



**Press Release**  
**Ellwangen, 14<sup>th</sup> November 2023**

## **VARTA AG achieves best quarter of the current financial year to date**

- Rising seasonal demand, successful restructuring measures, falling material and energy costs and selective price adjustments have a positive impact on results.
- Significant increase compared to the same quarter of the previous year: revenue Q3 2023: € 215.1 million (Q3 2022: € 193.9 million), adjusted EBITDA Q3 2023: € 29.4 million (Q3 2022: € -2.5 million)
- Broad product portfolio supports good result in the 3<sup>rd</sup> quarter.
- VARTA maintains its leading global position in "Micro Batteries" over the course of the year.
- The "Lithium-Ion CoinPower" segment shows significant improvement in Q3 2023.
- "Consumer Batteries" remains a stable mainstay of VARTA AG.
- "Energy Storage Systems" is a sustainable growth driver.
- Guidance confirmed: Revenue of around € 820 million are expected by the end of the year, with adjusted EBITDA between € 40 million and € 60 million.

VARTA AG remains confident about 2023 thanks to the positive development in the third quarter of 2023, the traditionally stronger second half of the year, the consistent implementation of restructuring measures and falling material and energy costs. The combination of these factors gave the company the highest quarterly revenue of the current year between July and September. Compared to the same quarter of the previous year, revenue increased by around 11 %. Adjusted EBITDA also improved significantly compared to the previous quarters and the same quarter of the previous year: Q3 2023 € 29.4 million (Q3 2022: € -2.5 million).

Dr Markus Hackstein, Speaker of the Executive Board of VARTA AG: "Our measures are taking effect. We have effectively reduced costs. The current Christmas business is developing as we had planned, and we have been able to pass on our increased costs to our customers in some areas. We are therefore confident that we will achieve our guidance for the current year. Going forward, we will continue to consistently pursue our restructuring programme and thus return to a profitable growth path."

The persistently challenging macroeconomic environment has recently had a negative impact on VARTA AG's business development. Between January and September 2023, revenue fell by € 16.6 million compared to the same period of the previous year, while adjusted EBITDA for the first nine months of the year totalled € 22.6 million (2022: € 66.4 million). In the opinion of the company's management, however, the good third quarter demonstrates both the seasonality of the business and the solid positioning of VARTA AG. Marc Hundsdorf, CFO: "Our business is broadly positioned, and this strategic advantage has contributed to the improvement in our results. After a traditionally weaker first half of the year, all divisions were able to improve in the past quarter. Our Consumer Batteries in particular have proven to be a mainstay and the energy storage business continues to be our growth driver."

Based on the results for the first nine months of 2023, the Executive Board of VARTA AG continues to expect revenue of around € 820 million for the fiscal year. Adjusted EBITDA is still expected to be between € 40 million and € 60 million.



	1 JAN. UNTIL 30 SEP. 2023	1 JAN. UNTIL 30 SEP. 2022	Change
Revenue (in € million)	554	570.7	-2.9 %
Adjusted EBITDA (in € million)	22.6	66.3	-65.9 %
Adjusted EBITDA margin %	4.1 %	11.6 %	-7.5 PP

## With "Micro Batteries", VARTA retains a leading global position in a changing industry

	1 JAN. UNTIL 30 SEP. 2023	1 JAN. UNTIL 30 SEP. 2022	Change
Revenue (in € million)	106	123.7	-14.2 %
Adjusted EBITDA (in € million)	15.9	13.5	17.6 %
Adjusted EBITDA margin %	14.9 %	10.9 %	4.0 PP

The "Micro Batteries" segment comprises the micro and hearing aid battery business. Revenue as of 30<sup>th</sup> September 2023 is at 106 million euros, which corresponds to a decline in revenue of 14.2 %. In the third quarter of 2023, in which revenue of € 36 million were generated, sales were therefore around 11% lower than in the same quarter of the previous year (Q3 2022: € 40.7 million).

In the first nine months of the 2023 financial year, adjusted EBITDA increased from 13.5 million to 15.9 million. The adjusted EBITDA margin is 14.9 %, which corresponds to an improvement of 4.0 percentage points compared to the previous year. The adjusted EBITDA of € 5.9 million in the third quarter of 2023 compares to the previous year's figure of € 0.5 million. After the first nine months of 2023, adjusted EBITDA already exceeds the corresponding figure for the 2022 financial year as a whole.

Demand in the market for "Micro Batteries" is generally subdued, which explains the decline in revenue compared to the same periods in the previous year. One key reason is the growing importance of rechargeable hearing aids. The margin improvement, which gained momentum in Q3 2023, reflects the segment's favourable product mix due to the structural shift towards rechargeable hearing aids, as well as the recent decline in material and energy costs.

## "Lithium-Ion CoinPower" remains the most challenging segment in terms of earnings quality

	1 JAN. UNTIL 30 SEP. 2023	1 JAN. UNTIL 30 SEP. 2022	Change
Revenue (in € million)	44.4	114.5	-61.3 %
Adjusted EBITDA (in € million)	-32.9	35.6	> -100 %
Adjusted EBITDA margin %	-72 %	31.1 %	> -100 PP

The "Lithium-Ion CoinPower" segment comprises small-format lithium-ion round cells for OEM applications. Revenue for the first three quarters totalled 44.4 million, which corresponds to a decline of 61,3 % compared to the same period of the previous year. Demand for lithium-ion batteries for true wireless stereo headsets (TWS) recovered in Q3 2023, particularly in the months of August and September. Compared to the same quarter of the previous year, there was still a 27.6% decline in sales at segment level.

The main driver for this revenue trend in the year to date is that the segment's main customer has purchased significantly fewer units due to lower end customer demand and the diversification of supplier relationships. Agreed price reductions and the reduction of inventories at major customers led to an additional decline in revenue. In the first nine months of the 2023 financial year, adjusted EBITDA fell from 35.6 million to -€ 32.9 million. In Q3 2023, EBITDA was slightly negative at € -2.5m (Q3 2022: € -2.7m).



## "Consumer Batteries" is and will remain a stable, supporting pillar of VARTA AG in the future

	1 JAN. UNTIL 30 SEP. 2023	1 JAN. UNTIL 30 SEP. 2022	Change
Revenue (in € million)	232.2	231	0.5 %
Adjusted EBITDA (in € million)	22	14.3	55 %
Adjusted EBITDA margin %	9.5 %	6.2 %	3.3 PP

The "Consumer Batteries" segment covers the business with household batteries, rechargeable batteries, chargers, portable power (power banks) and lights. In comparison to the same period of the previous year, revenue in this segment increased from 231 million to 232.2 million. This corresponds to an increase of 0,5 %. Based on the third quarter of 2023, in which revenue totalled € 89.7 million, this represents an increase of 6.1% compared to the previous year.

Adjusted EBITDA for the first nine months shows an increase of 55% compared to the same period of the previous year, resulting in a significant improvement in the adjusted EBITDA margin: This has increased by 3.3 percentage points to 9.5 %. In the third quarter of 2023, the improvement compared to the same quarter of the previous year was particularly significant. Adjusted EBITDA increased from € 1.1 million in Q3 2022 to € 14.6 million.

The subdued end customer demand for household batteries was successfully countered by targeted measures, in particular by acquiring new retail customers. Lower energy and raw material costs and successful price adjustments were the main reasons for the significant improvement in margins. Favoured by the typical seasonal tailwind in the second half of the year in connection with the Christmas business, VARTA anticipates a pleasing overall earnings trend for the 2023 financial year.

## "Energy Storage Systems" is a sustainable growth driver for VARTA AG in a prospering market

	1 JAN. UNTIL 30 SEP. 2023	1 JAN. UNTIL 30 SEP. 2022	Change
Revenue (in € million)	122	65.5	86.2 %
Adjusted EBITDA (in € million)	16	1.7	> 100 %
Adjusted EBITDA margin %	13.1 %	2.6 %	10.5 PP

In 2023, sales in the "Energy Storage Systems" segment increased from € 65.5 million to € 122 million. This corresponds to revenue growth of 86.2 %. In the third quarter, there was an increase of 76.3% to € 40.4 million. Adjusted EBITDA rose from € 1.7 million to around € 16 million. This corresponds to an increase of € 14.3 million and led to a significant improvement in the adjusted EBITDA margin, which rose by 10.5 percentage points to 13.1 % increase. Adjusted EBITDA for the third quarter totalled € 4.5 million (Q3 2022: € -1.0 million).



## "Other": Development of further technologies for promising markets

	1 JAN. UNTIL 30 SEP. 2023	1 JAN. UNTIL 30 SEP. 2022	Change
Revenue (in € million)	49.6	36	37.9 %
Adjusted EBITDA (in € million)	0.6	1.3	-55 %
Adjusted EBITDA margin %	1.2 %	3.7 %	-2.5 PP

In the new segmentation, the "Other" segment comprises the "Lithium-Ion Battery Packs" and "Lithium-Ion Large Cells" divisions. Possible special effects of the Group also fall under this segment.

In the first nine months of 2023, revenue in the "Other" segment totalled 49.6 million euros, which corresponds to a growth of 37.9 %. This growth is mainly due to effects totalling € 12.5 million that arose in Q3 2023 from the reimbursement of start-up costs in joint projects for large format round cells. Adjusted EBITDA decreased compared to the previous year to € 0.6 million, which is due in particular to lower production income in the Lithium-Ion Large Cells division.

As expected, the significant increase in revenue in the third quarter of 2023 is due to the aforementioned reimbursements of start-up costs. These largely explain the improvement in both revenue and earnings compared to the previous quarters. The "Lithium-Ion Battery Packs" division, which continues to be characterised by weakening demand for battery packs in the premium segment, developed in the opposite direction. In the first nine months of 2023, the adjusted EBITDA margin was 1.2 %, which corresponds to a decline of -2.5 percentage points compared to the previous year.

## Outlook: VARTA AG well positioned for future growth

The VARTA AG Group holds a very good position in its core markets and is promisingly positioned to benefit from long-term growth trends, for example in lithium-ion batteries with their wide range of applications or in energy storage solutions. The short-term revenue and earnings outlook remains challenging due to the overall economic situation. This applies despite the significant improvement in momentum in the quarter under review.

Dampening effects on the demand side continue to arise in several segments – albeit to a decreasing extent – due to high stock levels in private households and companies. On the one hand, this is due to advance purchases in the previous year and on the other – on the corporate side – to weak demand for end products in many cases. Significant fluctuations in the purchase volumes of key customers lead to increased volatility in sales forecasts and thus to increased forecasting uncertainty for the VARTA AG Group. This applies in particular to the "Lithium-Ion CoinPower" segment. Demand picked up significantly in Q3 2023 and even exceeded the previous year's level in August and September. However, VARTA continues to anticipate volatile demand from individual major customers.

The rapid growth in the importance of renewable energies and the desire of many customers for energy self-sufficient solutions continue to drive demand in "Energy Storage Systems". The segment's order backlog remains at around two quarterly sales figures and suggests that it will continue to develop favourably.

The Executive Board of VARTA AG continues to expect revenue of around € 820m for the fiscal year. Adjusted EBITDA is still expected to remain within the previous guidance range of € 40m to € 60m.

In order to meet current and future challenges, the Executive Board launched a comprehensive package of cost-cutting measures in the 2022 reporting year. The capacities for CoinPower cells (TWS) are to be made more flexible and can therefore be increased again at short notice depending on the demand situation. Operation of the first series production facility for large-format lithium-ion round cells will continue as planned and will provide the cells needed to fulfil the OEM contract with a premium car manufacturer in the future. In addition, VARTA has given the go-ahead for the construction of a gigawatt factory for energy storage systems in 2023. The first modules for VARTA.wall are to be manufactured in Neunheim, Ellwangen, in the first half of 2024. In the first stage of expansion, it should be possible to produce over 500 MWh of energy storage systems per year, which corresponds to an annual output of around 50,000 systems. An expansion of the existing capacity to over 1 GWh is planned by 2025, after which up to 100,000 VARTA.wall energy storage systems are to be produced per year.



**Interim statement:**

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

**Dates:**

Financial statements 2023  
Interim statement Q1 2024  
Annual General Meeting  
Half-year report 2024  
Interim statement Q3 2024

28<sup>th</sup> March 2024  
15<sup>th</sup> May 2024  
23<sup>rd</sup> May 2024  
12<sup>th</sup> August 2024  
13<sup>th</sup> November 2024

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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 around 4,200 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.