



### VARTA AG continues its growth path – EBITDA margin of around 30% expected in fiscal year 2021

- Adjusted EBITDA rises by roughly 10% to approximately € 112.3m.
- Group revenue increases by 1.8% to € 397.6m (2020: € 390.7m).
- Operating result in the Lithium-Ion Solutions & Microbatteries segment grows by 2.4%.
- Very positive development in the Household Batteries segment.
- Pilot production of high-performance lithium-ion cells to begin as planned by year-end.
- Consolidated result up by 14.3% to € 45.6m.
- The outlook for 2021 remains positive: Further rise in revenue and profit for fiscal year 2021; adjusted EBITDA margin set to improve to around 30%.

Ellwangen, 13<sup>th</sup> August, 2021. VARTA AG continues its growth path. In the first six months of 2021, Group revenue increased by 1.8% to € 397.6m. Adjusted EBITDA rose by around 10% to € 112.3m. For the technology company based in Ellwangen (Baden-Württemberg), these results confirm the guidance for the current year. Following the official opening of the new lithium-ion cell manufacturing plant at the Nördlingen site at the end of June, the Company now has 60,000 square meters of production space at its disposal for the manufacturing of small lithium-ion round cells. As a result, VARTA AG has the infrastructure to produce up to 400 million cells per year. The new customer orders announced for the second half of the year are currently in progress. At the end of this year, the pilot production of the new ultra-high-performance lithium-ion round cell V4Drive in the 21700 format will also begin at the Ellwangen site. A customer order has already been confirmed for the cells.

Herbert Schein, CEO of VARTA AG: "VARTA continues to increase profitability this year. We have announced to further increase last year's very positive operating result in 2021 and to reach an EBITDA margin of around 30%. After the first six months, we can safely say that our plans are very much coming to fruition, with all company segments contributing to this. Our clear growth strategy in all segments, our focus on innovation and our expertise in the lithium-ion segment are once again paying off."

Armin Hessenberger, Chief Financial Officer (CFO) of VARTA AG, adds: "VARTA AG has once again proved that it delivers on its promises. In the second half of the year, we will improve on the good results of the first six months and meet the targets defined in the guidance."

#### VARTA AG - Group

In €m	2021 <sup>(1)</sup>	2020 <sup>(1)</sup>	
Revenue	397.6	390.6	1.8%
Adjusted EBITDA	112.3	102.1	10%
Adjusted EBITDA margin	28.2%	26.1%	+2.1 PP

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



## Further rise in operating result in the Lithium-Ion Solutions & Microbatteries Segment

Adjusted EBITDA for this segment rose from € 82.4m to € 84.4m (+2.4%). The revenue growth is the result of further productivity and efficiency gains. This has produced an adjusted EBITDA margin of 36.2% in relation to revenue, which equates to an improvement of 1.8 percentage points year on year.

In the first six months of 2021, revenue in the Lithium-Ion Solutions & Microbatteries segment totaled € 233.2m, down by 2.7% year on year. However, when taking into account the increased stock of both unfinished and finished products, revenue for the current year stands at 5% above that of the previous year. This significant increase in stockpiled rechargeable lithium-ion batteries for high-tech consumer products, especially for premium true wireless headsets (hearables) has been carried out in order to be able to fulfil customer projects previously announced for the second half of the year, and is in accordance with expectations.

The global market position in hearing aid batteries has been further consolidated. The Group is currently profiting from its very robust business model in primary hearing aid batteries and from the increase in demand for rechargeable lithium-ion batteries, and has grown significantly. In the lithium-ion battery packs business, high growth levels continue to be recorded.

### Lithium-Ion Solutions & Microbatteries segment

In €m	2021 <sup>(1)</sup>	2020 <sup>(1)</sup>	
Revenue	233.2	239.7	-2.7%
Adjusted EBITDA	84.4	82.4	2.4%
Adjusted EBITDA margin	36.2%	34.4%	+1.8 PP

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

## Household Batteries segment makes very positive contribution to revenue and growth

The Household Batteries segment encompasses the Consumer Batteries business in addition to Energy Storage Solutions. Revenue in fiscal year 2021 rose from € 150.9m to € 164.4m. This corresponds to revenue growth of 8.9% year on year. Adjusted EBITDA has risen from € 19.7m to € 27.8m (+41.6%), equating to a significantly above-average increase versus the revenue development.

By focusing on the brand business, VARTA Consumer Batteries has improved its profitability versus the same quarter of the previous year. The energy storage solutions business has experienced very dynamic growth during this fiscal year, doubling in size compared with the same quarter of the previous year. In so doing, additional market shares have been secured.



The adjusted EBITDA margin stands at 16.9% in relation to revenue, which equates to an improvement of 3.9 percentage points.

## Household Batteries segment:

In €m	2021 <sup>(1)</sup>	2020 <sup>(1)</sup>	
Revenue	164.4	150.9	8.9%
Adjusted EBITDA	27.8	19.7	41.6%
Adjusted EBITDA margin	16.9%	13.0%	+3.9 PP

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

## Outlook: VARTA AG regards guidance as confirmed, pilot production line for large-scale lithium-ion batteries progressing on schedule, doubling of potential production capacities for small lithium-ion batteries

VARTA AG is looking ahead to the coming months with great optimism. The structural growth of the core markets, the company's strong market position in these core markets according to internal assessments, and the continued high level of investments in the expansion of production capacities will lead to a positive business development in 2021. This outlook is based on the assumption of constant exchange rates and is unchanged. Group revenue of around € 940m is expected for 2021. This corresponds to high single-digit revenue growth year on year. Above-average growth to up to 30% of revenue is anticipated for the relative margin of adjusted operating income (EBITDA). This equates to an increase of up to 2.5 percentage points and underlines VARTA AG's earning capacity.

VARTA continues to invest in the expansion of its production capacities for lithium-ion batteries (CoinPower) and the construction of a pilot production line for large-scale lithium-ion round cells. The construction work for the pilot line is progressing on schedule, with pilot production set to begin at the end of the year. With the expansion of its production space at its Nördlingen site, VARTA AG is now doubling its potential production capacities. The customer orders planned for the second half of the year are already in progress.

The Company is also very well positioned in the face of the ongoing global COVID-19 pandemic and fluctuating infection rates. Production activities at proprietary facilities have continued without interruption since the start of the crisis, while no impact on supply chains has been identified either.<sup>1</sup>

## The half-year report is available at:

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

<sup>1</sup> Adverse impacts on our customers' businesses as a result of COVID-19 and USD/EUR exchange rate fluctuations cannot be ruled out.



# VARTA

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11<sup>th</sup> November, 2021      Interim report Q3 2021

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**About VARTA AG**

VARTA AG produces and markets a comprehensive battery portfolio that ranges from microbatteries, household batteries and energy storage systems all the way through to customer-specific battery solutions for a wide range of uses, setting the industry standards as technology leader in many important areas. As the parent company of the Group, it is active in the "Lithium-Ion Solutions & Microbatteries" and "Household Batteries" business segments.

The "Lithium-ion Solutions & Microbatteries" segment focuses on the microbatteries business, lithium-ion CoinPower, rounded lithium-ion cells (lithium-ion large cells) as well as the lithium-ion battery pack business. Through intensive research and development, VARTA sets global standards in many areas of lithium-ion technology and microbatteries, and is a recognized innovation leader in the important growth markets of lithium-ion technology and primary hearing aid batteries. The "Household Batteries" segment covers the battery business for end customers, and includes household batteries, rechargeable batteries, chargers, portable power (power banks), lights and energy storage systems.

The VARTA AG Group currently employs almost 4,600 staff. VARTA AG's operating subsidiaries are currently active in more than 75 countries around the world, with five production and assembly facilities in Europe and Asia as well as distribution centers in Asia, Europe and the USA.