

VARTA AG Group

Quarterly Report Q3/2021

as of September 30, 2021

www.varta-ag.com



VARTA



VISION

We are defining the future of battery technology to empower a more independent life.

MISSION

Through continuous investments in research and development, we set the benchmark in battery technology and customization to strive for market leadership in our business segments.

VARTA AG – SELECTED GROUP KPIs

(€ k)	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020
Revenue	622,326	630,339
EBITDA	181,974	151,555
Adjustments:		
Cost of share-based payment	428	701
Non-cash effects from purchase price allocation (PPA)	0	8,661
Costs of M&A transactions	71	1,784
Restructuring costs of VARTA Consumer Business	0	14,065
Adjusted EBITDA	182,473	176,766
Adjusted EBITDA Margin (%)	29.3%	28.0%
Group net result	75,886	78,314
Earnings per share	1.87	1.93
Investments (CAPEX)	138,659	190,521
Free Cash Flow	-171,211	-140,961
Equity ratio*	38.1%	44.4%
Balance sheet total*	1,267,992	1,122,803
Employees at the end of quarter	4,734	4,601

* Comparison period relates to 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 re-named and focuses on the microbatteries business, lithium-ion CoinPower, 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 4,700 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

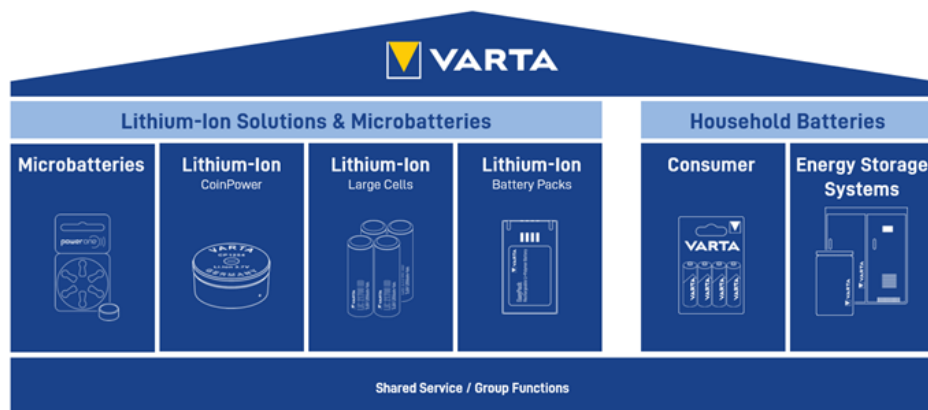
The "Lithium-Ion Solutions & Microbatteries" segment focuses on the microbatteries, lithium-ion CoinPower, lithium-ion large cells and lithium-ion battery pack business. Until now, microbatteries and hearing aid batteries for the professional area came under Healthcare, while CoinPower with the OEM microbatteries were allocated to Entertainment.

VARTA AG is a globally leading manufacturer of microbatteries for hearing aids and rechargeable microbatteries. 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 on the basis of microbatteries. In the area of lithium-ion battery packs, the Group can call on extensive industry experience in the construction of high-performance, safe and needs-based solutions – 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 and includes household device batteries, rechargeable batteries, chargers, portable power (power banks), lights and energy storage systems. In the Consumer (household device batteries) segment, VARTA AG is the European market leader, with production located in Germany. The innovative, high-quality products are developed and manufactured using cutting-edge technology and by way of the expertise of internationally qualified specialists. A combination of innovative capacity, diversity, quality and design make the product range unique. For VARTA, a pronounced 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 the best energy solutions. By developing and manufacturing energy storage solutions within the Energy Storage Systems business segment, VARTA is contributing to the energy revolution. The energy storage solutions 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.

VARTA AG Segments



Business development in the first nine months

VARTA AG remains committed to adjusted EBITDA margin of 30 percent

- Despite the ongoing effects of COVID-19 on the business of some customers, adjusted EBITDA rose to € 182.5 million in the first nine months of 2021 and is thus around 3% above the previous year.
- The new revenue target for 2021 is around € 900 million.
- Pilot production of the Lithium-ion high-performance cell will start as planned at the end of the year.
- Production of larger lithium-ion round cells for use in BEVs in the performance sector of the premium automotive segment is being planned.
- The Household Batteries segment is developing very positively.
- Outlook for 2021: adjusted EBITDA will increase again in the 2021 financial year, margin will improve by up to 2.5 percentage points to around 30%.

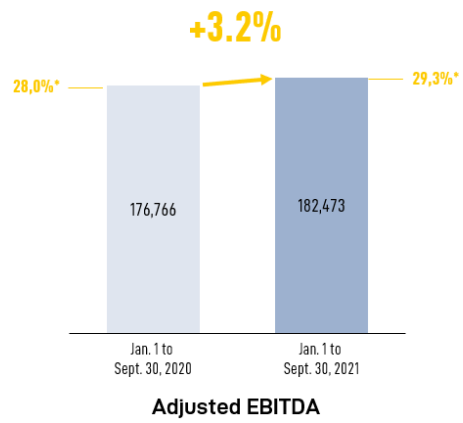
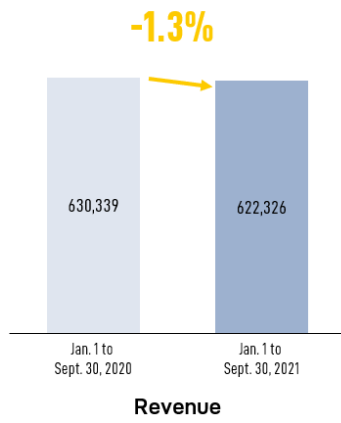
Despite the ongoing effects of the global Covid-19 pandemic on the business of some customers, VARTA AG looks to the coming months with confidence. The technology company from Ellwangen is assuming a further increase in profitability this year. Adjusted EBITDA rose by around 3% to € 182.5 million (EBITDA: € 182.0 million, + 20.1%). VARTA AG sees its goal of further increasing the adjusted EBITDA margin to around 30% for 2021 confirmed. In spring, VARTA announced the start of the pilot production of ultra-high-performance lithium-ion round cells at the end of the year. The company recently announced that it would now also build traction batteries for battery electric vehicles (BEV) with even larger cell formats. The target group here is the performance sector of the premium automotive segment. VARTA will provide details on this in spring 2022. With the new lithium-ion cell factory officially opened at the Nördlingen site at the end of June, VARTA AG now has the infrastructure to produce up to 400 million lithium-ion button cells per year. New projects with customers for small-format lithium-ion cells are being planned.

Herbert Schein, CEO of VARTA AG: "We will increase the very good operating result of last year again - even though our customers are currently affected by high prices for raw materials, the lack of important electronic components and production downtimes due to local lockdowns. We are very optimistic about the future." According to Schein, VARTA expects the market for small lithium-ion cells to continue to grow. The company is prepared for further impulses such as the bundling of smartphones with True Wireless Stereo Headsets (TWS) due to its capacity expansion. The company is on schedule for the larger lithium-ion round cells. "VARTA is currently preparing for a growth offensive. V4Drive is a complete success. We can see that in the high level of customer interest. In the next two years, we will set up mass production for the cell in the 21700 format. We will decide on the size at the end of the year based on customer orders."

Armin Hessenberger, Chief Financial Officer (CFO) of VARTA AG, adds: "Our planned customer orders are currently running - albeit with a delay. We will therefore achieve the goal of a further increased adjusted EBITDA margin of around 30 percent this year and generate revenues of around € 900 million. The low net debt to EBITDA ratio of just over 1 gives us the financial leeway we need for further growth."

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 01, 2021 to September 30, 2021 (unaudited)

(€ k)	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020
Sales revenue	622,326	630,339
Increase in finished and unfinished goods	31,927	5,879
Own work capitalized	2,207	4,030
Other operating income	42,113	28,897
Cost of materials	-241,973	-237,856
Personnel expenses	-186,600	-191,636
Other operating expenses	-88,026	-88,098
EBITDA	181,974	151,555
Depreciation and amortization	-68,520	-36,869
Operating earnings (EBIT)	113,454	114,686
Financial income	46	283
Financial expenses	-2,926	-2,308
Sundry financial income	102	1,116
Sundry financial expenses	-3,550	-3,967
Financial result	-6,328	-4,876
Earnings before taxes	107,126	109,810
Income tax expenses	-31,240	-31,496
Consolidated result	75,886	78,314
Appropriation of profit:		
Shareholders of VARTA AG	75,839	78,219
Non-controlling interests	47	95

Revenue

In comparison with the prior-year period, the revenue of the VARTA AG Group declined by 1.3% from € 630.3m to € 622.3m.

At € 365.8m, revenue in the Lithium-Ion Solutions & Microbatteries segment was 5.9% down on the previous year (€ 388.9m). In the hearing aid batteries business, the company benefits from rising demand for rechargeable lithium-ion cells, while the substantial growth in lithium-ion battery packs is continuing. Revenue from rechargeable lithium-ion cells for high tech consumer products was lower in the third quarter because of the fall in price for non-strategic assembly (arrestors for battery cells) and delays in starting new customer projects. Our customers' production sites in Asia were also affected by energy failures or partial lockdowns caused by COVID-19.

Revenue in the Household Batteries segment rose by € 15.3m, increasing from € 241.2m to € 256.5m. Business involving consumer batteries (previously VARTA Consumer) performed well. The business with energy storage solutions developed far better than in the previous year. Here, high demand for energy storage solutions contributed to very high double-digit growth in revenue.

The sharp increase in stocks of finished and unfinished goods is attributable to two developments. Firstly, VARTA Consumer ramped up production in anticipation of year-end business and, secondly, the lithium-ion CoinPower business area started to manufacture TWS batteries for a forthcoming customer order.

Expenses and other operating income

In the reporting period, material expenses came to € 242.0m compared with € 237.9m in the prior-year period. This corresponds to an increase of 1.7%. The cost-of-materials ratio has improved slightly from 37.4% to 37.0%.

Personnel expenses decreased by 2.6%, falling from € 191.6m to € 186.6m. This is due to the elimination of the restructuring expenses incurred through the acquisition of the Varta Consumer companies. Personnel costs include expenses for share-based remuneration in the amount of € 0.4m (2020: € 0.7m).

Other operating expenses fell by 0.1% in total from € 88.1m to € 88.0m, meaning that they are virtually unchanged on the previous year.

Other operating income increased by € 13.2m from € 28.9m to € 42.1m in the first nine months of 2021 in comparison with the previous year. The elimination of service payment revenues for the former owner of VARTA Consumer saw other operating income fall by € 21.0m overall. This situation is offset by corresponding expenses of a similar amount. Conversely, revenue from grants for the IPCEI in the comparison period increased by € 25.6m compared with the previous year. A further € 5.1m was received through the acquisition of VARTA Innovation GmbH, of which € 3.0m consisted of revenue from grants.

EBITDA

EBITDA (operating result before interest, taxes, depreciation and amortization) increased from € 151.6m to € 182.0m. This increase can be attributed to an improvement in the operating result, which is also reflected in increased inventories of finished and unfinished goods of € 26.0m. Increased operating income of € 13.2m is offset by expenses incurred in relation to the development of small and large-format cells.

Adjusted EBITDA

Adjusted EBITDA (operating result 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 € 0.4m (2020: € 0.7m) and the expenses from M&A transactions amounting to € 0.1m (2020: € 1.8m) were adjusted. The following table illustrates the reconciliation from EBITDA to adjusted EBITDA:

(€ k)	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020
EBITDA	181,974	151,555
Expenses from share-based remuneration	428	701
Measurement of inventories PPA	0	8,661
Expenses for M&A transactions	71	1,784
Restructuring costs VARTA Consumer	0	14,065
adjusted EBITDA	182,473	176,766

In comparison with the previous year, adjusted EBITDA increased from € 176.8m to € 182.5m over the course of the reporting period. This corresponds to an increase of 3.2% in comparison with the previous year and is significantly more than the trend in revenue. The growth in adjusted EBITDA is the result of further productivity and efficiency gains generated across both segments in addition 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 result (EBIT)

The operating result decreased marginally year on year from € 114.7m to € 113.5m. The increase in depreciation and amortization had a disproportionately significant impact compared with the previous year. A key factor in the increased depreciation and amortization of € 31.7m was last year's substantial investment in property, plant and equipment to expand production capacities.

Financial result

The financial result changed in the reporting year from € -4.9m in 2020 to € -6.3m in 2021 due to foreign exchange effects (advance payments and loans denominated in USD) and higher interest rates.

Taxes

There was only a marginal change in tax expenses versus the same quarter in the previous year, decreasing from € 31.5m in 2020 to € 31.2m in 2021. This produced an effective tax ratio of 29.2% (2020: 28.7%), in relation to the pre-tax result.

Consolidated result

The consolidated result is slightly, namely 3.1%, down on the previous year's level and amounts to € 75.9m (2020: € 78.3m).

1.2. Net assets and financial position

Consolidated balance sheet as of September 30, 2021 (unaudited)

(€ k)	SEPTEMBER 30, 2021	DECEMBER 31, 2020
ASSETS		
Non-current assets	810,274	686,904
Current assets	457,718	435,899
Total assets	1,267,992	1,122,803
(€ k)	SEPTEMBER 30, 2021	DECEMBER 31, 2020
EQUITY AND LIABILITIES		
Equity	482,532	499,075
Non-current liabilities	318,216	246,041
Current liabilities	467,244	377,687
Total liabilities	785,460	623,728
Total equity and liabilities	1,267,992	1,122,803

Non-current assets

Non-current assets increased by € 123.4m from € 686.9m in 2020 to € 810.3m in the period under review. This significant increase mainly resulted from the increase in property, plant and equipment from € 596.6m as of December 31, 2020 to € 716.1m as of September 30, 2021. The main reason for this development is the investment program initiated in the previous year to expand capacity. Other assets of € 17.7m have remained essentially unchanged versus the end of 2020 (December 31, 2020: € 19.9m).

Current assets

Current assets rose from € 435.9m as of December 31, 2020 to € 457.7m as of September 30, 2021 and have therefore remained essentially unchanged.

Equity/equity ratio

At the end of the third quarter of 2021, equity came in at € 482.5m (December 31, 2020: € 499.1m). The decline in equity is largely due to the cash outflow resulting from the

dividend payment in the amount of € 100.6m. The equity ratio amounted to 38.1% as of the reporting date (2020: 44.4%).

Non-current liabilities

Non-current liabilities have risen by € 72.2m from € 246.0m as of December 31, 2020 to € 318.2m as of September 30, 2021. This increase is largely based on raising funds through loans of € 59.6m as well as additional lease liabilities of € 25.8m through the addition of a building at the Nördlingen site. Conversely, non-current advance payments received decreased by € 27.3m.

Current liabilities

Current liabilities have increased from € 377.7m to € 467.2m. The increase resulted from utilization of a flexible working capital line provided under the syndicated loan of € 129.3m. Conversely, other provisions decreased by € 18.1m, while other liabilities decreased by € 10.1m.

Net working capital

Net working capital increased from € 56.5m at year-end 2020 to € 155.5m as of September 30, 2021. This corresponds to an increase of € 99.0m in comparison with December 31, 2020. In essence, the growth here is attributable to the rise in finished and unfinished goods of € 36.2m as well as growth in receivables (€ 44.6m). The key drivers behind this development were the initiation of a customer order as well as seasonal factors in the Consumer business. As a result, the net working capital ratio increased from 6.5% to 18.0%.

Statement of cash flows

(€ k)

	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020
Cash and cash equivalents as at January 1, 2021	121,889	244,781
Cash flow from ongoing business activities	-28,178	134,157
Cash flow from investment activities	-143,033	-275,118
Cash flow from financing activities	79,385	28,021
Net change in cash and cash equivalents	-91,826	-112,940
Effects of exchange rate fluctuations	1,082	-1,103
Cash and cash equivalents as at December 31, 2021	31,145	130,738

Cash flow from ongoing business activities amounts to € -28.2m in the reporting year and is therefore down on the previous year's value by € 162.3m. This is primarily attributable to the reductions in trade payables of € 37.6m, the decline in provisions and personnel related liabilities and accruals of € 50.9m, the increase in trade receivables and other current assets of € 71.3m, the increase in inventories of € 12.5m and the increase in income taxes paid of € 16.9m. In contrast, depreciation and amortization, which increased from € 36.9m to € 68.5m, had the opposite effect.

Cash flow from investing activities moved from € -275.1m to € -143.0m and is therefore well down on the previous year's figure. The change compared with the previous year is largely the result of the purchase price payment, which was settled in 2020, for the acquisition of the VARTA Consumer Batteries business. Investment in property, plant and equipment fell as expected by € 51.9m in comparison with the first nine months of the previous year. The reason for this is the planned investment program to expand production capacities for lithium-ion button cells and investments within the framework of the IPCEI.

Cash flow from financing activities increased in the fiscal year from € 28.0m in 2020 to € 79.4m in 2021. This was largely as a result of raising new loans. The dividend payout totaling € 100.6m in the second quarter had the opposite effect.

As of September 30, 2021, holdings of cash and cash equivalents amounted to € 31.1m (2020: € 130.7m).

2. Segment earnings

The company is active in the Lithium-Ion Solutions & Microbatteries and Household Batteries business segments. The former comprises the microbatteries business, lithium-ion Coin Power, lithium-ion large cells and lithium-ion battery packs, while the latter covers the Consumer and Energy Storage Systems business areas.

Lithium-Ion Solutions & Microbatteries

	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	Change in %
Sales revenue (€ k)	365,816	388,883	-5.9%
Adjusted EBITDA (€ k)	140,419	141,252	-0.6%
Adjusted EBITDA margin %	38.4%	36.3%	2.1 PP

In the first nine months of 2021, revenue in the Lithium-Ion Solutions & Microbatteries segment reached € 365.8m and is therefore 5.9% down on the same period in the previous year. There were delays in starting new customer projects involving rechargeable lithium-ion cells for high tech consumer products in the third quarter, which also affected revenue and profit, as this segment's contribution was reduced. Higher prices for raw materials have also had a negative impact that could not be fully compensated by efficiency gains and could only partially be passed on to customers. Our largest customers manufacture their products (TWS) in Asia, where individual factories have had their production processes temporarily restricted by energy failures or, in some cases, lockdowns caused by COVID-19, which has also had an adverse impact. Both the trend in the USD/EUR exchange rate and price reductions in non-strategic assembly had a negative impact. Our global market position for hearing aid batteries is still strong 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 significantly increased demand for rechargeable lithium-ion cells and has grown significantly. The very high level of growth was sustained in the lithium-ion battery pack business. Adjusted EBITDA decreased from € 141.3m to € 140.4m (-0.6%). However, additional productivity and efficiency gains ensured that this profit decline was kept disproportionately low in comparison with the development of revenue. This produces an adjusted EBITDA margin of 38.4% in relation to revenue, which corresponds to an improvement of 2.1 percentage points versus the previous year.

Household Batteries

	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	Change in %
Sales revenue (€ k)	256,510	241,164	6.4%
Adjusted EBITDA (€ k)	42,054	35,512	18.4%
Adjusted EBITDA margin %	16.4%	14.7%	1.7 PP

The Household Batteries segment comprises the consumer batteries business and energy storage solutions. In the first nine months of 2021, revenue in the Household Batteries segment rose from € 241.2m to € 256.5m. This corresponds to revenue growth of 6.4% in comparison with the previous year. Adjusted EBITDA increased from € 35.5m to

€ 42.1m (+18.4%), which equates to significantly above-average growth in comparison with the trend in revenue.

By focusing on the brand business, the Consumer business area improved its profitability in comparison with the same period in the previous year. In the reporting year, the energy storage solutions business recorded highly dynamic growth that corresponds to a very significant increase on the same period in the previous year, and, in this way, also gained additional market shares. The adjusted EBITDA margin stands at 16.4% in relation to revenue, which corresponds to an improvement of 1.7 percentage points in comparison with the prior year.

3. Employees

The number of employees across the entire Group has increased only slightly from 4,601 members of staff in the third quarter of the previous year to 4,734 members of staff as of September 30, 2021.

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 proprietary facilities have continued without interruption since the start of the crisis, while no impact on supply chains has been identified either.

However, some of our customers have been impacted in this way. Their suppliers have occasionally been delayed in delivering raw materials or semiconductors, which has led to some periods of production downtime. Our largest customers manufacture their products (TWS) in Asia, where individual factories have been hit by energy failures or, in some cases, had production processes temporarily restricted by lockdowns imposed due to COVID-19. Delays in initiating new customer projects in the third quarter have also caused a decline in revenue growth. Moreover, the development of the USD/EUR exchange rate has had an adverse impact. This resulted in price reductions for non-strategic assembly and increased prices for raw materials, which could not be fully offset by efficiency gains and could only partially be passed on to customers.

VARTA AG Group

Group revenue of € 900m is now expected for 2021. This equates to single-digit organic revenue growth on a year-on-year basis.

An above-average increase to around 30% of revenue is set to be recorded for the relative margin of the adjusted operating result (EBITDA) and come in at approximately € 275m (2020: € 241.0m). The company achieved 27.7% in the previous year. This increase 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 production line for large-format lithium-ion round cells. CAPEX – i.e. payments made to purchase intangible assets and property, plant and equipment – is set to remain unchanged at between € 150m and € 200m in the current year.

The Company is preparing for a major growth initiative in fiscal years 2022 and 2023 with the newly developed ultra-high-performance V4Drive cells and entry into the e-mobility business. At present, VARTA AG is making huge investments to this end. For example, new staff are being hired and significant investments are being made in employee training and new production facilities. The first revenue and profit contributions are expected from 2024 onwards.

The Company's highly profitable core business will continue to grow over this period. Over the course of the next two years, VARTA expects to record annual revenue growth of around € 100m in each case. VARTA expects a further improvement in adjusted EBITDA, although the expenses for the announced growth offensive in the next two years will result in adjusted EBITDA growth lagging behind revenue growth.

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 pack business. Demand for lithium-ion batteries for True Wireless Stereo Headsets (TWS) in the fourth

quarter of 2021 is expected to be on a par with that recorded in the third quarter. In the area of Entertainment, preparations are underway 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 what it regards as its market-leading position in a market subject to structural growth. As a result of the further scaling of our business model, we also expect to see a huge rise in adjusted EBITDA, which is set to experience further above-average growth in relation to revenue.

Household Batteries segment

The Household Batteries segment consists of the two business areas Consumer and Energy Storage Systems. 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 expected for stationary energy storage solutions, which will match market growth at least.

Our long-standing experience over many years in the battery business is factored into the opportunity and risk forecasts mapping further business development. This report contains information and forecasts that refer 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 balance sheet as of September 30, 2021 (unaudited)

VARTA Aktiengesellschaft, Ellwangen (Jagst)

(€ k)	SEPTEMBER 30, 2021	DECEMBER 31, 2020
ASSETS		
Property, plant and equipment	716,080	596,582
Intangible assets	65,317	63,933
Long-term investments and other participations recognized in the balance sheet under the equity method	60	73
Other financial assets	293	288
Deferred tax assets	10,813	6,107
Other assets	17,711	19,921
Non-current assets	810,274	686,904
Inventories	169,533	133,328
Contract assets	7,575	2,636
Trade receivables	164,694	120,136
Other financial assets	1,384	1,076
Tax refund claims	10,782	1,910
Other assets	72,605	54,924
Cash and cash equivalents	31,145	121,889
Current assets	457,718	435,899
Total assets	1,267,992	1,122,803

(€ k)	SEPTEMBER 30, 2021	DECEMBER 31, 2020
EQUITY AND LIABILITIES		
Subscribed capital	40,422	40,422
Capital reserve	252,018	251,705
Retained earnings	112,431	114,414
Net income	75,838	95,411
Other reserves	1,510	-3,188
Equity of the VARTA AG Group	482,219	498,764
Non-controlling interests	313	311
Total Equity	482,532	499,075
Lease liabilities	82,775	63,843
Other financial liabilities	118,362	51,103
Provisions for employee benefits	71,971	77,081
Advance payments received	19,853	47,161
Other liabilities	59	54
Deferred tax liabilities	20,527	4,240
Other provisions	1,934	1,934
Accruals	2,735	625
Non-current liabilities	318,216	246,041
Tax liabilities	37,568	45,710
Lease liabilities	16,921	14,196
Other financial liabilities	137,716	6,323
Provisions for employee benefits	2,464	2,353
Contract liabilities	4,601	5,865
Trade payables and advance payments received	139,254	137,358
Other liabilities	24,679	34,668
Other provisions	21,017	39,200
Accruals	83,024	92,014
Current liabilities	467,244	377,687
Liabilities	785,460	623,728
Equity and total liabilities	1,267,992	1,122,803

Consolidated income statement for the period January 1, 2021 to September 30, 2021 (unaudited)

VARTA Aktiengesellschaft, Ellwangen (Jagst)

(€ k)	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020
Sales revenue	622,326	630,339
Increase in finished and unfinished goods	31,927	5,879
Own work capitalized	2,207	4,030
Other operating income	42,113	28,897
Cost of materials	-241,973	-237,856
Personnel expenses	-186,600	-191,636
Other operating expenses	-88,026	-88,098
EBITDA	181,974	151,555
Depreciation and amortization	-68,520	-36,869
Operating earnings (EBIT)	113,454	114,686
Financial income	46	283
Financial expenses	-2,926	-2,308
Sundry financial income	102	1,116
Sundry financial expenses	-3,550	-3,967
Financial result	-6,328	-4,876
Earnings before taxes	107,126	109,810
Income tax expenses	-31,240	-31,496
Consolidated result	75,886	78,314
Appropriation of profit:		
Shareholders of VARTA AG	75,839	78,219
Non-controlling interests	47	95

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 September 30, 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

Annual/consolidated financial statements 2021
Interim report Q1 2022
Annual General Meeting
Half-year report 2022
Interim report Q3 2022

March 31, 2022
May 12, 2022
June 21, 2022
August 11, 2022
November 15, 2022

Imprint

Quarterly report Q3 2021:
<https://www.varta-ag.com/publications/>

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