



Corporate News on final figures 2022

VARTA AG optimistic despite burdens in the past financial year

- Group revenue for the 2022 financial year is € 806.9m.
- The adjusted EBITDA is € 69.5m.
- No dividend payment for the 2022 financial year.
- Restructuring measures for Group-wide cost savings are on track and being implemented.
- Reduction of around 240 FTEs in 2023, with a further 150 to be outsourced abroad in 2024. Company-wide reduction of a total of around 800 FTEs, of which more than 400 will be due to the end of fixed-term contracts, staff fluctuation and reductions at international locations.
- Estimate for the first quarter of 2023 is between € 160m and € 170m in revenue. Adjusted EBITDA is expected to be between € -5m and € 0m.
- Full-year guidance for the current financial year 2023: revenue of € 820m to 870m and adjusted EBITDA to be at least at the previous year's level (2022: € 69.5m).

Ellwangen, 28th April, 2023. VARTA AG is looking to the future with confidence despite the challenging overall situation that has burdened the 2022 financial year. With the restructuring programme that has now been adopted, a successfully implemented capital increase and targeted investments in growth markets, the technology company intends to return to its growth path.

After strong years of continuous growth, in 2022 the tense global economic situation, clouded consumer behaviour, the Corona long-term consequences as well as the massive increase in energy and raw material prices have had an impact on VARTA AG's group revenue which amounts to € 806.9m. This corresponds to a decline of 10.6% compared to the previous year's revenue of €902.9m. These effects also had a disproportionately strong impact on adjusted EBITDA, which amounts to around €69.5m, a decline of 75.4 %.

Dr Markus Hackstein, Speaker of the Executive Board of VARTA AG: "2022 was a challenging year for VARTA. We have acted decisively to stabilise our company economically. With our restructuring programme, we have now created the basis for leading VARTA AG back onto the profitable growth path. We have the right products, we are investing in innovations and we have a clear roadmap for the necessary savings. VARTA AG will continue to stand for innovative, high-performance, mobile energy in the future, making tomorrow's products possible. Above all, the success of our energy storage systems strengthens us in this conviction."

VARTA AG has taken extensive measures to secure its future. In addition to group-wide cost savings, which were already implemented in the fourth quarter of 2022, the company raised around € 51m in new capital with a capital increase in March 2023. In addition to securing liquidity, the capital increase will be used to make targeted investments in important future fields. The area of large-format lithium-ion round cells, which are already being supplied to a premium vehicle manufacturer, is to be further secured for the future and the segment of energy storage systems, which is in high demand, is to be further expanded. In addition, the customer base of small lithium-ion button cells (CoinPower) is to be broadened. A comprehensive restructuring programme was also adopted, based on a restructuring concept prepared by a renowned external expert, which includes, among other things, an extension of bank financing until the end of 2026. Further measures of the restructuring programme include additional cost savings in all areas and reductions in working capital, especially through a reduction in inventories. The savings in the personnel area amount to a total of about 800 FTEs. More than half of these will come from planned departures and fluctuation. Another roughly 240 FTEs will be cut at the German sites this year, and about 150 more are to be relocated abroad next year. Discussions with employee representatives on these measures are already underway.

Armin Hessenberger, Chief Financial Officer (CFO) of VARTA AG: "After a challenging 2022 financial year, the successful capital increase in March and the agreement with the banks in April enabled us to improve our liquidity position and secure financing for a long period. These important milestones now allow the company to take all operational and strategic measures to bring VARTA back on track for success."

Rainer Hald, Chief Technology Officer (CTO) of VARTA AG: "Our experts are continuously working on innovation projects for the future. We have focus projects that are going very well, where we make existing products even better, use synergies and transfer knowledge to new things, but also develop completely new energy solutions and can thus penetrate previously untapped markets."



Outlook: VARTA AG expects revenue growth for the 2023 financial year and adjusted EBITDA at least at the previous year's level

Despite the challenges of the 2022 financial year, the VARTA AG Group maintains a very good position in its core markets and is well-positioned to benefit from long-term market developments - particularly in lithium-ion batteries with their diverse range of applications. The significant decline in energy and raw material prices observed since autumn 2022 brings slight relief for the current financial year, even though the geopolitical risks that have already impacted the 2022 result remain.

VARTA expects slightly positive revenue developments in the "Consumer Batteries" segment, while sales in Micro Batteries will decline slightly. The high order backlog for energy storage systems and the unbroken strong demand give cause for optimism and forecast strong sales growth in this area. For the first quarter of 2023, revenue is estimated at between € 160m and € 170m. Adjusted EBITDA is expected to be between € -5m and € 0m. For the 2023 financial year, the Executive Board of VARTA AG expects revenue of between € 820m and € 870m (2022: € 807m) and assumes an adjusted EBITDA at least in the order of the previous year (2022: € 69.5m). This forecast is based on the assumption that the challenging economic situation and the existing global crises will continue in 2023. In addition, customer acceptance forecasts continue to prove very volatile, which makes it difficult to make a precise statement.

VARTA AG – Group

	1 st JAN. - 31 st DEC 2022	1 st JAN. - 31 st DEC 2021	Change
Revenue (in €m)	806.916	902.931	-10.6%
Adjusted EBITDA (in €m)	69.503	282.856	-75.4%
Adjusted EBITDA margin %	8.7%	31.3%	-22.6 PP

Segment Micro Batteries

The "Micro Batteries" segment comprises the business with micro and hearing aid batteries. At the end of the 2022 financial year, revenue was € 163.9m, which corresponds to a decline in revenue of -15.8%.

In the 2022 financial year, adjusted EBITDA decreased from € 52.5m to € 15.3m compared to the same period of the previous year, which corresponds to a disproportionate decrease compared to the revenue development. The adjusted EBITDA margin is 9.3%, which corresponds to a decrease of 17 percentage points compared to the previous year.

This decline in earnings is mainly the result of the increase in manufacturing costs, in particular due to the negative development of energy and raw material prices for VARTA. In the "Micro Batteries" segment, it is expected that sales can be maintained in the long term, or slightly increased annually.

Micro Batteries

	1 st JAN. - 31 st DEC 2022	1 st JAN. - 31 st DEC 2021	Change
Revenue (in €t)	163,919	194,736	-15.8%
Adjusted EBITDA (in €t)	15,296	52,520	-70.9%
Adjusted EBITDA margin %	9.3%	27.0%	-17.7 PP

Segment Lithium-Ion CoinPower

The "Lithium-Ion CoinPower" segment includes the small-format lithium-ion round cells for OEM applications. Revenue at the end of the 2022 financial year is € 136.6m, which corresponds to a decline in turnover of -47.0 %. In the 2022 financial year, adjusted EBITDA fell from € 150.7m to € 18.8m compared to the same period of the previous year, which corresponds to a disproportionate decline compared to the revenue development. The adjusted EBITDA margin is 13.7%, which corresponds to a decrease of 44.8 percentage points compared to the previous year. The current difficult economic situation and the slowdown in global consumer demand for various battery-powered lifestyle products, especially for true wireless stereo headsets (TWS), have led to a significant decline in revenue. For the year 2022, personnel was kept in reserve in order to be able to serve larger customer projects, which, however, were not called up to the planned extent. In order to counteract this process deviation in the future, the first personnel measures, such as the registration of short-time work in Nördlingen as well as the non-extension of limited temporary employment contracts, were already initiated for the "Lithium-Ion CoinPower" segment at the end of the year. In addition, VARTA has sufficient capacity already installed to be able to produce additional quantities at short notice in the event of a recovery in demand.



According to current estimates, VARTA expects very significantly declining sales revenues and a very significant decline in adjusted EBITDA for the segment compared to the previous year due to continued low demand.

Lithium-Ion CoinPower

	1 st JAN. - 31 st DEC 2022	1 st JAN. - 31 st DEC 2021	Change
Revenue (in €t)	136,552	257,612	-47.0%
Adjusted EBITDA (in €t)	18,750	150,680	-87.6%
Adjusted EBITDA margin %	13.7%	58.5%	-44.8 PP

Segment Consumer Batteries

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 rose from € 345.7m to € 365.9m, which corresponds to an increase of 5.9 %. In comparison, adjusted EBITDA fell by -50.3%. The adjusted EBITDA margin is 8.3%, which corresponds to a decline of 9.4 percentage points compared to the previous year. The very significant increase in raw material prices and the high additional energy costs had a particularly 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 also aims 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.

The price adjustment in the "Consumer Batteries" segment will take place in several steps. Therefore, according to management estimates, the margin in this segment is expected to fully recover only after four to six quarters. Revenue is expected to increase moderately in 2023 compared to the previous year. Growth impulses should come in particular from the slight expansion of the brand business. Adjusted EBITDA should improve slightly compared to the previous year due to lower energy and raw material costs, as well as partial price transfers.

Consumer Batteries

	1 st JAN. - 31 st DEC 2022	1 st JAN. - 31 st DEC 2021	Change
Revenue (in €t)	365,927	345,696	5.9%
Adjusted EBITDA (in €t)	30,438	61,255	-50.3%
Adjusted EBITDA margin %	8.3%	17.7%	-9.4 PP

Segment Energy Storage Systems

The revenue in the "Energy Storage Systems" segment increased from € 42.9m to € 90.9m in 2022 compared to the same period of the previous year. This corresponds to a growth in revenue of 111.9 %. This development is due to the very high demand for home storage solutions. Adjusted EBITDA increased by € 0.1m from € 5.1m to € 5.2m, an increase of 1.2 %. The adjusted EBITDA margin is 5.7 % in relation to revenue, which corresponds to a decrease of 6.2 percentage points compared to the previous year.

VARTA expected higher growth in adjusted EBITDA for the material-intensive "Energy Storage Systems" segment in 2022, in line with the increase in revenue. However, the margin was significantly impacted due to the sharp increase in raw material prices as well as the more difficult procurement of required production components. The company expects continued very strong growth, with VARTA achieving at least the market growth rate. This will lead to a very clear double-digit percentage growth in revenue compared to the previous year. Adjusted EBITDA is also expected to increase very strongly.

Energy Storage Systems

	1 st JAN. - 31 st DEC 2022	1 st JAN. - 31 st DEC 2021	Change
Revenue (in €t)	90,868	42,872	111.9%
Adjusted EBITDA (in €t)	5,168	5,107	1.2%
Adjusted EBITDA margin %	5.7%	11.9%	-6.2 PP



Segment Other

In the new segmentation, the segment "Other" includes the business units "Lithium-Ion Battery Packs" and "Lithium-Ion Large Cells" (V4Drive and RoundPower). In addition, possible special effects of the Group fall into this segment. At the end of the 2022 financial year, the revenue of the "Other" segment is € 49.6m, which corresponds to a decline in revenue of -19.9 %. The adjusted EBITDA fell to € -0.1m compared to the previous year. The adjusted EBITDA margin is -0.3 % in relation to revenue. VARTA expects a significant reduction in sales and adjusted EBITDA in this segment.

Other	1 st JAN. - 31 st DEC 2022	1 st JAN. - 31 st DEC 2021	Change
Revenue (in €t)	49,650	62,013	-19.9%
Adjusted EBITDA (in €t)	-149	13,294	-101.1%
Adjusted EBITDA margin %	-0.3%	21.4%	-21.7 PP

Financial results can be accessed at:

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

Dates:

First Quarter Interim Report 2023
Annual General Meeting 2023
Half-year Interim Report 2023
Third Quarter Interim Report 2023

15th May 2023
11th July 2023
11th August 2023
14th 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.