The USD / EUR exchange rate development and the adjustment of prices in the non-strategic area of assembly, i.e. the tailoring of the battery arresters for the customer, had a negative effect. New customer projects will have an impact on sales and earnings in the second half of the year.

The Microbatteries and Power Pack Solutions product groups have developed very positively. When it comes to hearing aid batteries, VARTA is benefiting from the increased demand for rechargeable lithium-ion cells. The high growth rate continues in the Power Pack Solutions business.

The adjusted EBITDA rose from € 40.8 million to € 45.9 million (+12.5%), which corresponds to a disproportionate increase compared to the sales development. The increase in earnings is the result of further increases in productivity and efficiency. This results in an adjusted EBITDA margin of 37.6% in relation to sales, which corresponds to an improvement in the adjusted EBITDA margin of 3.3 percentage points compared to the previous year.

## Segment Lithium-Ion Solutions & Microbatteries

in mio. €	Q1 2020	Q1 2021	
revenue	118,7	121,9	2,7%
adjusted EBITDA	40,8	45,9	12,5%
adjusted EBITDA margin	34,3%	37,6%	+3,3 PP



## Household Batteries segment continues to develop positively, high demand for energy storage systems

The Household Batteries segment comprises the consumer batteries business and energy storage systems. Sales increased from € 79.7 million to € 82.4 million in the 2021 financial year. This corresponds to a sales growth of 3.4% compared to the previous year. Adjusted EBITDA rose from € 10.9 million to € 13.9 million (+27.5%), which corresponds to a disproportionate increase compared to the sales development.

By focusing on the branded business, the consumer batteries business has significantly improved its profitability compared to the same quarter of the previous year. The business with energy storage systems grew very dynamically in the financial year and doubled compared to the same quarter of the previous year and was thus able to gain additional market shares. The adjusted EBITDA margin is 16.9% in relation to sales, which corresponds to an improvement of 3.2 percentage points compared to the previous year and thus builds on the successful fourth quarter of 2020.

### Segment Household Batteries:

in mio. €	Q1 2020	Q1 2021	
revenue	79,7	82,4	3,4%
adjusted EBITDA	10,9	13,9	27,5%
adjusted EBITDA margin	13,7%	16,9%	+3,2 PP

## Outlook: new lithium-ion round cells open up new markets, start of the pilot line on schedule

The structural growth of the core markets, strong market position in these core markets as well as the continued high investments in the expansion of production capacities will lead to positive business development in 2021. This outlook is based on the assumption of constant exchange rates.

The company is still very well positioned in view of the ongoing Covid-19 pandemic and fluctuating infection rates. Production at the company's own locations has been running without interruptions since the beginning of the pandemic, and there have been no effects on the supply chains.<sup>1</sup>

The positive business development will accelerate in the second half of the year thanks to new customer projects and orders in the CoinPower area. In addition, the development of new lithium-ion round cells will open up further business areas. The construction of the pilot line for the new lithium-ion round cells in the 21700 format at the Ellwangen location is proceeding according to plan. Pilot production will start at the end of the year.

### Result under:

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

<sup>1</sup> Impairments to our customers' business through COVID-19 cannot be ruled out, as can exchange rate fluctuations between USD and EUR. At the time of this notification, these effects could not be foreseen and could therefore not be taken into account in the planning.



# VARTA

**Dates:**

17 <sup>th</sup> June 2021	General meeting
13 <sup>th</sup> August 2021	Half-year report 2021
11 <sup>th</sup> November 2021	Interim report 3rd quarter 2021

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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 & Microbatteries" and "Household Batteries".

The "Lithium-Ion Solutions & Microbatteries" segment focuses on microbatteries, 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 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 almost 4,800 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.