



## Corporate News on the financial figures for the first quarter of 2023

### VARTA AG meets the challenges in a difficult market environment

- Macroeconomic aspects as consequences of the global crises and reduced customer orders continue to weigh on results.
- Q1 revenue € 164.2 million (Q1 2022: € 185.3 million), Q1 adjusted EBITDA € -2.0 million (Q1 2022: € 38.1 million)
- Energy Storage Systems increases revenue by a factor of 2.7 and becomes the second largest segment. High order backlog until the 4<sup>th</sup> quarter of 2023 ensures high predictability for Energy Storage Systems' sales potential in 2023.
- The development of the Energy Storage segment together with an easing of energy and raw material prices and the restructuring that is underway will, in the opinion of the management, lead to a stabilisation of the annual result.
- Forecast for financial year 2023 unchanged: Revenue € 820 - 870 million, adjusted EBITDA to be at least in the order of the previous year.

Ellwangen, 15<sup>th</sup> May 2023. VARTA AG stands by its assessment for the 2023 financial year despite the ongoing global challenges. The reasons for this are the continuing high order backlog for energy storage systems and the resulting increase in customer demand in the wake of the energy transition, the significant fall in energy and raw material prices observed since autumn 2022 and the successive adjustment of product prices over the course of the year. According to the company's assessment, these factors will ensure an improvement in the margin picture. In addition, the Executive Board of VARTA AG is convinced that it will return to profitability with the adopted restructuring programme, the successfully implemented capital increase and targeted investments in growth markets.

Like all companies producing in Europe, the consequences of the global crises continue to burden the business of the Ellwangen-based technology company in the first three months of the 2023 financial year. Stock purchases by private households in the previous year are one of the consequences of the global crises, as is the current lower market demand from important customer groups. The decline in demand in the Lithium-Ion CoinPower segment is also related to the significantly lower demand from a single major customer.

In the first three months of the 2023 financial year, the VARTA AG Group's revenue fell by 11.4% year-on-year from € 185.3 million to € 164.2 million. Adjusted EBITDA fell from € 38.1 million in the previous year to € -2.0 million. For the 2023 financial year, VARTA AG's Executive Board continues to expect sales of between € 820 million and € 870 million and anticipates adjusted EBITDA in 2023 to be at least on a par with the previous year.

Dr Markus Hackstein, Speaker of the Executive Board of VARTA AG: "2023 is a year of change for VARTA AG. The restrained customer demand in the majority of the segments requires a very strict savings course. We are currently implementing the measures of our restructuring programme. Unfortunately, this also means painful cuts in personnel. Our customers' business is generally focused on the second half of the year, with only the home storage business running evenly strong throughout the year. In the second half of 2023, we expect higher utilisation of our production capacity for our lithium-ion cells, but also in the Consumer Batteries segment, due to our customers' forecasts."

The restructuring programme decided in March includes cost savings in all areas and reductions in working capital, especially through a reduction in inventories. Savings in human resources amount to around 800 positions worldwide. More than half of these will come from planned departures and fluctuation. Another roughly 240 jobs will be cut at the German locations this year, and about 150 more jobs are to be relocated abroad next year. Talks with employee representatives are already underway.

#### VARTA AG - Group

	1 <sup>st</sup> JAN. UNTIL 31 <sup>st</sup> Mar. 2023	1 <sup>st</sup> JAN. UNTIL 31 <sup>st</sup> Mar. 2022	Change
Revenue (in € million)	164.2	185.3	-11.4%
Adjusted EBITDA (in € million)	-2.0	38.1	> -100%
Adjusted EBITDA margin %	-1.2%	20.5%	-21.7 PP



## Segment "Micro Batteries"

The "Micro Batteries" segment comprises the business with micro and hearing aid batteries. The revenue as of the first quarter of 2023 is € 34.2 million, which corresponds to a decline in turnover of 20.9%.

Within the first three months of the 2023 financial year, adjusted EBITDA fell from € 7.4 million to € 3.9 million compared to the same period of the previous year, which corresponds to a disproportionate decline compared to the development of revenue. The adjusted EBITDA margin is 11.4%, which corresponds to a decline of 5.6 percentage points compared to the previous year.

In addition to a decline in demand, this drop in earnings results from the increase in manufacturing costs, in particular due to the negative development of energy and raw material prices for VARTA. However, a comparison to Q3 of 2022, where these negative developments were already in effect, shows a different picture: The first quarter of 2023 sees a margin improvement of almost € 4 million (Q3 2022 adj. EBITDA: € 0.3 million) despite lower revenues of almost € 7 million (Q3 2022 revenue: € 40.9 million), entirely due to the cost reductions the company was able to achieve.

### Micro Batteries

	1 <sup>st</sup> JAN. UNTIL 31 <sup>st</sup> Mar. 2023	1 <sup>st</sup> JAN. UNTIL 31 <sup>st</sup> March 2022	Change
Revenue (in € million)	34.2	43.3	-20.9%
Adjusted EBITDA (in € million)	3.9	7.4	-46.8%
Adjusted EBITDA margin %	11.4%	17.0%	-5.6 PP

## "Lithium-Ion CoinPower" segment

The "Lithium-Ion CoinPower" segment includes the small-format lithium-ion round cells for OEM applications. Revenue for the first quarter of 2023 is € 2.7 million, which corresponds to a decline of 92.1%.

In the first quarter of 2023, the adjusted EBITDA fell from € 20.0 million to € -18.2 million compared to the same period of the previous year, which corresponds to a disproportionate decline compared to the development of revenue.

The main driver for the sharp decline is the fact that the main customer for the "Lithium-Ion CoinPower" segment has made a significant reduction in sales volumes.

Personnel measures, such as the registration of short-time work in Nördlingen and the non-extension of fixed-term employment contracts, have already been initiated at the end of 2022 in order to take account of the development of sales volumes and demand. VARTA still has sufficient installed capacity to be able to produce additional quantities at short notice in the event of a recovery in demand.

### Lithium-Ion CoinPower

	1 <sup>st</sup> JAN. UNTIL 31 <sup>st</sup> March 2023	1 <sup>st</sup> JAN. UNTIL 31 <sup>st</sup> March 2022	Change
Revenue (in € million)	2.7	34.6	-92.1%
Adjusted EBITDA (in € million)	-18.2	20.0	> -100%
Adjusted EBITDA margin %	-666.0%	57.9%	-723.9 PP



## "Consumer Batteries" segment

The "Consumer Batteries" segment represents the business with household batteries, rechargeable batteries, chargers, portable power (power banks) and lamps. Compared to the same period of the previous year, revenue in this segment fell from € 82.2 million to € 74.9 million, which corresponds to a decline of 8.9%. In comparison, adjusted EBITDA fell by 46.7%. The adjusted EBITDA margin is 8.3%, which corresponds to a decrease of 5.8 percentage points compared to the previous year.

This decline in sales results from the slightly reduced demand for household batteries. The very significant increase in raw material prices and the high additional energy costs had a negative impact. These cost increases could only be partially passed on to customers. VARTA is confident about the current trend in energy and raw material costs and is also striving to be able to pass on the increased costs in the medium term. Accordingly, the management's expectation is that the material-intensive "Consumer Batteries" segment will be able to return to the margin level from 2020 and 2021 in the medium term.

### Consumer Batteries

	1 <sup>st</sup> JAN. UNTIL 31 <sup>st</sup> March 2023	1 <sup>st</sup> JAN. UNTIL 31 <sup>st</sup> March 2022	Change
Revenue (in € million)	74.9	82.2	-8.9%
Adjusted EBITDA (in € million)	6.2	11.6	-46.7%
Adjusted EBITDA margin %	8.3%	14.1%	-5.8 PP

## "Energy Storage Systems" segment

Turnover in the "Energy Storage Systems" segment increased from € 14.7 million to € 39.7 million in 2023 compared to the same period of the previous year. This corresponds to a growth in turnover of 171.1%. Adjusted EBITDA increased by € 6 million from € -0.2 million to € 5.8 million. The adjusted EBITDA margin is 14.7% in relation to revenue, which corresponds to an increase of 15.9 percentage points compared to the previous year.

The pleasing growth in sales in the material-intensive "Energy Storage Systems" segment is due on the one hand to the high order backlog from 2022 and on the other hand to the high demand for home storage solutions. VARTA was able to pass on the increased costs in full at the beginning of the 2023 financial year and, as expected, experienced a significant improvement in the adjusted EBITDA margin as a result.

### Energy Storage Systems

	1 <sup>st</sup> JAN. UNTIL 31 <sup>st</sup> March 2023	1 <sup>st</sup> JAN. UNTIL 31 <sup>st</sup> March 2022	Change
Revenue (in € million)	39.7	14.7	> 100%
Adjusted EBITDA (in € million)	5.8	-0.2	> 100%
Adjusted EBITDA margin %	14.7%	-1.2%	15.9 PP

## Segment "Other"

In the new segmentation, the segment "Other" includes the businesses "Lithium-Ion Battery Packs" and "Lithium-Ion Large Cells" (V4Drive and RoundPower). In addition, possible special effects of the Group fall into this segment. As of the first quarter of 2023, the revenue of the "Other" segment is € 12.7 million, which corresponds to a revenue growth of 20.1%. The adjusted EBITDA increased by € 1 million compared to the previous year. The adjusted EBITDA margin is 2.2% in relation to revenue, which corresponds to an improvement of 9.1 percentage points compared to the previous year.

### Other

	1 <sup>st</sup> JAN. UNTIL 31 <sup>st</sup> March 2023	1 <sup>st</sup> JAN. UNTIL 31 <sup>st</sup> March 2022	Change
Revenue (in € million)	12.7	10.6	20.1%
Adjusted EBITDA (in € million)	0.3	-0.7	> 100%
Adjusted EBITDA margin %	2.2%	-6.9%	9.1 PP



## Outlook

In a difficult market environment, the VARTA AG Group holds a good position in its core markets and is promisingly positioned to benefit from long-term market developments – particularly in lithium-ion batteries with their wide range of applications. The indications from VARTA customers to date, in particular the high order backlog for energy storage systems, give cause for optimism. For the 2023 financial year, VARTA AG's Executive Board expects revenue of between € 820 million and € 870 million and anticipates an adjusted EBITDA in 2023 at least in the order of the previous year.

VARTA's financing position has improved since the beginning of the year: On the one hand, the company received almost € 51 million from a capital increase. On the other hand, on 17<sup>th</sup> April 2023, the syndicate banks finally approved the extension of the debt financing until the end of 2026. In addition to implementing the restructuring concept, which will lead to operational adjustments in production and administrative costs, the company is planning targeted investments in growth areas such as the energy transition and e-mobility.

## Annual Report

[www.varta-ag.com/publications/](http://www.varta-ag.com/publications/)

## Upcoming Dates

Annual General Meeting  
Semi-Annual Report 2023  
Interim Statement 3<sup>rd</sup> Quarter 2023

11<sup>th</sup> July 2023  
11<sup>th</sup> August 2023  
14<sup>th</sup> November 2023

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## About VARTA AG

VARTA AG produces and markets a comprehensive battery portfolio ranging from micro batteries, household batteries, energy storage systems to customised battery solutions for a variety of applications and sets the industry standards as a technology leader in key areas. As the parent company of the Group, it is divided into the segments "Micro Batteries", "Lithium-Ion CoinPower", "Consumer Batteries", "Energy Storage Systems" and "Other". The "Micro Batteries" segment includes micro and hearing aid batteries, "Lithium-Ion CoinPower" small-format lithium-ion round cells for OEM applications. "Consumer Batteries" represents the business with household batteries, rechargeable batteries, chargers, portable power (power banks) and lights. "Energy Storage Systems" includes energy storage solutions for primarily private, but also for commercial applications. The "Other" segment includes the "Lithium-Ion Battery Packs" and "Lithium-Ion Large Cells" business units (high-performance lithium-ion round cells for industrial applications in the automotive and non-automotive sectors).

Through intensive research and development, VARTA sets global standards in many areas of lithium-ion technology and in micro batteries, making it a recognised innovation leader in the important growth markets of lithium-ion technology and in primary hearing aid batteries. The VARTA AG Group currently employs almost 4,700 people. With five production and manufacturing facilities in Europe and Asia as well as distribution centres in Asia, Europe and the USA, VARTA AG's operating subsidiaries are currently active in over 100 countries worldwide.