

VARTA AG Group

# Quarterly report Q1 2021

as of March 31, 2021

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



**VARTA**



#### VISION

We are defining the future of battery technology with the aim of facilitating a more independent life.

---

#### MISSION

Through investing continuously in research and development, we set the standard for battery technology and customization in aspiring to market leadership in our business areas.

---

#### VARTA AG – SELECTED GROUP KPIs

(€ k)

	March 31, 2021	March 31, 2020
Revenue	204,298	198,509
EBITDA	59,752	46,560
Adjustments:		
Expenses for share-based remuneration	143	203
Measurement of inventories PPA - VARTA Consumer	0	4,468
Expenses for M&A-transactions - VARTA AG Group	1	277
Integration costs for VARTA Consumer	0	187
Adjusted EBITDA	59,896	51,695
Adjusted EBITDA Margin (%)	29.3%	26.0%
Consolidated result	24,372	24,530
Earnings per share	0.60	0.61
Investment expenditure (CAPEX)	44,194	69,493
Free Cash Flow	-52,420	-137,955
Equity ratio*	47.9%	44.4%
Balance sheet total*	1,105,720	1,122,803
Employees at the end of quarter	4,593	4,151

\* As of December 31, 2020



## **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 (previously Microbatteries & Solutions) has been renamed and is focusing on the Microbatteries business, Lithium-Ion CoinPower, Lithium-Ion Round Cell Batteries (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 around 4,500 staff. At present, VARTA AG's operating subsidiaries are active in more than 75 countries around the world, with five production and assembly facilities located in Europe and Asia as well as distribution centers in Asia, Europe and the USA.

## **LITHIUM-ION SOLUTIONS & MICROBATTERIES**

The "Lithium-Ion Solutions & Microbatteries" segment focuses on the Microbatteries, Lithium-Ion CoinPower, Lithium-Ion Round Cells (Lithium-Ion Large Batteries) and the Lithium-Ion Battery Pack business. Until now, microbatteries and hearing aid batteries for the professional area came under Healthcare, while CoinPower with the OEM microbatteries came under Entertainment. VARTA AG is a leading manufacturer of microbatteries for hearing aids and rechargeable microbatteries in the area of Entertainment. The Company boasts reputable firms as clients and manufactures batteries in numerous key electro-chemical systems as well as in a variety of structural shapes and sizes, while the range of applications extends from hearing aid batteries to wireless headsets, all the way through to automotive applications operated by way of microbatteries. The Group can call on extensive industry experience in the construction of high-performance, safe and needs-based lithium battery packs within the Power Pack Solutions segment – for medical technology, robotics, connectivity and telecommunications applications. The product portfolio ranges from customer-specific battery packs to fully configured standard batteries.

## HOUSEHOLD BATTERIES

The "Household Batteries" segment covers the battery business for end customers, including household batteries, rechargeable batteries, chargers, portable power (power banks), lights and energy storage systems. With the Consumer Batteries segment, VARTA AG is the European market leader in the area of household batteries, with production located in Germany. The innovative, high-quality products are developed and manufactured using cutting-edge technology and by leveraging the expertise of internationally qualified specialists. A combination of innovative capacity, breadth, quality and design make the product range unique. For VARTA, an intensive focus on consumer lifestyles and close working relationship with retail partners are essential in order to react quickly and flexibly to emerging device trends with optimum energy solutions. By developing and manufacturing energy storage systems within its "Energy Storage" business segment, VARTA is contributing to the energy revolution. The energy storage systems developed by VARTA in the home and mass storage markets range from compact, basic models such as the wall-mounted VARTA pulse neo to large-scale storage solutions including the VARTA flex storage for commercial applications. The AC-coupled systems feature integrated battery inverters and can be combined with all sources of green energy without the need for additional PV inverters. This makes them suitable for all new installations and retrofit projects. The smart energy management system also ensures optimal use of self-produced solar energy and is designed to significantly increase domestic solar power use.



# Business development in the first three months

## **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 € 198.5m to € 204.3m compared to the same period of the previous year
- Adjusted EBITDA is € 59.9m (Q1 2020: € 51.7m). 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 € 121.9m (2020: € 118.7 m).
- 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 € 82.4m (2020: € 79.7m)
- First customer from the automotive sector for new lithium-ion round cells V4Drive
- Development of the pilot line for lithium-ion round cells on schedule
- Further, larger lithium-ion round cells planned

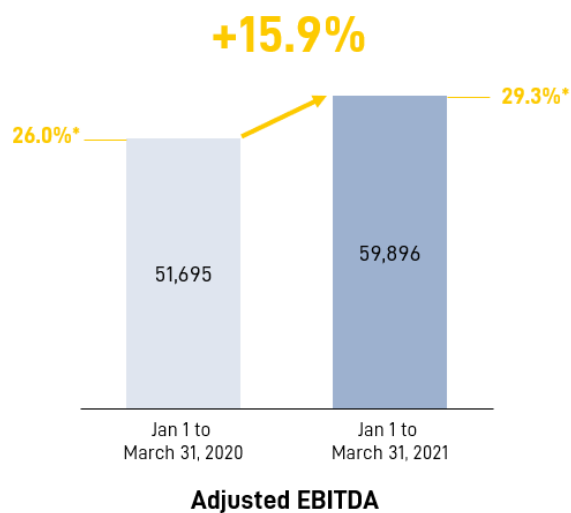
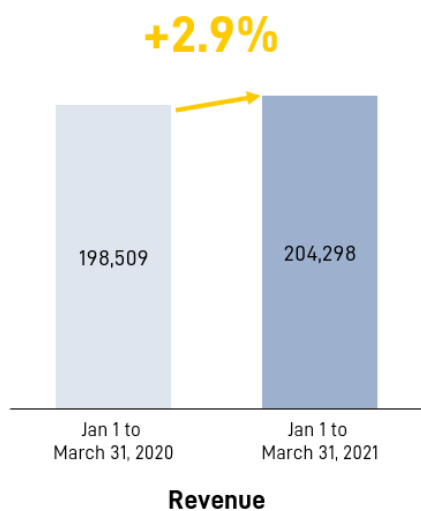
VARTA AG is continuing its successful lithium-ion strategy with new battery formats. VARTA confirms to have a first customer from the automotive sector for the new high-performance V4Drive round cell in the 21700 format. In addition, the technology company from Ellwangen (Baden-Württemberg) announced 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 € 204.3m compared to the same period of the previous year. The adjusted EBITDA rose by almost 16% to € 59.9m.

"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."

## Revenue & Adjusted EBITDA

(IN K€, unaudited)



\*Margin: Adjusted EBITDA to revenue

# 1. Development of earnings, financial position and net assets

## 1.1. Earnings situation

### Consolidated income statement for the period January 1, 2021 to March 31, 2021 (unaudited)

(€ k)	March 31, 2021	March 31, 2020
<b>Sales revenue</b>	<b>204,298</b>	<b>198,509</b>
Increase / decrease in finished and unfinished goods	12,552	3,647
Own work capitalized	724	1,085
Other operating income	10,361	11,801
Cost of materials	-79,456	-83,004
Personnel expenses	-63,536	-56,038
Other operating expenses	-25,191	-29,440
<b>EBITDA</b>	<b>59,752</b>	<b>46,560</b>
Depreciation and amortization	-22,208	-10,447
<b>Operating earnings (EBIT)</b>	<b>37,544</b>	<b>36,113</b>
Financial income	17	150
Financial expenses	-669	-612
Sundry financial income	185	560
Sundry financial expenses	-3,165	-1,759
<b>Financial result</b>	<b>-3,632</b>	<b>-1,661</b>
<b>Earnings before taxes</b>	<b>33,912</b>	<b>34,452</b>
Income tax expenses	-9,540	-9,922
<b>Consolidated result</b>	<b>24,372</b>	<b>24,530</b>
Appropriation of profit:		
Shareholders of VARTA AG	24,332	24,520
Non-controlling interests	40	10

#### Revenue

In the first three months of 2021 revenue of VARTA AG Group increased by 2.9% from € 198.5m to € 204.3m. Both segments contributed equally to this growth.

Revenue in the Lithium-Ion Solutions & Microbatteries segment rose by 2.7% from € 118.7m to €121.9m. In the business for hearing aid batteries, the Company is profiting from rising demand for rechargeable lithium-ion cells and the rapid growth in Power Pack Solutions is continuing. As expected, revenue from rechargeable lithium-ion cells for high-tech consumer products, particularly premium wireless headphones (TWS), declined because of the fall in price for the non-strategic assembly (arresters for battery cells). This effect was more than offset by efficiency gains. A major upturn in business is foreseeable in the second half of 2021.

Revenue in the Household Batteries segment rose from €79.7m to €82.4m, equating to an increase of €2.7m. The business for consumer batteries (previously known as VARTA Consumer) was unchanged against the same quarter in the previous year. The business with energy storage systems developed far better than originally anticipated. Here, the high demand for energy storage systems contributed to a doubling of revenues in this subsegment.

#### Expenses and other operating income

In the reporting period, material expenses came to € 79.5m in comparison with € 83.0m in the prior year. As such, material expenses have fallen despite an increase in revenue, a

situation which has therefore contributed significantly to the year-on-year improvement in EBITDA.

Personnel expenses grew from € 56.0m to stand at € 63.5m, which equates to a rise of 13.4% and represents above-average growth versus revenue. This year-on-year increase primarily results from the addition of new staff for further growth in the CoinPower segment as well as the new projects (IPCEI). Personnel costs include expenses for share-based remuneration in the amount of € 0.1m (2020: € 0.2m).

Other operating expenses fell by -14.4% overall, declining from € 29.4m to stand at € 25.2m. This development can mainly be attributed to the elimination of service payments in the Appliance area of the former owners of VARTA Consumer (€ 2.0m) as well as, to a lesser extent, legal and consulting fees in connection with the acquisition of the VARTA Consumer companies totaling € 0.9m.

Other operating income declined by € 1.4m from € 11.8m in the previous year to stand at € 10.4m in 2021, which was largely attributable to two contrasting developments. The elimination of services for the former owner of VARTA Consumer resulted in other operating income falling by € 9.4m overall. This was offset by corresponding expenses in the same amount. Conversely, revenue from grants increased, particularly in connection with the IPCEI. Grants amounting to € 7.7m are offset by increased expenses (material, personnel and other costs) within the framework of the IPCEI, which roughly correspond in volume.

#### Adjusted EBITDA

Adjusted EBITDA (operating earnings before interest, taxes, depreciation and amortization adjusted for special effects) represents a sustainable earnings indicator for the Group. At the same time, adjusted EBITDA is a suitable control variable to effectively assess the operating earnings capacity of the Group and/or the two segments. As special effects, the non-cash expenses for share-based remuneration in the amount of € 0.1m (2020: € 0.2m) were adjusted. The following table shows the reconciliation from EBITDA to adjusted EBITDA:

(€ k)	March 31, 2021	March 31, 2020
EBITDA	59,752	46,560
Expenses from share-based remuneration	143	203
Measurement of inventories PPA - VARTA Consumer	0	4,468
Expenses for M&A transactions - VARTA AG Group	1	277
Integration costs for VARTA Consumer	0	187
<b>adjusted EBITDA</b>	<b>59,896</b>	<b>51,695</b>

In the first three months of 2021 adjusted EBITDA increased from € 51.7m to € 59.9m. This equates to a rise of 15.9% in comparison with the previous year and is well in excess of revenue growth. The growth in adjusted EBITDA is the result of further productivity and efficiency gains generated across both segments and can also be attributed in part to synergies generated in the context of the acquisition of the VARTA Consumer business. In the current year, no significant adjustment items are expected aside from share-based remuneration components.

#### Operating earnings (EBIT)

Operating earnings rose by a total of € 1.4m year on year from € 36.1m to € 37.5m. This growth in comparison with revenue development was generated despite a substantial increase in depreciation and amortization, which rose from € 10.4m in 2020 to total € 22.2m in 2021. The key factor behind the increase in depreciation and amortization was



the high level of investment in 2020 in property, plant and equipment to expand production capacities, which have been reserved for the expected increase in demand in the second half of the year.

#### Financial result

The financial result has deteriorated in the reporting year from € -1.7m in 2020 to € -3.6m in 2021 due to foreign exchange effects (payments and loans denominated in USD).

#### Taxes

There was only a marginal change in tax expenses versus the same quarter in the previous year, dropping from € 9.9m in 2020 to € 9.5m in 2021. This produced an effective tax ratio of 28.1% (2020: 28.8%) in relation to the pre-tax result.

#### Consolidated result

The consolidated result is on a par with the previous year at € 24.3m (2020: € 24.5m). The increase in depreciation and amortization (which more than doubled) had an adverse impact in this context. The key factor behind the increase in depreciation and amortization was the high level of investment in 2020 in property, plant and equipment to expand production capacities, which have been reserved for the expected increase in demand in the second half of the year.

## 1.2. Asset and financial position

### Consolidated balance sheet as at March 31, 2021

(€ k)	MARCH 31, 2021	MARCH 31, 2020
<b>ASSETS</b>		
Non-current assets	707,388	686,904
Current assets	398,332	435,899
<b>Total assets</b>	<b>1,105,720</b>	<b>1,122,803</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	529,962	499,075
Non-current liabilities	244,207	246,041
Current liabilities	331,551	377,687
Total liabilities	575,758	623,728
<b>Total equity and liabilities</b>	<b>1,105,720</b>	<b>1,122,803</b>

#### Non-current assets

Non-current assets increased by € 20.5m from € 686.9m in 2020 to € 707.4m in the reporting period 2021. This marked rise is mainly the result of the increase recorded under property, plant and equipment, which grew from € 596.6m to € 616.1m as of March 31, 2021. These increases were the result of the investment program initiated last year in response to increased demand. Other assets were essentially unchanged, with a marginal decline from € 19.9m at year-end 2020 to € 18.2m as of March 31, 2021 recorded for this item.

#### Current assets

Current assets declined from € 435.9m as of December 31, 2020 to € 398.3m as of March 31, 2021. This development is primarily due to the decline in trade receivables of € 5.3m and the payment outflow for investments totaling € 44.2m. In contrast, inventories increased by € 9.9m overall.

### Equity/equity ratio

Equity increased from € 499.1m as of December 31, 2020 to stand at € 530.0m as of March 31, 2021. The equity ratio amounted to 47.9% as of the reporting date (2020: 44.4%).

### Non-current liabilities

Non-current liabilities declined only marginally by € 1.8m from € 246.0m as of December 31, 2020 to € 244.2m as of March 31, 2021.

### Current liabilities

Current liabilities fell from € 377.7m to € 331.6m. The main factor behind this development is the decline in trade payables amounting to € 23.9m, the consumption of other provisions totaling € 11.9m and the reduction in tax liabilities of € 7.1m.

### Net working capital

Net working capital increased from € 56.5m (year-end 2020) to € 99.2m as of March 31, 2021. This corresponds to an increase of € 42.7m in comparison with year-end 2020. The net working capital ratio stands at 11.3% (in comparison with 6.5% as at December 31, 2020). The main reasons for this are a decline in receivables of € 5.2m, an increase in inventories in the amount of € 9.9m and a reduction in liabilities of € 23.9m.

## Cash flow statement

(€ k)

	March 31, 2021	March 31, 2020
<b>Cash and cash equivalents as at January 1</b>	<b>121,889</b>	<b>244,781</b>
Cash flow from ongoing business activities	-3,880	33,945
Cash flow from investment activities	-48,540	-171,900
Cash flow from financing activities	2,196	-4,449
<b>Net change in cash and cash equivalents</b>	<b>-50,224</b>	<b>-142,404</b>
Effects of exchange rate fluctuations	1,168	159
<b>Cash and cash equivalents as at March 31</b>	<b>72,833</b>	<b>102,536</b>

Cashflow from ongoing business activities amounts to € -3.9m in the reporting period and is therefore down on the previous year's value by € 37.8m. This is mainly due to the decrease in trade payables of € 23.9m and the cash outflow resulting from the consumption of provisions for redundancy payments, which totaled € 12.0m in the reporting period.

The outflow of funds for investment activities was € 123.4m down on the prior year's value. In the previous year, this item included the purchase price for the VARTA Consumer Batteries business. The outflow of funds in the first quarter of 2021 in the amount of € 48.5m was mainly the result of investments made in property, plant and equipment for the expansion of production capacities for lithium-ion button cells and investments within the framework of the IPCEI.

The outflow of funds linked to investments in intangible assets and property, plant and equipment (CAPEX) amounts to € 44.2m (2020: € 69.5m).

Cashflow from financing activities increased in the period under review, rising from € -4.4m in 2020 to € 2.2m in 2021 owing to an sale and leaseback transaction.

As of March 31, 2021 cash and cash equivalents totaled € 72.8m (2020: €102.5m).

## 2. Earnings situation: Segments

The Company is active in the "Lithium-Ion Solutions & Microbatteries" and "Household Batteries" business segments. The Lithium-Ion Solutions & Microbatteries segment comprises the Lithium-Ion CoinPower, Lithium-Ion Large Cells, Lithium-Ion Battery Packs and Microbatteries business areas, while the second segment of Household Batteries covers the VARTA Consumer Batteries business in addition to energy storage systems. Both segments made a positive contribution to revenue and profit growth. There was a step-change improvement in the margins recorded for both segments.

### Lithium-Ion Solutions & Microbatteries

	March 31, 2021	March 31, 2020	Change in %
Sales revenue (€ k)	121,914	118,743	2.7%
Adjusted EBITDA (€ k)	45,875	40,767	12.5%
Adjusted EBITDA margin	37.6%	34.3%	3.3 PP

In the first three months of 2021, revenue in the Lithium-Ion Solutions & Microbatteries segment rose to € 121.9m compared with the same quarter in the previous (€ 118.7m). This corresponds to revenue growth of 2.7% in comparison with the previous year. Since new projects will only begin to effect sales and earnings in the second half of the year, the business development for rechargeable lithium-ion cells for high-tech consumer products, particularly premium wireless headphones (hearables) had been anticipated. Both the trend in the USD/EUR exchange rate and price reductions on non-strategic assembly had a negative impact. Our global market position for hearing aid batteries was further consolidated in a market that is subject to structural growth. The Group is currently benefiting from its highly robust business model for primary hearing aid batteries and increased demand for rechargeable lithium-ion cells. The high level of growth was sustained in the Power Pack Solutions business. Adjusted EBITDA increased from € 40.8m to € 45.9m (+12.5%), which equates to above-average growth in comparison with the trend in revenue. The increased revenue is the result of additional productivity and efficiency gains. This represents an adjusted EBITDA margin of 37.6% in relation to revenue, which corresponds to an improvement of 3.3 percentage points versus the previous year.

### Household Batteries

	March 31, 2021	March 31, 2020	Change in %
Sales revenue (€ k)	82,387	79,671	3.4%
Adjusted EBITDA (€ k)	13,935	10,927	27.5%
Adjusted EBITDA margin	16.9%	13.7%	3.2 PP

The Household Batteries segment covers the Consumer Batteries business and energy storage systems. Revenue in the Household Batteries segment increased from € 79.7m to € 82.4m in fiscal year 2021. This corresponds to revenue growth of 3.4% in comparison with the previous year. Adjusted EBITDA rose from € 10.9m to € 13.9m (+27.5%), which corresponds to above-average growth in relation to the trend in revenue.

VARTA Consumer Batteries significantly improved its profitability compared with the prior year quarter due to its focus on branded business. In the reporting year, the energy storage systems business recorded highly dynamic growth that corresponds to a twofold increase on the same quarter of the previous year. In this way, additional market shares have been gained too. The adjusted EBITDA margin stands at 16.9% in relation to revenue,

which corresponds to an improvement of 3.2 percentage points in comparison with the prior year and therefore seamlessly continues the successful result recorded here in the fourth quarter of 2020.

### 3. Employees

The number of employees across the entire Group increased from 4,151 members of staff in the previous year to 4,593 members of staff as of March 31, 2021. In comparison with revenue, the number of employees at the VARTA AG Group increased at an above-average rate. This growth forms the basis for the foreseeable increase in production and revenue in the second half of the year.

### 4. Outlook

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.

The Company is also very well positioned in the face of the ongoing global COVID-19 pandemic and fluctuating infection rates. Production activities at its own facilities have continued without interruption since the start of the crisis, while no impact on supply chains has been identified either. Nevertheless, negative influences on the VARTA AG Group cannot be unequivocally excluded. These could impact production activities at our locations, transportation to customers and our suppliers. It can also not be ruled out that our customers are temporarily unable to accept deliveries of our products due to disrupted production processes at their own sites.

#### **VARTA AG Group**

Group revenue of € 940m is expected for 2021. This equates to high single-digit revenue growth on a year-on-year basis.

The relative margin of the adjusted operating result (EBITDA) should rise disproportionately to up to 30% of revenue. This would equate to growth of up to 2.5 percentage points and underlines the earning capacity of the VARTA Group.

VARTA will also continue to invest in the expansion of its production capacities for lithium-ion batteries (CoinPower) and the construction of a pilot plant for large-format lithium-ion batteries. CAPEX – payments made to purchase intangible assets and property, plant and equipment – is set to total between € 150m and € 200m in the year ahead.

#### **Lithium-Ion Solutions & Microbatteries segment**

The focus of the Lithium-Ion Solutions & Microbatteries segment is on OEM business with lithium-ion and zinc-air batteries in addition to the Lithium-Ion Battery Packs business. Due to the strong demand for lithium-ion batteries for True Wireless Stereo Headsets

(TWS) for Entertainment applications over the medium to long term, plans are in place for a further expansion of production capacities. This represents the most significant growth potential for the Lithium-Ion Solutions & Microbatteries segment. In the hearing aid batteries business, the company intends to further consolidate its market-leading

position in a market subject to structural growth. The Lithium-Ion Solutions & Microbatteries segment will record comparable growth for fiscal year 2021. As a result of the further scaling of our business model, we also expect to see a sharp rise in adjusted EBITDA, which is set to experience above-average growth in relation to revenue.

#### **Household Batteries segment**

Together with energy storage systems activities, the Consumer Batteries business now comes under the umbrella of the "Household Batteries" segment. Within the VARTA AG Group, the division focuses on the consumer business with its own sales, marketing and production.

Medium single-digit percentage growth is anticipated for the Consumer business in fiscal year 2021. An EBITDA margin in the low double-digit range is expected for fiscal year 2021. Very significant growth is anticipated for stationary energy storage systems, which should at least match the level of market growth.

Our long-standing experience over many years in the battery business is factored into the opportunity and risk guidance mapping further business development. This report contains information and guidance referring to the company's future development. However, it must be noted that actual results may vary greatly from the expectations surrounding the projected developments.

## Consolidated statement of financial position as of March 31, 2021 (unaudited)

VARTA Aktiengesellschaft, Ellwangen (Jagst)

(€ k)

MARCH 31, 2021      DECEMBER 31, 2020

### ASSETS

Property, plant and equipment	616,060	596,582
Intangible assets	66,526	63,933
Long-term investments and other participations recognized in the balance sheet under the equity method	60	73
Other financial assets	290	288
Deferred tax assets	6,295	6,107
Other assets	18,157	19,921
<b>Non-current assets</b>	<b>707,388</b>	<b>686,904</b>
Inventories	143,237	133,328
Contract assets	3,658	2,636
Trade receivables	114,849	120,136
Other financial assets	1,606	1,076
Tax refund claims	4,220	1,910
Other assets	57,929	54,924
Cash and cash equivalents	72,833	121,889
<b>Current assets</b>	<b>398,332</b>	<b>435,899</b>
<b>Total assets</b>	<b>1,105,720</b>	<b>1,122,803</b>

(€ k)

MARCH 31, 2021

DECEMBER 31, 2020

**EQUITY AND LIABILITIES**

Subscribed capital	40,422	40,422
Capital reserve	251,848	251,705
Retained earnings	212,261	114,414
Net income	24,333	95,411
Other reserves	792	-3,188
<b>Equity of the VARTA AG Group</b>	<b>529,656</b>	<b>498,764</b>
Non-controlling interests	306	311
<b>Total Equity</b>	<b>529,962</b>	<b>499,075</b>
Lease liabilities	61,349	63,843
Other financial liabilities	59,134	51,103
Provisions for employee benefits	72,123	77,081
Advance payments received	38,287	47,161
Other liabilities	2,320	54
Deferred tax liabilities	8,437	4,240
Other provisions	1,934	1,934
Accruals	623	625
<b>Non-current liabilities</b>	<b>244,207</b>	<b>246,041</b>
Tax liabilities	38,645	45,710
Lease liabilities	14,028	14,196
Other financial liabilities	9,109	6,323
Provisions for employee benefits	2,374	2,353
Contract liabilities	6,922	5,865
Trade payables and advance payments received	113,420	137,358
Other liabilities	29,178	34,668
Other provisions	27,340	39,200
Accruals	90,535	92,014
<b>Current liabilities</b>	<b>331,551</b>	<b>377,687</b>
<b>Liabilities</b>	<b>575,758</b>	<b>623,728</b>
<b>Equity and total liabilities</b>	<b>1,105,720</b>	<b>1,122,803</b>

## Consolidated income statement for the period January 1, 2021 to March 31, 2021 (unaudited)

VARTA Aktiengesellschaft, Ellwangen (Jagst)

(€ k)	period ended March 31, 2021	period ended March 31, 2020
<b>Sales revenue</b>	<b>204,298</b>	<b>198,509</b>
Decrease / increase in finished and unfinished goods	12,552	3,647
Own work capitalized	724	1,085
Other operating income	10,361	11,801
Cost of materials	-79,456	-83,004
Personnel expenses	-63,536	-56,038
Other operating expenses	-25,191	-29,440
<b>EBITDA</b>	<b>59,752</b>	<b>46,560</b>
Depreciation and amortization	-22,208	-10,447
<b>Operating earnings (EBIT)</b>	<b>37,544</b>	<b>36,113</b>
Financial income	17	150
Financial expenses	-669	-612
Sundry financial income	185	560
Sundry financial expenses	-3,165	-1,759
<b>Financial result</b>	<b>-3,632</b>	<b>-1,661</b>
<b>Earnings before taxes</b>	<b>33,912</b>	<b>34,452</b>
Income tax expenses	-9,540	-9,922
<b>Consolidated result</b>	<b>24,372</b>	<b>24,530</b>
Appropriation of profit:		
Shareholders of VARTA AG	24,332	24,520
Non-controlling interests	40	10



# Explanatory notes to the quarterly report

The condensed consolidated interim financial statements were prepared on the basis of all IAS / IFRS published by the International Accounting Standards Board (IASB) that were applicable on the reporting date as well as all interpretations (IFRIC / SIC) drawn up by the International Financial Reporting Interpretations Committee and the Standing Interpretations Committee, provided these have been adopted by the European Union through the endorsement process. These condensed consolidated interim financial statements should be read in conjunction with the consolidated annual financial statements prepared as of December 31, 2020.

The condensed consolidated interim financial statements as of March 31, 2021 and the Group Interim Management Report have neither been audited in accordance with Section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

# Financial calendar

Financial statements  
Interim statement Q1 2021  
Annual General Meeting  
Half-year report 2021  
Interim statement Q3 2021

March 31, 2021  
May 12, 2021  
June 17, 2021  
August 13, 2021  
November 11, 2021

# Imprint

Quarterly report Q1 2021:  
<https://www.varta-ag.com/publications/>

Investor Relations  
VARTA AG  
Bernhard Wolf  
Tel.: +49 79 61 921 2969  
Email: [bernhard.wolf@varta-ag.com](mailto:bernhard.wolf@varta-ag.com)

Corporate Communications  
VARTA AG  
Dr. Christian Kuczniarz  
Tel.: +49 79 61 921 2727  
Email: [christian.kuczniarz@varta-ag.com](mailto:christian.kuczniarz@varta-ag.com)