



**HALF-YEAR FINANCIAL REPORT  
VARTA AG GROUP AS OF JUNE 30, 2020**



#### 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, it sets the standard for battery technologies and customization in aspiring to market leadership in its business areas.

#### VARTA AG – SELECTED GROUP KPIs

(€ k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
Sales revenue	390,678	151,517
EBITDA	81,448	35,850
Adjustments:		
Cost of share-based payment	499	1,385
Inventory step-up from Purchase Price Allocation (PPA)	8,661	0
Costs of M&A transactions	1,285	0
Costs of Restructuring	10,188	0
Adjusted EBITDA	102,081	37,235
Adjusted EBITDA Margin (%)	26.1%	24.6%
Group net result	39,890	19,471
Investments (CAPEX)	123,658	20,026
Free Cash Flow	-125,500	-4,747
Equity ratio	44.2%	62.0%*
Balance sheet total	1,021,701	668,830*
Employees at the end of half year	4,342	2,394

\* as of Dec. 31, 2019



## **VARTA AG**

**VARTA AG** produces and markets a comprehensive battery portfolio that ranges from microbatteries, household batteries and energy storage systems all the way 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 “Microbatteries & Solutions” and “Household Batteries” business segments. The “Microbatteries & Solutions” segment focuses on the OEM business for microbatteries and the lithium-ion battery pack business. Through intensive research and development, **VARTA** sets global standards in the microbatteries segment 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, including household batteries, rechargeable batteries, chargers, portable power (power banks), lights and energy storage systems. The **VARTA AG Group** currently employs around 4,000 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.

### **MICROBATTERIES & SOLUTIONS**

The “**Microbatteries & Solutions**” segment focuses on the OEM business for microbatteries and the lithium-ion battery pack business. The Group is an internationally leading manufacturer of microbatteries for hearing aids and rechargeable microbatteries in the area of Entertainment. **VARTA AG** ranks among the most important companies for its customers and manufactures batteries in numerous key electro-chemical systems as well as in a variety of structural shapes and sizes. 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. The two segments, Healthcare and Entertainment & Industrial, work together in a synergistic manner. In the Power Pack Solutions segment, the Group boasts comprehensive industry experience in the construction of high-performance, safe and needs-based lithium battery packs – for medical technology, robotics, connectivity and telecommunications. 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. In the area of household batteries, **VARTA AG** is the European market leader via the Consumer Batteries segment 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 its “Energy Storage” 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 such as 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.

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# Business development in the first six months

## **VARTA AG with very high growth dynamics in the first half of 2020 - forecast for the 2020 financial year will be raised**

- Group revenues grow in the first half of 2020 by almost 158% to € 390.7 million (+66.5% without the acquisition of VARTA Consumer)
- Adjusted group EBITDA even increases by 174% to € 102.1 million (+124.8% without acquisition of VARTA Consumer)
- Adjusted group EBITDA margin improves by 1.5 percentage points to 26.1%
- "Microbatteries & Solutions" segment: H1 revenue € 239.7 million (+70%), adjusted EBITDA € 82.4 million (+132%), margin 34.4% (+9.1PP)
- "Household Batteries" segment better than expected: H1 revenues € 150.8 million, adjusted EBITDA € 19.7 million, margin 13,0% (-3.1PP)
- Expansion of the production capacities for lithium-ion batteries to 300 million cells annually by the end of 2021
- Forecast<sup>1)</sup> for the 2020 financial year increased:  
Group revenues between € 810 and 830 million (previously: € 780-800 million);  
adjusted group EBITDA between € 210 and 215 million (previously: € 175-185 million); CAPEX for further capacity expansion between € 320 and 360 million (previously: € 300-330 million)

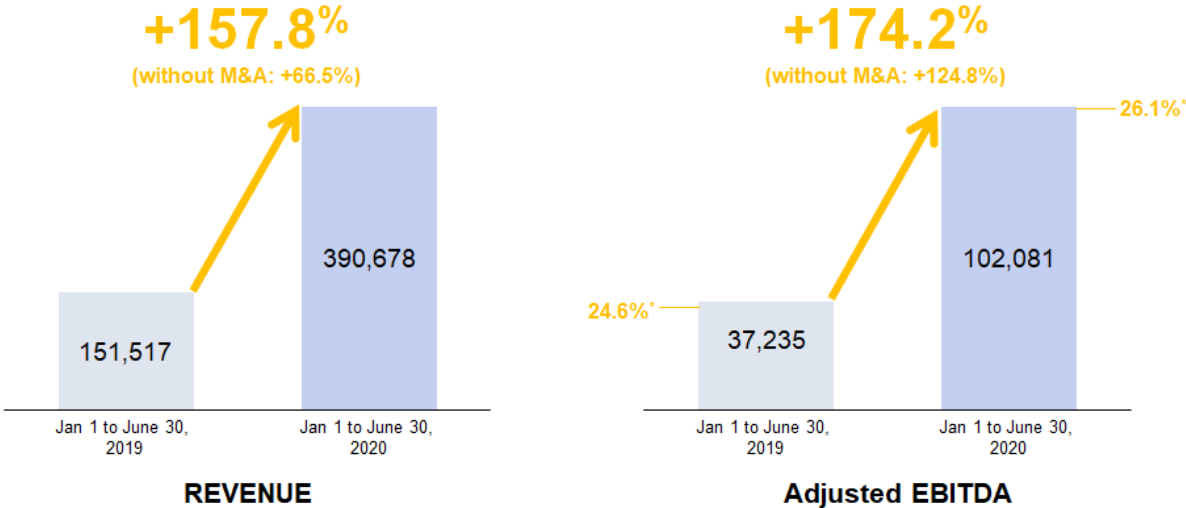
**VARTA** Group is continuing its high revenues and earnings growth: Group revenues rose by 157.8% to € 390.7 million in the first half of the year. Organic revenue growth was 66.5% (without first-time consolidation of VARTA Consumer). Adjusted EBITDA rose by 174,2 % to € 102.1 million (+ 124.8% without VARTA Consumer). The adjusted EBITDA margin improved by 1.5 percentage points to 26.1%. The group profit more than doubled with an increase of 104.9% to 39.9 million €.

Herbert Schein, CEO of **VARTA AG**: "We have more than doubled revenue and almost tripled the operating result. All business areas contributed to this gratifying result in the first half of the year, with our lithium-ion cells continuing to record the highest growth rates. We are continuing our growth path with the expansion of production capacities for lithium-ion cells to 300 million batteries by the end of 2021. There continues to be a high demand for VARTA products because the market demands innovative and powerful batteries - especially in the area of premium headsets."

<sup>[1]</sup> In view of the ongoing Covid-19 crisis, negative influences on the VARTA AG Group cannot be entirely ruled out. However, at the time the financial statements were prepared, there were no indications that these risks would materialize. VARTA does not therefore anticipate any impairments in its outlook.

Chief Financial Officer (CFO) Steffen Munz adds: "We have increased the high revenues and earnings growth of the past in the first half of the year and improved profitability again. Since we continue to have a high order backlog despite the macroeconomic conditions, we are increasing the revenue and earnings forecast for the 2020 financial year."

**Revenue & Adjusted EBITDA**  
(IN K€, unaudited)



\*Margin: Adjusted EBITDA to revenue

# Condensed consolidated management report for the first half of fiscal year 2020

VARTA Aktiengesellschaft, Ellwangen (Jagst)

## 1 GROUP STRUCTURE

VARTA Aktiengesellschaft, Ellwangen, Germany (VARTA AG) is the parent company of the corporate Group.

### 1.1 BUSINESS MODEL

VARTA AG is a company headquartered in Ellwangen, Jagst. The company produces and markets a comprehensive battery portfolio that ranges from microbatteries, household batteries and energy storage systems all the way to customer-specific battery solutions for a wide range of uses. As the parent company of the Group, it is active in the “Microbatteries & Solutions” and “Household Batteries” business segments. The “Microbatteries & Solutions” segment focuses on the OEM business for microbatteries and the lithium-ion battery pack business. 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. 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. Operating on a global basis today, VARTA AG can proudly look back on more than 130 years of company history.

### Segments and organizational structure

#### MICROBATTERIES & SOLUTIONS

The “Microbatteries & Solutions” segment focuses on the OEM business for microbatteries and the lithium-ion battery pack business. The Group is an internationally leading manufacturer of microbatteries for hearing aids and rechargeable microbatteries in the area of Entertainment. VARTA AG ranks among the most important companies for its customers and manufactures batteries in numerous key electro-chemical systems as well as in a variety of structural shapes and sizes. 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. The two segments, Healthcare and Entertainment & Industrial, work together in a synergistic manner. In the Power Pack Solutions segment, the Group boasts comprehensive industry experience in the construction of high-performance, safe and needs-based lithium battery packs – for medical technology, robotics, connectivity and telecommunications. 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. In the area of household batteries, VARTA AG is the European market leader via the Consumer Batteries segment 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 its “Energy Storage” 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 such as 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.

## 1.2 STRATEGY AND GOALS

With both segments, the Group is very well placed to exploit the relevant growth trends for both segments. The key growth trends are demographic change, technological progress, increased connectivity and renewable energies.

Here, the **VARTA AG Group** focuses on the following growth areas and objectives:

- Strengthening and expanding global market position in core products
- Expanding innovation and technology leadership
- Strong financial profile to enable focus on profitable growth

## 1.3 CORPORATE MANAGEMENT

The **VARTA AG Group** is managed on the basis of internally defined financial and non-financial metrics to pursue a strategy centered on sustainable value growth. In last year’s consolidated financial statements, the following key financial metrics were used for the purposes of value-orientated management:

- Sales revenue
- Adjusted EBITDA
- CAPEX (capital expenditure on the acquisition of intangible and tangible assets)
- Net working capital

Changes in employee numbers remains an important non-financial key performance indicator on account of the dynamic growth enjoyed by the Group.

## 1.4 MANAGEMENT AND CONTROL

The Executive Board of **VARTA AG** comprises two members:

Herbert Schein (CEO) and Steffen Munz (CFO). The Executive Board members share joint responsibility for the management of the company.

There were no changes to the Supervisory Board in the first half of 2020.



## 2 ECONOMIC REPORT

### 2.1 **MARKETS AND INFLUENCING FACTORS**

The markets in which the **VARTA AG Group** operates and the influencing factors to which it is exposed have remained practically identical in comparison with the prior year. The **VARTA AG Group** manufactures and sells batteries around the world, benefiting from a positive consumer landscape despite its relative independence from the macroeconomic environment.

In geographical terms, the sales distribution is highly diversified. Most of our products are sold in Asia, followed by Europe and North America. This therefore means that dependency on individual countries and their respective economic development is comparatively low. The Asian market plays the largest role because of its market and customer structure; many major manufacturers of wireless headphones have their products produced here. The key influencing factors are dealt with in the following chapter ("2.2 Macroeconomic and industry-related framework conditions").

### 2.2 **MACROECONOMIC AND INDUSTRY-RELATED FRAMEWORK CONDITIONS**

The macroeconomic conditions observed in the sales markets relevant to the **VARTA AG Group** in 2020 continue to develop positively.

Increased life expectancy of people across all societies in addition to rising acceptance of hearing aids supports sales of hearing aids and therefore also of hearing aid batteries. In 2019, 9.1% of the global population was aged 65 or over, and this proportion will rise further to hit 11.7% by 2030 and 15.9% by 2050. In Europe and North America, this proportion of the population is much higher, at 18% (2030: 22.1%; 2050: 26.1%). At the same time, life expectancy is continually rising. In the reporting year, this stood at 72.6 years on a global basis, and is expected to rise to 77.1 years by 2050 (United Nations: World Population Prospects 2019 Highlights). Demand for hearing aids is therefore also set to rise further. IDTechEx Research has published the following forecast for the development of sales: For 2019, global hearing aid sales of \$ 7.8bn including the OTC market (from 2019 onwards) are expected (\$ 7.4bn in 2018), equating to growth of 4.8%. For 2020, the growth forecast amounts to 5.3% with a positive outlook for the next few years. Revenue will therefore be boosted by the strong rise in freely available hearing aids (OTC).

The area of Entertainment is benefiting from the unabated high level of customer demand for high-tech consumer products, in particular for wireless premium headsets with rechargeable lithium-ion cells. For wireless headsets, Zhiyan Consulting is anticipating a global increase of nearly 54% from 2018 to 2019, and of 50% for 2020.

Moreover, the company is also very positive with regard to the future development in this area. Improvements to the operating time and expanded functionality will see the market share of wireless headsets increased further. The more wireless devices that are developed, particularly for micro-applications (e.g. headsets), the stronger the position of the **VARTA AG Group** here.

In the Household Batteries segment, the company is benefiting from stable growth rates in Consumer Batteries. According to a study by Global Industry Analysts, annual growth for the period from 2015 to 2022 comes to 3.3%. The Smart Health/Smart Home area is generating positive impetus, as is increasing life expectancy. People aged 55 and above use disproportionately large numbers of batteries, for instance.

## 2.3 KEY EVENTS IN THE FIRST HALF OF 2020

On January 2, 2020, **VARTA AG** successfully concluded the purchase of the Europe-based business of **VARTA Consumer Batteries** (“**VARTA Consumer**”) from the US Energizer Holdings, Inc. **VARTA Consumer** comprises a number of country-specific companies, although its production headquarters are located in Dischingen, Germany. The European Commission had previously approved this acquisition back on December 3, 2019; in this context, **VARTA AG** has made a commitment to continue supplying both existing and potential customers with hearing aid batteries for a defined period of time. Following the takeover of **VARTA Consumer**, **VARTA AG** has created a globally leading manufacturer of battery solutions with a comprehensive product portfolio. This corporate acquisition has brought together the global **VARTA** brand rights for device batteries, microbatteries and energy storage systems under the umbrella of **VARTA AG**, strengthening the brand image of **VARTA** products across all segments. **VARTA AG** acquired **VARTA Consumer Batteries** for an agreed purchase price of € 180m.

On June 29, 2020, the company received a grant in connection with an IPCEI (Important Project of Common European Interest) for the further development of its small-scale cells based on innovative lithium-ion technology and for the transfer of this technology to larger scale formats.

These larger scale battery cells could be used in **VARTA** energy storage solutions, robots and also in mobility-related applications in future. These new battery formats are to be optimized on a pilot line and transferred into mass production. **VARTA** is also continuing to invest in research and development activities for special format battery cells, which are increasingly in demand for IOT applications, for example. The German Federal Ministry of Economics (BMWi) and the Federal States of Bavaria and Baden-Württemberg support the battery industry in Germany and Europe within the framework of an IPCEI. The German government and the Federal States will make subsidies of up to € 300m available to **VARTA AG** for the project up to the end of 2024.

On August 3, 2020, the Company announced the expansion of its cooperation with Samsung Electronics. **VARTA** will continue as the main supplier of rechargeable batteries for Samsung headsets over the coming years. After reaching an agreement for this supply contract, the Company has now settled its patent disputes with Samsung. **VARTA** has already withdrawn all lawsuits against Samsung and its customers. Batteries were found in the headsets, which, from the perspective of **VARTA AG**, breach the applicable patents in the field of lithium-ion cells. **VARTA** opted to take action against Samsung and its customers in Germany and the USA. The agreement now reached stipulates that **VARTA AG** will withdraw its lawsuits. In return, Samsung, for its part, waives lawsuits against the battery manufacturer.

## 2.4 BUSINESS DEVELOPMENT

### General comments from the Executive Board regarding the economic situation

The **VARTA AG Group** can look back with pride on a highly successful first half of 2020. The high pace of growth continued with triple-digit growth rates in revenue and earnings compared with the same period of the previous year. Group revenue increased significantly, with growth of 157.8% achieved here. Organic sales growth amounted to 66.5% excluding the first-time consolidation of **VARTA Consumer**.

By far the strongest revenue growth was again recorded in the area of rechargeable lithium-ion batteries for high-tech consumer products, particularly premium true wireless headsets. Customer demand remains very high. As a leader in technology and innovation, **VARTA AG** has acquired unique competitive advantages and is therefore growing far faster than the market. **VARTA AG** will continue to invest massively in expanding production capacity

for lithium-ion cells. Our global market position for hearing aid batteries was further expanded in a market that is subject to structural growth. After exceeding expectations with regard to business development in the first quarter of 2020, the **VARTA Consumer** segment developed in line with planning during the second quarter, despite the impact from the COVID-19 pandemic.

A significant, above-average increase of 174.2% to € 102.1m was again recorded for adjusted Group EBITDA. The adjusted EBITDA margin improved by 1.5 PP to 26.1%. Excluding **VARTA Consumer**, adjusted EBITDA rose by 124.8%.

Group profit has more than doubled, rising from € 19.5m to € 39.9m.

### 3 DEVELOPMENT OF EARNINGS, FINANCIAL POSITION AND NET ASSETS

#### 3.1 EARNINGS SITUATION

##### Consolidated income statement for the period January 1, 2020 to June 30, 2020 (unaudited)

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
<b>Sales revenue</b>	<b>390,678</b>	<b>151,517</b>
Increase in finished and unfinished goods	8,287	3,506
Own work capitalized	2,579	8,330
Other operating income	20,424	3,685
Cost of materials	-158,865	-57,928
Personnel expenses	-124,595	-52,520
Other operating expenses	-57,060	-20,740
<b>EBITDA</b>	<b>81,448</b>	<b>35,850</b>
Depreciation and amortization	-22,898	-8,059
<b>Operating earnings (EBIT)</b>	<b>58,550</b>	<b>27,791</b>
Financial income	208	128
Financial expenses	-1,322	-390
Sundry financial income	794	40
Sundry financial expenses	-1,625	-459
<b>Financial result</b>	<b>-1,945</b>	<b>-681</b>
Profit and loss shares in companies recognized in the balance sheet under the equity method, after taxes	0	-6
<b>Earnings before taxes</b>	<b>56,605</b>	<b>27,104</b>
Income tax expenses	-16,715	-7,633
<b>Consolidated result</b>	<b>39,890</b>	<b>19,471</b>
Appropriation of profit:		
Shareholders of <b>VARTA AG</b>	39,833	19,149
Non-controlling interests	57	322

#### Revenue

In the first six months of fiscal year 2020, the revenue of the **VARTA AG Group** increased by 157.8% from € 151.5m to € 390.7m. Organic revenue growth, excluding **VARTA Consumer**, which was consolidated for the first time, amounted to 66.5%. By far the strongest organic growth was again recorded for rechargeable lithium-ion batteries for high-tech consumer products, particularly premium wireless headsets (hearables). This is a consequence of unabated high customer demand in a rapidly expanding market. In the case of hearing aid batteries, the Company's global market position has been further expanded in a market subject to structural growth. The Group is currently benefitting from its highly robust business model for primary hearing aid batteries in addition to the new business with a leading US retail chain initiated in the prior fiscal year. **VARTA Consumer** achieved revenue of € 138.4m in the first half and recorded far more rapid growth in its brand business than in its private label business.

## Expenses and other operating income

In the reporting year, material expenses came to € 158.9m compared with € 57.9m in the previous year. This corresponds to an increase of 174.2%. Excluding **VARTA Consumer**, the increase in the cost of material was disproportionately low, at 29.9%, compared with revenue.

A below-average increase from € 52.5m to € 124.6m, namely by 137.2%, was posted under personnel expenses. Excluding **VARTA Consumer**, the increase in personnel expenses was disproportionately low, at 29.1%, compared with revenue. In particular, the increase in staff numbers to cope with very dynamic growth in the area of rechargeable lithium-ion batteries resulted in higher expenditure. Personnel costs also included expenses for share-based remuneration in the amount of € 0.5m (2019: € 1.4m). The personnel expenses of **VARTA Consumer** also include restructuring expenses totaling € 10.2m.

Other operating expenses have increased by € 36.3m in total from € 20.7m to € 57.1m. Excluding **VARTA Consumer**, other operating expenses have increased from € 20.7m to € 28.7k. This was largely the result of the increase in legal and consultancy fees associated with the acquisition of **VARTA Consumer** companies and the ongoing patent dispute in the amount of € 3.1m. Because of the expansion in production capacity, maintenance costs have risen by € 1.3m and the cost of energy by € 0.9m year on year.

Other operating income increased by € 16.7m from € 3.7m in the previous year to € 20.4m in the first half of 2020. Excluding **VARTA Consumer**, a decline of 5.1% would have actually been posted for other operating income. The balance sheet item of other operating income for **VARTA Consumer** also includes services for the Appliances segment (including household appliances and pet food, among other things) of the former owner Spectrum Brands, which is to be discontinued in future.

## 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. Non-cash expenditure for share-based remuneration of € 0.5m (2019: € 1.4m) was adjusted as a special effect. In the context of the acquisition of **VARTA Consumer**, non-recurring expenses of € 1.3m were adjusted. Moreover, non-cash effects from the purchase price allocation (PPA) were adjusted within the framework of the PPA for **VARTA Consumer**. In particular, the (partial cost) profit in the amount of € 8.7m resulting from inventories was eliminated over the anticipated consumption period in profit or loss following the acquisition. The reversal of these supplementary amounts represented a non-cash special effect. Finally, restructuring costs of € 10.2m pertaining to **VARTA Consumer** were adjusted. The following table illustrates the reconciliation from EBITDA to adjusted EBITDA:

(€ k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
EBITDA	81,448	35,850
Cost of share-based payment	499	1,385
Inventory step-up from Purchase Price Allocation (PPA)	8,661	0
Costs of M&A transactions	1,285	0
Costs of Restructuring	10,188	0
<b>Adjusted EBITDA</b>	<b>102,081</b>	<b>37,235</b>

Adjusted EBITDA increased from € 37.2m to € 102.1m in the first six months of 2020. This corresponds to an increase of 174.2% in comparison to the previous year. Excluding **VARTA Consumer**, adjusted EBITDA rose by 124.8%. The increase in adjusted EBITDA can be attributed to the very high and profitable revenue growth in lithium-ion cells and hearing aid batteries in addition to the simultaneous disproportionately low increase in costs due to the scaling of the business model.

#### Operating earnings (EBIT)

Operating earnings have more than doubled from € 27.8m to € 58.6m, having risen by 110.7% year on year. Excluding **VARTA Consumer**, EBIT increased by 138.6%. The above-average increase compared with growth in revenue was predominantly attributable to the highly successful development in the Microbatteries segment.

#### Financial result

In the reporting year, the financial result changed from € -0.7m in 2019 to € -1.9m in 2020. Excluding **VARTA Consumer**, the financial result would have changed from € -0.7m to € -1.5m. The result was adversely affected by the balance of currency gains and currency losses amounting to € 0.7m.

#### Taxes

Tax expenses increased primarily due to the positive trend in the pre-tax result from € 7.6m in 2019 to € 16.7m in 2020. This produced an effective tax ratio of 29.5% (2019: 28.2%) in relation to the pre-tax result. Excluding **VARTA Consumer**, the tax ratio would have amounted to 29.4%.

#### Consolidated result

The very profitable revenue growth in the area of lithium-ion cells and hearing aid batteries in conjunction with the positive performance by **VARTA Consumer** and the below-average increase in fixed costs due to the scaling of our business model had a positive impact on the consolidated result, which has risen by 104.9% year on year from € 19.5m to € 39.9m in 2020.

## NET ASSETS AND FINANCIAL POSITION

### Consolidated statement of financial position as of June 30, 2020 (unaudited, preliminary)

(€ k)	JUNE 30, 2020	DECEMBER 31, 2019
<b>ASSETS</b>		
Non-current assets	569,411	288,462
Current assets	452,290	380,368
<b>Total assets</b>	<b>1,021,701</b>	<b>668,830</b>
(€ k)	JUNE 30, 2020	DECEMBER 31, 2019
<b>EQUITY AND LIABILITIES</b>		
Equity	452,006	414,802
Non-current liabilities	209,300	88,779
Current liabilities	360,395	165,249
<b>Total Liabilities</b>	<b>569,695</b>	<b>254,028</b>
<b>Equity and total liabilities</b>	<b>1,021,701</b>	<b>668,830</b>

#### Non-current assets

Non-current assets increased by € 280.9m from € 288.5m in 2019 to € 569.4m in the reporting year. This significant increase mainly resulted from the increase in property, plant and equipment from € 247.9m to € 444.5m as of June 30, 2020. Of this figure, around € 64m (provisional figures) was attributable to **VARTA Consumer**. Production capacities were increased in response to strong demand for rechargeable lithium-ion cells for high-tech consumer products, particularly premium wireless headsets (hearables).

Other assets were essentially unchanged and have increased only marginally from € 17.9m at the end of 2019 to € 18.8m at the end of the second quarter of 2020.

#### Current assets

Current assets have risen from € 380.4m as of December 31, 2019 to € 452.3m as of June 30, 2020. As a result of the increase in revenue and the first-time consolidation of **VARTA Consumer** (provisional figures), trade receivables have risen by € 73.0m. In addition, inventories have increased by € 64.8m. The cash outflow from the payment of the provisional purchase price for **VARTA Consumer** had a contrary effect, leading essentially to the reduction in cash and cash equivalents of € -81.4m. Utilization of the first tranche of a syndicated loan resulted in an increase in cash and cash equivalents of € 40.0m.

#### Equity/equity ratio

In the first six months, equity increased from € 414.8m as of December 31, 2019 to € 452.0m as of June 30, 2020. At the end of the first half of 2020, the equity ratio stood at 44.2% (December 31, 2019: 62.0%). The acquisition of **VARTA Consumer**, which above all produced an increase in the debt capital at the level of the **VARTA AG Group**, was a key factor in the decline in the equity ratio.

### **Non-current liabilities**

Non-current liabilities increased by € 120.5m from € 88.8m on December 31, 2019 to € 209.3m as of June 30, 2020. A key factor in this increase were the assumed pension obligations, lease liabilities and deferred tax liabilities (approximately € 80m) arising from the acquisition of **VARTA Consumer**. **VARTA AG's** utilization of a syndicated loan means that non-current financial liabilities have increased by € 40.0m.

### **Current liabilities**

Current liabilities have increased from € 165.2m to € 360.4m (provisional figures). Of this figure, around € 137m (provisional figure) can be attributed to the acquisition of **VARTA Consumer**, in which the assumed tax liabilities, lease liabilities, contract assets, trade payables and deferred liabilities are contained. At **VARTA AG**, customer prepayments totaling € 40.0m led to an increase in current liabilities.

### **Net working capital**

Net working capital has risen from € 18.0m at the end of 2019 to € 73.9m as of June 30, 2020. This corresponds to an increase of € 55.9m in comparison to the previous year. Net working capital has increased by around € 57.0m (provisional figures) through the acquisition of **VARTA Consumer**. Excluding **VARTA Consumer**, net working capital would actually have fallen by € 1.1m. The net working capital ratio was 18.9% or 6.7% excluding **VARTA Consumer** (for comparison: 5.0% as of December 31, 2019).

In comparison with the first quarter of 2020, net working capital declined by € 34.0m, with an advance payment received from a customer having a major impact here.



## Statement of cash flows

(IN T€)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
<b>Cash and cash equivalents as of January 1, 2020</b>	<b>244,781</b>	<b>149,741</b>
Cash flow from ongoing operating activities	81,555	22,652
Cash flow from investing activities	-207,055	-27,399
Cash flow from financing activities	31,638	98,275
<b>Net change in cash and cash equivalents</b>	<b>-93,862</b>	<b>93,528</b>
The effects of changes in foreign exchange rates	-120	83
<b>Cash and cash equivalents as of June 30, 2020</b>	<b>150,799</b>	<b>243,352</b>

Cash flow from ongoing operating activities amounted to € 81.6m following the first half of 2020 and is therefore € 58.9m up on the figure for the previous year. This is primarily attributable to organic growth in operating earnings.

Negative cash flow from investing activities increased significantly in the first six months of 2020 to € 207.1m (previous year: € 27.4m). The increase was, on the one hand, predominantly caused by the acquisition of shares in **VARTA Consumer Batteries** in the amount of € 81.5m, which resulted from the now final purchase price of € 110.9m less the cash holdings acquired of € 29.4m. On the other hand, the increase in cash flow from investing activities was the result of investment in property, plant and equipment to expand production capacity for lithium-ion button cell batteries in response to strong demand. Disbursements for investments in intangible assets and property, plant and equipment (CAPEX) amounted to € 123.7m (previous year € 20.0m).

Cash flow from financing activities decreased in the first six months from € 98.3m in 2019 to € 31.6m in 2020. A capital increase was carried out in 2019, which led to a cash inflow of € 102.1m. The Group also received € 40m in 2020 by drawing a tranche of the existing syndicated loan.

Holdings of cash and cash equivalents have decreased mainly due to an increase in investing activities. As of June 30, 2020, this balance sheet item amounted to € 150.8m (June 30, 2019: € 243.4m).

## 4 INVESTMENTS EXCLUDING M&A (CAPEX)

The Group refers to investments in intangible and tangible assets as CAPEX. This is an important control variable for high-growth manufacturing companies. In 2019, **VARTA AG** launched an extensive investment program, which is expected to be implemented in the period from 2019 to 2021. The aim of these investments is to expand capacities in the Microbatteries & Solutions segment substantially.

In the first six months of 2020, capital expenditure on the acquisition of intangible assets and property, plant and equipment totaled € 123.7m (previous year: € 20.0m).

The major part of investment in property, plant and equipment served to expand production capacity of lithium-ion button cells in response to demand. Replacement investment to renew production equipment, to develop new products and for quality assurance measures is also required at regular intervals.

## 5 SEGMENT EARNINGS

Since the beginning of the year, the company has undertaken a resegmentation of its operating business and combined Healthcare, Entertainment and Power Pack Solutions in the Microbatteries & Solutions segment. The second segment, Household Batteries, comprises the **VARTA Consumer** Batteries business and energy storage solutions. Both segments have contributed positively to the growth in sales and revenue in the first six months of 2020. In particular, the Microbatteries & Solutions segment continued its very dynamic growth and recorded a further improvement in profitability. By far the strongest growth was again recorded for rechargeable lithium-ion batteries for high-tech consumer products, particularly premium wireless headsets (hearables). The Household Batteries segment also developed better than expected over the course of the first half of the year.

<b>Microbatteries &amp; Solutions</b>	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019	YoY
Sales revenue (K€)	239,680	140,800	70.2%
Adjusted EBITDA (K€)	82,425	35,569	131.7%
Adjusted EBITDA margin (%)	34.4	25.3	9.1 PP

\*Previous year's figures were adjusted to the new segmentation (retrospective pro-forma adjustment)

In the first six months of fiscal year 2020, revenue in the Microbatteries & Solutions segment increased from € 140.8m to € 239.7m. This corresponds to very significant sales growth of 70.2% year on year. By far the strongest growth in revenue is still being achieved by rechargeable lithium-ion cells for high tech consumer products, especially for premium wireless headphones (hearables). This is a consequence of unabated high customer demand within a market that continues grow in highly dynamic fashion. Our global market position for hearing aid batteries has been further expanded in a market subject to structural growth. The Group is currently benefiting from its highly resilient business model for primary hearing aid batteries as well as the new business with a leading US retail chain initiated in the prior financial year. The rapid growth in the Power Pack Solutions business continued thanks to the new customer projects started in the last year. Adjusted EBITDA rose from € 35.6m to € 82.4m, which equates to growth of 131.7%. The increased profit is due to strong growth in the comparatively high-margin product groups and the disproportionately low rise in fixed costs due to the scaling of our business model. This resulted in an adjusted EBITDA margin of 34.4% in relation to revenue, which corresponds to an improvement in the adjusted EBITDA margin of 9.1 percentage points in comparison with the prior year.

<b>Household Batteries</b>	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019	YoY
Sales revenue (K€)	150,781	10,346	1,357.4%
Adjusted EBITDA (K€)	19,656	1,666	1,079.8%
Adjusted EBITDA margin (%)	13.0	16.1	-3.1 PP

\*Previous year's figures were adjusted to the new segmentation (retrospective pro-forma adjustment)

The Household Batteries segment comprises the Consumer Batteries and energy storage solutions business. The previous year's segment reporting reflects business in connection with energy storage solutions only. The first-time consolidation of **VARTA Consumer** Batteries has resulted in an incredibly sharp increase in revenue and

adjusted EBITDA (revenue: + 1,357.4%; adjusted EBITDA: +1,079.8%). **VARTA Consumer Batteries** performed better than expected in the reporting period. By focusing on brand business, profitability has improved significantly since we acquired the business. Highly dynamic growth that outpaced the market was recorded for business involving energy storage solutions over the first six months of 2020.

The following table illustrates the reconciliation from the previous segment reporting to the new segment reporting:

(€m)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019	YOY in%
<b>Microbatteries</b>			
Sales revenue	218.6	126.2	73.2%
Adjusted EBITDA	81.3	35.7	127.7%
Adjusted EBITDA-Margin	37.2%	28.3%	8.9 PP
<b>Power &amp; Energy</b>			
Sales revenue	33.7	25.0	34.8%
Adjusted EBITDA	2.4	1.5	60.0%
Adjusted EBITDA-Margin	7.1%	6.0%	1.1 PP
<b>Total VARTA without acquisition VARTA Consumer</b>			
Sales revenue	252.3	151.5	66.5%
Adjusted EBITDA	83.7	37.2	125.0%
Adjusted EBITDA-Margin	33.2%	24.6%	8.6 PP
<b>Consumer Batteries</b>			
Sales revenue	138.4		
Adjusted EBITDA	18.4		
Adjusted EBITDA-Margin	13.3%		
<b>Total VARTA inclusive acquisition VARTA Consumer</b>			
Sales revenue	390.7		
Adjusted EBITDA	102.1		
Adjusted EBITDA-Margin	26.1%		

## 6 EMPLOYEES

Over the reporting period, the number of employees has risen by 1,948 or 81.4%, increasing from 2,394 to 4,342 staff members as of June 30, 2020. The completed acquisition of **VARTA Consumer Batteries** added a total of 1,139 employees. In total, 609 additional employees joined the two main production locations in Nördlingen and Ellwangen in order to expand production capacities in the area of lithium-ion cells.

## **7 GUIDANCE, OPPORTUNITIES AND RISK REPORT**

The interim management report on the first half-year does not contain any comprehensive and complete statement on the guidance, opportunities and risk report. These notes should therefore be read in conjunction with the consolidated annual financial statements published as of December 31, 2019.

The risk management system as a whole is evaluated at Group level and focuses on strategic, operating, financial and other risks. In this process, the risks are categorized as low, medium or high according to the net loss potential.

The Chief Financial Officer (CFO) bears responsibility for managing all opportunities and risks, which is an integral part of corporate governance. Based on the assessment of the Executive Board, the risks are still considered manageable as of the publication date. There continues to be no discernible individual risks that may endanger the existence of the company. At the same time, there is also a firm conviction that the **VARTA AG Group** remains well-placed strategically and financially to exploit all opportunities that arise.

A comprehensive review of the risk situation was carried out as of June 30, 2020.

There were no material changes in the area of operating, strategic, financial and default risks compared with December 31, 2019. The opportunities and risks that pose a threat to the company's continuing existence were updated, as scheduled, on June 30, 2020.

## **8 OUTLOOK**

Following the very impressive revenue and income growth over the course of the first half of 2020 and the continued high order volume, the Company is revising its guidance for revenue and income in fiscal year 2020.

On account of the continuing very high demand for lithium-ion batteries (CoinPower), **VARTA** is expanding production capacities for lithium-ion cells from the current level of 200 million cells per year to 300 million cells per year by the end of 2021. To this end, the Company is planning for an additional investment volume of around € 175m. The expansion plans mainly relate to the production facility in Nördlingen/Germany and involve the construction of a new building adjacent to the existing production facility. Here, a new generation of production facilities will be installed for the first time. These are set to increase the speed of manufacturing processes while at the same time reducing investment costs. This will allow **VARTA** to react quickly and flexibly to rising demand.

The structural growth of core markets, what we regard as our strong market position in core markets and continuing massive investment in the expansion of production capacity will lead to positive business development in 2020 and the years to come. This outlook is based on the assumption of constant exchange rates.

In view of the global spread of the coronavirus (COVID-19), negative impacts on the **VARTA AG Group** can still not be ruled out. This could impact our ability to produce at our sites, our ability to transport to our customers and also lead to problems with our suppliers. The fact that our customers may not be able to purchase products from us at times because of their own production being disrupted cannot be ruled out either. These risks were not

assessable at the time that these financial statements were prepared and could not therefore be taken into consideration in the Group's planning.

### **VARTA AG Group**

Group revenue of between € 810m and € 830m (previously € 780m and € 800m) is expected. This corresponds to revenue growth of between 123% and 129% in comparison with the previous year (including **VARTA Consumer**). Organic revenue growth, excluding **VARTA Consumer**, will stand at between 47% and 53%.

Adjusted Group EBITDA for 2020 will be in a corridor between € 210m and € 215m (previously € 175m and € 185m) and will therefore increase by 115% to 121% compared with the previous year (including **VARTA Consumer**). Adjusted EBITDA is adjusted for special effects: the Executive Board defined as special effects (where applicable) costs related to a capital increase, impacts on the profit and loss account resulting from the reimbursement claim from an assumption of debt in connection with pension obligations, effects from the share-based remuneration scheme, disposal effects from sale and lease-back transactions, potential restructuring costs and expenses in connection with M&A transactions as well as non-cash effects from the purchase price allocation (PPA).

Due to the unabated very high demand for lithium-ion batteries (CoinPower), production capacities are being further massively expanded. For the planned expansion of production capacities from the current level of 200 million cells per year to 300 million cells per year by the end of 2021, the Company is increasing its CAPEX guidance – i.e. payments made to purchase intangible assets and property, plant and equipment – for 2020 from the previous level of between € 300m and € 330m to between € 320m and € 360m.

### **Microbatteries & Solutions 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. Due to strong demand for lithium-ion batteries for wireless headsets, the company plans to carry out a huge production capacity expansion in the Entertainment & Industrial area; this will constitute the largest growth potential in the Microbatteries & Solutions segment. There is an assumption of very significant, namely double-digit, revenue growth in the Microbatteries & Solutions segment for financial year 2020. As a result of the further scaling of our business model, we also expect to see a significant rise in adjusted EBITDA, which is set to experience further above-average growth in relation to sales.

### **Household Batteries segment**

Very significant growth is expected for stationary energy storage solutions, in line with market growth at the very least. The **VARTA Consumer** business acquired will provide additional revenue of approximately € 300m in financial year 2020. An EBITDA margin in the low double-digits is expected for financial year 2020.

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.

Ellwangen, August 13, 2020

**VARTA Aktiengesellschaft**

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Chief Executive Officer (CEO)  
- Herbert Schein -

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Chief Financial Officer (CFO)  
- Steffen Munz -

# HALF-YEAR FINANCIAL REPORT

VARTA AG group as of June 30, 2020

Consolidated statement of financial position as of January 1, to June 30, 2020 (unaudited, preliminary) VARTA Aktiengesellschaft, Ellwangen (Jagst)

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
<b>ASSETS</b>		
Property, plant and equipment	444,535	247,896
Intangible assets	93,385	20,783
Long-term investments and other participations recognized in the balance sheet under the equity method	74	55
Other financial assets	333	548
Deferred tax assets	12,323	1,271
Other assets	18,761	17,909
<b>Non-current assets</b>	<b>569,411</b>	<b>288,462</b>
Inventories	128,836	63,995
Contract assets	6,972	2,032
Trade receivables	124,933	51,966
Other financial assets	189	0
Tax refund claims	1,254	216
Other assets	39,307	17,378
Cash and cash equivalents	150,799	244,781
<b>Current assets</b>	<b>452,290</b>	<b>380,368</b>
<b>Total assets</b>	<b>1,021,701</b>	<b>668,830</b>

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
<b>EQUITY AND LIABILITIES</b>		
Subscribed capital	40,422	40,422
Capital reserve	251,118	250,619
Retained earnings	118,444	68,700
Net income	39,833	50,390
Other reserves	1,917	4,456
<b>Equity of the VARTA AG Group</b>	<b>451,734</b>	<b>414,587</b>
Non-controlling interests	272	215
<b>Total Equity</b>	<b>452,006</b>	<b>414,802</b>
Lease liabilities	45,066	20,476
Other financial liabilities	46,305	2,832
Provisions for employee benefits	69,607	27,241
Advance payments received	23,541	34,296
Other liabilities	78	95
Deferred tax liabilities	18,847	0
Other provisions	5,391	3,839
Accruals	465	0
<b>Non-current liabilities</b>	<b>209,300</b>	<b>88,779</b>
Tax liabilities	51,900	14,325
Lease liabilities	11,688	4,603
Other financial liabilities	6,202	4,058
Provisions for employee benefits	2,101	1,195
Contract liabilities	38,964	11,198
Trade payables and advance payments received	147,847	88,807
Other liabilities	34,603	20,025
Other provisions	24,189	4,407
Accruals	42,901	16,631
<b>Current liabilities</b>	<b>360,395</b>	<b>165,249</b>
<b>Liabilities</b>	<b>569,695</b>	<b>254,028</b>
<b>Equity and total liabilities</b>	<b>1,021,701</b>	<b>668,830</b>



**Consolidated income statement for the period 01/01-06/30/2020 (unaudited)**  
**VARTA Aktiengesellschaft, Ellwangen (Jagst)**

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
<b>Sales revenue</b>	<b>390,678</b>	<b>151,517</b>
Increase in finished and unfinished goods	8,287	3,506
Own work capitalized	2,579	8,330
Other operating income	20,424	3,685
Cost of materials	-158,865	-57,928
Personnel expenses	-124,595	-52,520
Other operating expenses	-57,060	-20,740
<b>EBITDA</b>	<b>81,448</b>	<b>35,850</b>
Depreciation and amortization	-22,898	-8,059
<b>Operating earnings (EBIT)</b>	<b>58,550</b>	<b>27,791</b>
Financial income	208	128
Financial expenses	-1,322	-390
Sundry financial income	794	40
Sundry financial expenses	-1,625	-459
<b>Financial result</b>	<b>-1,945</b>	<b>-681</b>
Profit and loss shares in companies recognized in the balance sheet under the equity method, after taxes	0	-6
<b>Earnings before taxes</b>	<b>56,605</b>	<b>27,104</b>
Income tax expenses	-16,715	-7,633
<b>Consolidated result</b>	<b>39,890</b>	<b>19,471</b>
Appropriation of profit:		
Shareholders of VARTA AG	39,833	19,149
Non-controlling interests	57	322

**Consolidated statement of comprehensive income for the period 01/01-06/30/2020 (unaudited)**  
**VARTA Aktiengesellschaft, Ellwangen (Jagst)**

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
<b>Consolidated result</b>	<b>39,890</b>	<b>19,471</b>
<b>Items that will not be reclassified under profit or loss</b>		
Revaluation of the net defined benefit liability	-1,774	-2,815
Revaluation of the reimbursement claim	914	2,195
Related tax	214	177
	<b>-646</b>	<b>-443</b>
<b>Items that were reclassified or may be reclassified later under profit or loss</b>		
Currency translation differences	-2,647	151
Result of fair value changes in cash flow hedges	154	-341
Related tax	-46	-1
	<b>-2,539</b>	<b>-191</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-3,185</b>	<b>-634</b>
<b>Comprehensive income</b>	<b>36,705</b>	<b>18,837</b>
Profit attributable to:		
Shareholders of VARTA AG	36,648	18,514
Non-controlling interests	57	323

Earnings per share (€)

	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
Basic earnings per share	0.99	0.50
Diluted earnings per share	0.99	0.50

**Consolidated statement of cash flows for the period 01/01-06/30/2020 (unaudited)**  
**VARTA Aktiengesellschaft, Ellwangen (Jagst)**

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
<b>Cash flow from ongoing operating activities</b>		
Earnings before taxes	56,605	27,104
Net financial result less sundry financial expense/sundry financial income	1,114	262
Results from at equity measurement	0	6
Depreciation and amortization	22,898	8,059
Gains and losses from the sale of property, plant and equipment and intangible assets	52	-26
Other non-cash income and expenses	3,549	-2,929
Change in working capital		
Inventories	-14,060	-10,411
Trade receivables and other current assets	10,817	-8,091
Trade payables and other current and non-current liabilities	-371	11,167
Provisions and liabilities from pensions	13,262	5,053
Income tax paid	-12,311	-7,542
<b>Cash flow from ongoing operating activities</b>	<b>81,555</b>	<b>22,652</b>
<b>Cash flow from investing activities</b>		
Capital expenditure on the acquisition of intangible and tangible assets	-123,658	-20,026
Own work capitalized	-2,579	-8,330
Cash receipts from the sale of intangible and tangible assets	486	1,029
Payments from raising loans	-151	-238
Investment in investments	-81,355	0
Receipts from the repayment of loans	0	40
Interest received	202	126
<b>Cash flow from investing activities</b>	<b>-207,055</b>	<b>-27,399</b>
<b>Cash flow from financing activities</b>		
Receipts from capital measures	0	102,120
Assumption of financial liabilities	41,342	0
Repayments of current financial liabilities	-8,918	-3,798
Interest paid	-786	-47
<b>Cash flow from financing activities</b>	<b>31,638</b>	<b>98,275</b>
<b>Net change in cash and cash equivalents</b>	<b>-93,862</b>	<b>93,528</b>
Cash and cash equivalents as of January 1	244,781	149,741
The effects of changes in foreign exchange rates	-120	83
<b>Cash and cash equivalents as of June 30, 2020</b>	<b>150,799</b>	<b>243,352</b>

**Consolidated statement of changes in equity (unaudited)**  
**VARTA Aktiengesellschaft, Ellwangen (Jagst)**

(€k)	SUBSCRIBED CAPITAL	CAPITAL RESERVE	RETAINED EARNINGS	OTHER RESERVES		NON- CONTROLLING INTERESTS	TOTAL EQUITY
				CURRENCY DIFFERENCES	HEDGING RESERVE		
As of January 1, 2019	38,200	149,374	66,887	3,924	-389	1,426	259,422
Effect of share-based payment	0	1,184	0	0	0	0	1,184
Capital increase	2,222	101,531	0	0	0	0	103,753
Transaction costs from capital increase	0	-1,157	0	0	0	0	-1,157
Comprehensive income							
Profit/loss for the year	0	0	19,149	0	0	322	19,471
Other comprehensive income	0	0	-444	150	-342	2	-634
Comprehensive income	0	0	18,705	150	-342	324	18,837
As of December 31, 2019	40,422	250,932	85,592	4,074	-731	1,750	382,039

	SUBSCRIBED CAPITAL	CAPITAL RESERVE	RETAINED EARNINGS	OTHER RESERVES		NON- CONTROLLING INTERESTS	TOTAL EQUITY
				CURRENCY DIFFERENCES	HEDGING RESERVE		
As of January 1, 2020	40,422	250,619	119,090	4,459	-3	215	414,802
Effect of share-based payment	0	499	0	0	0	0	499
Comprehensive income							
Profit/loss for the year	0	0	39,833	0	0	57	39,890
Other comprehensive income	0	0	-646	-2,647	108	0	-3,185
Comprehensive income	0	0	39,187	-2,647	108	57	36,705
As of June 30, 2020	40,422	251,118	158,277	1,812	105	272	452,006

# Interim Consolidated financial statements 2020 of **VARTA AG**

as of June 30, 2020

## **9 GENERAL INFORMATION**

**VARTA** Aktiengesellschaft (**VARTA AG**) is a company headquartered in Ellwangen (Jagst), Germany, registered in the Commercial Register of the Ulm District Court, Germany, under HRB 728059. The company's present condensed consolidated interim financial statements comprise the company and its subsidiaries (collectively, "**VARTA AG Group**"). The reporting date for these interim financial statements for **VARTA AG**, all subsidiaries and for the consolidated accounts is June 30, 2020. The Group's interim financial statements are presented in euro, which is the company's functional currency. All financial information presented in euro was, unless specified otherwise, rounded up to the next thousand. The interim financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS), as adopted by the EU.

The business activities of **VARTA AG**, which it conducts through its operating subsidiaries, comprise production, sales, research and development split, into two business segments: "Microbatteries & Solutions" and "Household Batteries". The **VARTA AG Group** is a globally operating international company with over 130 years of experience.

The **VARTA AG** is headquartered in Ellwangen, VARTA-Platz 1, Germany. The ultimate parent company of **VARTA AG** is Montana Tech Components AG, subsequently referred to as "MTC" (Reinach, Switzerland).

The shares of **VARTA AG** are traded on the regulated market under the securities identification number (SIN) A0TGJ5, the international securities identification number (ISIN) DE000A0TGJ55 and the ticker symbol "VAR1". **VARTA** has also been listed in the MDAX and in the TecDAX since December 23, 2019.

## 10 CHANGES IN THE SCOPE OF CONSOLIDATION

In fiscal year 2020, the scope of consolidation changed as follows:

	JUNE 30, 2020		JUNE 30, 2019	
	FULL CONSOLIDATION	EQUITY CONSOLIDATION	FULL CONSOLIDATION	EQUITY CONSOLIDATION
<b>As of January 1</b>	<b>12</b>	<b>1</b>	<b>12</b>	<b>2</b>
Disposals from the scope of consolidation	0	0	0	-1
Start-Up	1	0	0	0
Acquisition	30	0	0	0
<b>As of June 30</b>	<b>43</b>	<b>1</b>	<b>12</b>	<b>1</b>

### Start-ups

#### **VARTA Consumer Hungaria Kft.**

**VARTA Consumer Hungaria Kft.** was established as a subsidiary of **VARTA Consumer Batteries Benelux B.V.** on May 15, 2020. The company, which is based in Budapest, was registered in the Commercial Register under the number 01-09-358466. The object of the company is trade in electronics and parts for telecommunication.

### Business combinations

#### **VARTA Consumer Batteries**

On January 2, 2020, the Group acquired 100% of the shares and voting rights in the following companies:

- VARTA Consumer Batteries Benelux B.V. (Netherlands), with the (direct and indirect) subsidiaries (100% in each case)
  - Spectrum Brands Europe GmbH (Germany)
  - ROV German Limited GmbH (Germany)
  - ROV German General Partner GmbH (Germany)
  - VARTA Consumer Batteries GmbH & Co. KGaA (Germany)
  - Anabasis Handelsgesellschaft GmbH (Germany)
  - VARTA Consumer Batteries Italia S.r.l. (Italy)
  - VARTA Pilleri Ticaret Ltd. Sirketi (Turkey)
  - Spectrum Brands Czech spol. s.r.o. (Czech Republic)
  - Spectrum Brands Denmark NS (Denmark)
  - Spectrum Brands France S.A.S. (France)
  - Spectrum Brands Finland Oy (Finland)
  - Spectrum Brands Norway AS (Norway)
  - Spectrum Brands Austria GmbH (Austria)
  - Spectrum Brands Hrvatska d.o.o. (Croatia)
  - Spectrum Brands Bulgaria EOOD (Bulgaria)
  - Spectrum Brands Trgovina d.o.o. (Slovenia)
  - Spectrum Brands Slovakia spol. S.r.o. (Slovakia)

- Spectrum Brands Schweiz GmbH (Switzerland)
- SPB Sweden AB (Sweden)
- EMEA Consumer Batteries (Shenzhen) Co. Ltd. (China)
- VARTA Consumer Batteries Poland Sp. z o.o. (Poland)
- Limited Liability Company Consumer Batteries Company (Eastern Europe) (Russia)
- VARTA Consumer Batteries Iberia. S.L.U. (Spain)
- Varta Consumer Batteries UK Ltd (UK)
- Energizer Real Estate Holdings, LLC (USA), with its subsidiary (100%)
  - Paula GmbH & Co. KG (Germany)

Following approval, subject to conditions regarding the hearing aid battery business, from the European Commission on December 3, 2019, the purchase agreement covering the shares in the companies listed above dated May 29, 2019 came into effect on January 2, 2020 when all conditions were met. The conditions have no material effects on the existing hearing aid battery business of **VARTA AG**.

Together, the companies acquired form the “**VARTA Consumer Batteries**” business unit. **VARTA Consumer Batteries** is one of Europe’s leading manufacturers of consumer device batteries and has established itself as the market leader in many European countries. The basis for the successful business development of **VARTA Consumer Batteries** is provided by the strong European distribution network featuring a large number of local companies as well as long-standing customer relationships with virtually all European key retailers. The product portfolio includes batteries, rechargeable batteries, chargers, power banks and lights. **VARTA Consumer Batteries** has sales companies in over 20 countries.

The acquisition of **VARTA Consumer Batteries** has allowed **VARTA AG** to include device batteries for end consumers in its product portfolio. Through the acquisition, the Group will obtain even better access to the attractive retail sales channels that it has so far not been able to effectively penetrate. With this merger, the global **VARTA** trademark rights for devices and microbatteries as well as energy storage systems will once again be combined under the umbrella of **VARTA AG**. This will reinforce the brand image of **VARTA** products across all segments.

The consideration and the consolidated acquisition balance sheet of the acquired business unit were determined unanimously by the seller and the purchaser on January 1, 2020; there were no relevant transactions between January 1 and January 2, 2020.

a) Consideration transferred

The fair value of the consideration applicable on the date of the acquisition is shown below:

(€k)	JANUARY 1, 2020
<b>Cash and cash equivalents (given at closing)</b>	<b>131,122</b>
Reimbursement of cash and cash equivalents (expected adjustment to the purchase price from the SPA adjustment mechanism)	-20,220
Recording asset for tax compensation (Idemnification Asset)	-5,219
<b>Total consideration transferred</b>	<b>105,683</b>

At closing, **VARTA AG** paid a preliminary purchase price, which was set on the basis of the balance sheet data of the **VARTA Consumer** Batteries business unit as of October 2019. The share purchase agreement provided for adjustments based on the acquisition balance sheet, which led to some of the purchase price being reimbursed.

The share purchase agreement provides for warranties in the event of the companies acquired having to pay income taxes for periods up to the acquisition date. After determining the purchase price in accordance with the contract, the Group provided for income taxes for past periods in the amount of utilization currently expected of € 5,218k and recognized a matching asset of the same amount for the tax compensation from the contractual warranty. The asset is considered recoverable on the basis of the contractual agreement and the seller's creditworthiness.

#### b) Costs associated with the business combination

Costs of € 3,731k for due diligence, legal, bank and notary's fees were incurred in the consolidated financial statements for fiscal year 2019 in connection with the business combination. Of this figure, € 3,071k was recorded in other operating expenses and € 660k in financial expenses in the previous year's income statement.

In the interim financial statements for the current fiscal year 2020, costs of € 1,147k were incurred in connection with the business combination. These costs were recognized in other operating expenses.



c) Identifiable assets acquired and liabilities assumed

The amounts recognized for the main groups of assets acquired and liabilities assumed at the acquisition date are summarized below:

(€k)	JANUARY 1, 2020
Intangible assets	70,540
Property, plant and equipment	64,558
Financial assets	50
Other non-current assets	18
Deferred tax assets	10,544
Inventories	51,108
Trade receivables	90,394
Contract assets (IFRS 15)	1,594
Tax refund claims	793
Other current assets	20,719
Cash and cash equivalents	29,408
Deferred tax liabilities	-23,746
Other financial liabilities	-32,985
Provisions for employee benefits	-41,073
Other provisions	-30,966
Trade payables	-31,824
Contract liabilities (IFRS 15)	-29,636
Tax liabilities	-27,667
Other liabilities	-19,502
<b>Total identified net assets acquired</b>	<b>102,327</b>

Trade receivables comprised gross amounts of contractual receivables of € 93,446k, of which € 3,052k were estimated to be probably unrecoverable at the acquisition date.

As part of the due diligence investigations for the acquisition, it emerged that existing agreements covering the provision of services by the **VARTA Consumer Batteries** segment for the seller in the areas of sales, marketing and administration would no longer be continued after the transaction, having been terminated by the seller, and in this respect, material overheads of the **VARTA Consumer Batteries** segment could no longer be covered. As part of detailed investigations, the impact from this was established with regard to operating earnings. At the same time, corresponding analyses of the restructuring of the functions affected were prepared to minimize the impact on operating earnings and ensure it is as brief as possible. Both the impact on operating earnings and the expected restructuring expenses were taken into account to reduce the purchase price.

In connection with this, **VARTA AG** adopted a restructuring plan immediately after the acquisition date, which will be implemented in 2020. The expenses for implementing the restructuring plan are currently estimated at around € 25.000k. Since the requirements for a restructuring provision were only met after the acquisition date, the identifiable net assets do not include a restructuring provision.

#### Preliminary measured assets:

The amounts for the identifiable intangible assets of **VARTA Consumer Batteries** (trademarks, patented and patent-less technology, contractual and non-contractual customer relationships) are still preliminary since the work for the independently executed allocation of the purchase price was not yet complete at the time the interim financial statements were approved for publication.

The amounts for property, plant and equipment are still preliminary since the independently executed remeasurement of leases in accordance with IFRS 16 is not yet completed. The independently executed measurement of in-house property, plant and equipment is not yet final either.

The amounts for inventories are still preliminary, since the mark-downs for the costs still required for completion or sale and the appropriate profit surcharges on the still outstanding costs have not been finally determined.

The present acquisition balance sheet is based on unaudited consolidated data for the **VARTA Consumer Batteries** segment, which was originally prepared according to US-GAAP and converted in accordance with IFRS. It is possible that there will be adjustments or reclassifications in accordance with IFRS or audit adjustments as part of the audit of individual balance sheet items.

#### d) Goodwill

The preliminary goodwill resulting from the acquisition was recognized as follows:

(€k)	JANUARY 1, 2020
Consideration transferred	105,683
Fair value of the identifiable net assets	-102,327
<b>Goodwill</b>	<b>3,356</b>

Goodwill results primarily from sales synergies created by access for **VARTA AG** products to retail sales channels and the skills of workforce. Goodwill is not expected to be tax deductible.

#### e) Contributions to revenue and financial results

The segment acquired contributed revenue of € 138,350k and a loss of € 5,916k to the Group's results between January 1 and June 30, 2020. The loss is due to depreciation and amortization on supplementary PPA (Purchase price allocation) amounts as well as restructuring costs incurred as part of the restructuring plan.

## Mezzanin Finanzierungs GmbH

On April 2, 2020, the Group acquired 100% of the shares and voting rights in Mezzanin Finanzierungs GmbH, Vienna/Austria. In turn, Mezzanin Finanzierungs GmbH holds 80% of the shares and voting rights in CONNEXIO alternative investment holding GmbH (formerly Connexio alternative investment holding AG), Vienna/Austria. At the date of acquisition, the Group already held 20% of the shares in CONNEXIO alternative investment holding GmbH. Mezzanin Finanzierungs GmbH also holds 100% of the shares in VAMI-SK neunzehn GmbH, Graz/Austria.

With the acquisition of the shares, the Group has obtained control over Mezzanin Finanzierungs GmbH, CONNEXIO alternative investment holding GmbH and VAMI-SK neunzehn GmbH.

Considered on an isolated basis, the companies acquired do not constitute a business within the meaning of IFRS 3, since they are legal shells with no input of resources, processes and services. In this respect, this acquisition is not, from an independent perspective, a business combination but an acquisition of assets (IFRS 3.3).

However, the acquisition is directly associated with the acquisition of 82.26% of the shares in **VARTA Micro Innovation GmbH**, Graz/Austria, which took place after the reporting date (see the section on events after the reporting date below for more details). The stages of the transaction and the draft agreements envisaged for the various share acquisitions were specified in a master agreement on March 30, 2020. Since these are linked transactions, the acquisitions as a whole must be viewed as a business combination. The transaction carried out in the current reporting period covers a part of the business combination.

Because of the contractual measures under company law and the code of obligations agreed in advance at **VARTA Micro Innovation GmbH** and the resulting chronology of the individual transactions, the acquisition of Mezzanin Finanzierungs GmbH, CONNEXIO alternative investment holding GmbH as well as VAMI-SK neunzehn GmbH took place in the second quarter and the acquisition of **VARTA Micro Innovation GmbH** will take place in the third quarter of fiscal year 2020. The existing share of 20% in CONNEXIO alternative investment holding GmbH is part of a step-by-step acquisition.

Synergies in the form of tax loss carry forwards resulted from the partial acquisition in the second quarter, which are earmarked for subsequent use by the Group.

### a) Consideration transferred

The fair value of the consideration applicable on the date of the acquisition is shown below:

(€k)	JANUARY 1, 2020
Cash and cash equivalents (given at closing)	345
Fair value of the 20% equity interest in CONNEXIO alternative investment holding GmbH	86
<b>Total consideration transferred</b>	<b>431</b>

The profit arising from the remeasurement of the existing 20% share in CONNEXIO alternative investment holding GmbH came to € 86k and was included in other operating income.

b) Costs associated with the acquisition

Costs of € 138k for legal, consulting and notary's fees were incurred in the Group in connection with the acquisition, which were recognized in other operating expenses.

The costs also contain preparatory costs for the subsequent stages of the transaction, which are not yet depicted in the present interim financial statements; any allocation to the present acquisition and the acquisition after the reporting date would only be possible on a notional basis given the overall context.

c) Identifiable assets acquired and liabilities assumed

The amounts recognized for the main groups of assets acquired and liabilities assumed at the acquisition date are summarized below:

(€k)	APRIL 2, 2020
Property, plant and equipment	59
Other current assets	1
Cash and cash equivalents	80
Deferred tax assets	310
Other provisions	-15
Trade payables	-2
Other liabilities	-2
<b>Total identifiable net assets acquired</b>	<b>431</b>

Other current assets contained value added tax receivables at fair value.

Given that the present transaction involved the acquisition of individual assets and not the acquisition of a business, no goodwill was generated.

Preliminary measured assets:

- The amounts recognized for the deferred tax assets are preliminary and will be reviewed again as part of the overall transaction.
- The present acquisition balance sheet is based on the unaudited consolidated data for the companies acquired according to Austrian commercial law. It is therefore possible that there will be adjustments or reclassifications in accordance with IFRS or audit adjustments as part of the analysis of individual balance sheet items.

d) Contributions to revenue and financial results

The companies acquired contributed revenue of € 0k and a loss of € 52k to the Group's results between April 2 and June 30, 2020.

If the acquisition of Mezzanin Finanzierungs GmbH and its subsidiaries had already taken place on January 1, 2020, consolidated revenue of € 390,678k and a consolidated post-tax profit of € 39,822k would have been generated in the Group's income statement.

The companies included in the scope of consolidation are listed in Chapter 42 “Investment Companies“ of these notes to the interim consolidated financial statements.

## **11 NOTES EXPLAINING THE CONSOLIDATED ACCOUNTING PRINCIPLES**

### **11.1 DECLARATION OF COMPLIANCE**

The interim consolidated financial statements as of June 30, 2020 were prepared in compliance with the principles of the International Financial Reporting Standards, Interim Financial Reporting (IAS 34). 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. The present interim report does not contain all the disclosures in the notes that are usually included in annual financial statements. This report must therefore be read in conjunction with the consolidated financial statements prepared as of December 31, 2019.

Use was made of the option of preparing condensed interim financial statements. All obligatory interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as of June 30, 2020 were applied. This interim report is also consistent with the German Accounting Standard 16 (DRS 16 Interim Financial Reporting) of the Deutsche Rechnungslegungs Standard Committee e.V. (DRSC).

Given the absence of any obligation to audit the interim financial statements, the interim report was not subjected to an audit or a review by an auditor.

### **11.2 GOING CONCERN**

In compliance with IAS 1.25, the interim consolidated financial statements were prepared on the assumption that the company is a going concern.

### **11.3 CONSOLIDATION PRINCIPLES**

The scope of consolidation comprises all companies which **VARTA AG** controls, either directly or indirectly. Control is deemed to exist if **VARTA AG** holds the majority of voting rights (including potential voting rights) or can determine the financial and business policy directly or indirectly on the basis of a controlling position and can therefore benefit from the business activity. These companies are fully consolidated. Subsidiaries are consolidated for the first time when control is acquired. Subsidiaries are deconsolidated when control ends.

Intragroup gains and losses, expenses and income as well as receivables and liabilities between consolidated companies are eliminated.

Joint ventures in which **VARTA AG** holds 50% directly or indirectly or for which management responsibility is performed equally are accounted for in accordance with the equity method, as specified in IAS 28.

The consolidated companies are presented in a table under Chapter 42 “Investment Companies“ of these notes to the interim consolidated financial statements.

### **11.4 ACCOUNTING AND MEASUREMENT POLICIES**

The same accounting and measurement policies were applied to the condensed interim consolidated financial statements as were applied to the consolidated financial statements as of December 31, 2019. A detailed

description of these policies is included in the consolidated financial statements as of December 31, 2019. Changes that result from the first-time application/amendment of new standards are presented in the notes.

## 11.5 FUNCTIONAL AND PRESENTATIONAL CURRENCY

The Group currency is the euro. Unless indicated otherwise, all amounts are given in thousand euro (€k).

Please note that rounding may result in differences compared with the mathematically precise figures calculated (monetary units, percentages etc.).

## 12 KEY ACCOUNTING AND MEASUREMENT POLICIES

### 12.1 CURRENCY TRANSLATION

The exchange rates used for foreign currency translation that have a significant impact on the interim consolidated financial statements are as follows:

1 EURO EQUALS	AVERAGE RATE		REPORTING DATE RATE	
	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2020	DECEMBER 31, 2019
US dollar (USD)	1.1020	1.1298	1.1198	1.1234
Polish zloty (PLN)	4.4120	-	4.4560	-
Russian rubels (RUB)	76.6692	-	79.6300	-
Turkish lira (TRY)	7.1492	-	7.6761	-

The Chinese yuan (CNY), pound sterling (GBP), Norwegian krone (NOK), Hungarian forint (HUF), Swiss franc (CHF), Swedish krone (SEK), Croatian kuna (HRK), Bulgarian lev (BGN), Czech koruna (CZK), Danish krone (DKK) and Romanian leu (RON) also affect the interim consolidated financial statements but the effect is not significant for the **VARTA AG Group**.

### 12.2 CHANGES TO ACCOUNTING STANDARDS

#### Accounting standards applied for the first time in 2020

The effects of the new accounting policies applied from January 1, 2020 are disclosed below. They have resulted in no significant effects for the Group.

#### Changes to the accounting framework

The new framework contains revised definitions of assets and liabilities as well as new guidelines on measurement and derecognition, presentation and disclosures. The new framework does not constitute a fundamental revision of the document, as originally intended, when the project started in 2004. Rather, the IASB restricted itself to those topics that were previously unregulated or which have discernible weaknesses which had to be remedied. The revised framework is not subject to the endorsement process.

Together with the revised concept, the IASB has also issued changes to references to the framework in some standards. These include changes to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC -32. The changes to the standards as a consequence of the publication of the new framework are subject to the endorsement process.

### IFRS 3 Business Combinations

The narrowly defined changes to IFRS 3 aim to solve the problems that arise when a company determines whether it has acquired a business or a group of assets. The problems arise from the fact that the accounting provisions for goodwill, acquisition costs and deferred taxes when acquiring a business are unlike those when acquiring a group of assets.

### Amendments associated with the IBOR reform

The amendments to IFRS 9, IAS 39 and IFRS 7 are expected to mitigate the effects of the reform of reference interest rates (known as the IBOR reform) on financial reporting. The amendments aim to ensure that hedging relationships in the balance sheet (hedge accounting) can remain in place or continue to be designated despite the uncertainties associated with the anticipated replacement of various reference interest rates.

### Amendments to IAS 1/IAS 8 – Amendments in relation to the definition of “material”

The amendments create a more uniform and more precisely delineated definition of the materiality of information in financial statements in IFRS and supplement it with accompanying examples. In this context, the definitions from the framework concept, IAS 1, IAS 8 and the IFRS Practice Statement 2 Making Materiality Judgments are harmonized.

### 12.3 NEW AND AMENDED IFRS STANDARDS AFTER JUNE 30, 2020

The following new and revised standards and interpretations have been agreed, but will not come into force until later and were not applied prematurely in the present consolidated financial statements. The company does not plan to apply them prematurely either. Unless specified otherwise below, the effects are currently being investigated.

New or amended standards and interpretations		ENACTMENT
<b>Not yet adopted in EU law:</b>		
<b>Standards:</b>		
IFRS 17	Insurance contracts	January 1, 2021
<b>Amendments:</b>		
IAS 1	Amendments classification of liabilities as current or non-current	January 1, 2022
IFRS 10/ IAS 28	Sale or contribution of assets between an investor and an associate or joint venture	uncertain

Application of the following innovations and amendments published by the IASB is not yet mandatory and **VARTA AG** has not yet applied them to date either. The Group currently assumes that they will have no material effects on the consolidated financial statements.

### IFRS 17 – Insurance Contracts

The standard regulates accounting for insurance contracts. IFRS 17 replaces the previously valid transitional standard IFRS 4. The scope covers insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. Under IFRS 17, insurance contracts are measured in principle according to the general model. The fulfillment value and contractual service margin are determined for a group of insurance contracts when it is recognized for the first time. Depending on the scope of changes to the underlying parameters, either the actuarial result or actuarial financial income/expenses will be affected in the subsequent measurement or the contractual service margin may be adjusted first, which will only affect the income statement in subsequent periods.

### **Changes to IAS 1 – Changes to the Classification of Liabilities as Current or Non-Current**

The changes introduced a more generally accepted approach to the IFRS for the classification of liabilities, which is based on contractual agreements applicable as at the reporting date. The changes only relate to the recognition of liabilities in the presentation of the financial position – not the amount or date of recognition of assets, liabilities, income or expenses or the disclosures which companies provide about these items.

### **IFRS 10/IAS 28 – Sale or contribution of assets between an investor and an associate or joint venture**

The changes react to a conflict in the existing guidelines and the resulting diversity in practice. If a parent company loses control of a subsidiary in a transaction with an associate or a joint venture (JV), there is a conflict between the existing guidelines on consolidation and on accounting in accordance with the equity method. According to the consolidation standard, the parent company recognizes the entire profit from the loss of control. However, according to the standard for associates and JVs, the parent company only recognizes the profit in the amount of the shares of non-affiliated investors in the associate or JV. In response to this conflict and the different practices resulting from this circumstance, the IASB published Sales or contributions of assets between an investor and an associate or joint venture (amendments to IFRS 10 and IAS 28) on September 11, 2014. The date for these changes to come into effect has now been postponed until a more comprehensive review is completed.

## **13 SEGMENT REPORTING**

The accounting and measurement policies for the segment reporting are based on the IFRS used in the present consolidated financial statements. The Executive Board uses adjusted EBITDA for management purposes, as it allows it to assess operating performance despite increasing investment in property, plant and equipment and the resulting depreciation. Shares of profits or losses of companies included in the consolidated financial statements under the equity method are not included in segment reporting as they are not a component of reported EBIT and adjusted EBITDA and are not regularly reported to the management board otherwise.

The elimination of intra-Group interrelations between the segments is combined in the reconciliation column. The reconciliation column also contains facts that cannot be directly allocated to any segment, such as the effects of share-based payment.

The management variables, which are used to assess the performance of the operating segments, are shown below:



**Information according to reportable segments:**

(€k)	MICROBATTERIES & SOLUTIONS		HOUSEHOLD BATTERIES		Σ TOTAL		RECONCILIATION		CONSOLIDATED FINANCIAL STATEMENTS	
	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
Segment revenue	247,085	140,800	150,871	10,346	397,956	151,146	128	371	398,084	151,517
Revenue with other segments	7,406	0	0	0	7,406	0	0	0	7,406	0
Revenue with third parties	239,679	140,800	150,871	10,346	390,550	151,146	128	371	390,678	151,517
Thereof Point-in-time	232,905	132,739	132,581	10,346	365,486	143,085	128	371	365,614	143,456
Thereof Point-over-time	6,774	8,061	18,290	0	25,064	8,061	0	0	25,064	8,061
Depreciation and amortization	-15,023	-6,926	-7,875	-1,133	-22,898	-8,059	0	0	-22,898	-8,059
Material effects in income and expenses	0	0	-19,236	0	-19,236	0	-1,397	-1,385	-20,633	-1,385
<b>EBITDA</b>	<b>82,425</b>	<b>35,569</b>	<b>420</b>	<b>1,666</b>	<b>82,845</b>	<b>37,235</b>	<b>-1,397</b>	<b>-1,385</b>	<b>81,448</b>	<b>35,850</b>

The following facts are included in the reconciliation of Group EBITDA:

(€k)	Period ended Jun. 30, 2020			Period ended Jun. 30, 2019		
	NOT ATTRIBUTABLE TO CORE BUSINESS	SPECIAL EFFECTS	Σ TOTAL	NOT ATTRIBUTABLE TO CORE BUSINESS	SPECIAL EFFECTS	Σ TOTAL
Sales revenue	128	0	128	371	0	371
Effects in income and expenses	0	-20,633	-20,633	-1,385	0	-1,385
<b>EBITDA</b>	<b>-1,397</b>	<b>-19,236</b>	<b>-20,633</b>	<b>-1,385</b>	<b>0</b>	<b>-1,385</b>

Circumstances taken into account in adjusting EBITDA are shown in the column "Special effects". In fiscal year 2020, such circumstances existed at **VARTA AG** and the **VARTA Consumer** companies. The "special effects" of M&A transactions amounting to € 898k and the effects of share-based remuneration totaling € 499k (2019: € 1,385k) were assigned to **VARTA AG** as the parent company. In the "Household Batteries" segment, "special effects" were shown in connection with the integration and restructuring process following the acquisition of the **VARTA Consumer** companies in fiscal year 2020. The effects of restructuring come to € 10,188k, while the integration costs total € 387k. In addition, expenses of € 8,661k from the inventory valuation as part of the PPA are shown.

In the "Household Batteries" segment, "special effects" were shown as a result of the integration and restructuring of the Consumer business unit in fiscal year 2020. The effects of the restructuring came to € 10,188k and the integration costs were € 387k. A total of € 8,661k also resulted from the measurement of inventories as part of the PPA.

The following table shows the reconciliation of the EBITDA of the segments to earnings before taxes.

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
EBITDA	81,448	35,850
Depreciation and amortization	-22,898	-8,059
EBIT	58,550	27,791
Financial result	-1,945	-681
Result from joint ventures	0	-6
<b>Earnings before taxes</b>	<b>56,605</b>	<b>27,104</b>

### Geographical segment information

The following statement shows the Group's revenue divided according to specific geographical locations. In the presentation of this information on a geographical basis, a segment's revenue is based on the geographical locations of customers and a segment's assets on the geographical locations of the assets.

(€k)	Period ended Jun. 30, 2020	JUNE 30, 2020	Period ended Jun. 30, 2019	DECEMBER 31, 2019
	REVENUES*	NON-CURRENT ASSETS**	REVENUES*	NON-CURRENT ASSETS**
Europe	199,708	526,138	65,174	262,295
Thereof in Germany	82,236	511,741	30,913	251,737
America	30,144	6,562	28,489	748
Asia	152,349	5,220	55,769	5,636
Other	8,477	0	2,085	0
<b>Total Group</b>	<b>390,678</b>	<b>537,920</b>	<b>151,517</b>	<b>268,679</b>

\* Sales revenues are based on the customer's headquarters.

\*\* For this purpose, non-current assets include property, plant and equipment and intangible assets.

Accordingly, the revenue of the Asia and America regions is mainly assigned to the "Microbatteries" segment.

### Products and services

The Group's revenue as well as the trade receivables and contract assets are split between products and services as follows:

(€k)	Period ended Jun. 30, 2020	JUNE 30, 2020	Period ended Jun. 30, 2019	DECEMBER 31, 2019
	REVENUES	TRADE RECEIVABLES	REVENUES	TRADE RECEIVABLES
Of which from product sales	389,206	130,676	149,045	53,132
Of which from the sale of services	1,472	1,229	2,472	866
<b>Total Group</b>	<b>390,678</b>	<b>131,905</b>	<b>151,517</b>	<b>53,998</b>

### Significant customers

In 2020, revenue with a specific customer amounted to € 103,917k, which equates to a share of revenue or more than 10% of consolidated revenue. The revenue is attributable to the “Microbatteries & Solutions” segment.

## 14 PROPERTY, PLANT AND EQUIPMENT

(€k)	LAND	BUILDINGS	RIGHT-OF-USE BUILDINGS	TECHNICAL EQUIPMENT AND MACHINERY	RIGHT-OF-USE TECHNICAL EQUIPMENT AND MACHINERY	OTHER EQUIPMENT	RIGHT-OF-USE OTHER EQUIPMENT	CONSTRUCTION IN PROGRESS AND PREPAYMENTS	TANGIBLE FIXED ASSETS
<b>Acquisition costs</b>									
<b>Status January 1, 2019</b>	<b>0</b>	<b>258</b>	<b>0</b>	<b>76,388</b>	<b>0</b>	<b>29,804</b>	<b>0</b>	<b>60,336</b>	<b>166,786</b>
Currency differences	0	2	4	4	0	34	5	-8	41
First-time application IFRS 16	0	0	21,322	0	42	0	2,593	0	23,957
Additions	0	351	4,719	60,258	0	4,702	692	54,045	124,767
Disposals	0	-251	-442	-2,117	0	-1,081	0	5,412	1,521
Transfer postings	0	0	0	0	0	2,863	0	-2,863	0
<b>Status December 31, 2019</b>	<b>0</b>	<b>360</b>	<b>25,603</b>	<b>134,533</b>	<b>42</b>	<b>36,322</b>	<b>3,290</b>	<b>116,922</b>	<b>317,072</b>
Currency differences	0	-4	-38	-68	-1	-12	-21	-10	-154
Additions	0	6	11,138	28,416	60	2,083	823	110,956	153,482
Additions in scope of consolidation	3,165	11,687	11,425	11,870	12,750	6,302	3,063	4,333	64,595
Disposals	0	-31	-1,035	-661	0	-301	-196	0	-2,224
Transfer postings	0	0	0	22,854	0	2,270	0	-25,218	-94
<b>Status June 30, 2020</b>	<b>3,165</b>	<b>12,018</b>	<b>47,093</b>	<b>196,944</b>	<b>12,851</b>	<b>46,664</b>	<b>6,959</b>	<b>206,983</b>	<b>532,677</b>

## Cumulative depreciation and amortization and impairment expenses

(€k)	LAND	BUILDINGS	RIGHT-OF-USE BUILDINGS	TECHNICAL EQUIPMENT AND MACHINERY	RIGHT-OF-USE TECHNICAL EQUIPMENT AND MACHINERY	OTHER EQUIPMENT	RIGHT-OF-USE OTHER EQUIPMENT	CONSTRUCTION IN PROGRESS AND PREPAYMENTS	TANGIBLE ASSETS
Status January 1, 2019	0	122	0	37,090	0	16,771	0	0	53,983
Currency differences	0	2	-5	33	0	32	0	0	62
Additions	0	39	3,325	11,103	33	3,255	692	0	18,447
Disposals	0	-148	-38	-2,086	0	-1,044	0	0	-3,316
Transfer postings	0	0	-145	0	0	0	145	0	0
Status December 31, 2019	0	15	3,137	46,140	33	19,014	837	0	69,176
Currency differences	0	1	-10	-5	-1	6	-1	0	-10
Additions	0	327	3,278	11,179	1,335	2,680	1,087	0	19,886
Disposals	0	0	-273	-164	0	-292	-181	0	-910
Transfer postings	0	0	0	0	0	0	0	0	0
Status June 30, 2020	0	343	6,132	57,150	1,367	21,408	1,742	0	88,142
<b>Carrying amounts</b>									
Carrying amounts on Jan 1, 2019	0	136	0	39,298	0	13,033	0	60,336	112,803
Carrying amounts on Dec 31, 2019	0	345	22,496	88,393	2,453	17,308	0	116,922	247,896
Carrying amounts on Jun 30, 2020	3,165	11,675	40,960	139,794	11,484	25,255	5,217	206,985	444,535

The major part of investment in property, plant and equipment served to expand production capacity of lithium-ion button cells in response to demand. Depreciation and amortization have increased from € 18,447k in 2019 to € 19,886k as at the end of the first half of 2020. This means that depreciation and amortization are already above the previous year's level. This is attributable, in particular, to the demand-driven investment in property, plant and equipment because of the expansion of production capacity and reduction in useful lives in Coin Power battery production as a result of extending the shift model.

The acquisition of the **VARTA Consumer** business is another factor to the increase in property, plant and equipment. It contributed property, plant and equipment of € 64,595k to the Group (preliminary value).

Replacement investment to renew production equipment, to develop new products and for quality assurance measures is also required at regular intervals.

There were no restrictions on rights of ownership or disposal for property, plant and equipment during fiscal years 2019 and 2020. Order commitments from the purchase of property, plant and equipment amounted to € 186,706k (Dec. 31, 2019: € 153,516k).

## 15 INTANGIBLE ASSETS

(€k)	GOODWILL	TRADEMARK RIGHT AND OTHER INTANGIBLE ASSETS	COMMERCIAL PROPERTY RIGHTS	DEVELOPMENT COSTS	TOTAL
<b>Acquisition values</b>					
<b>Status January 1, 2019</b>	<b>500</b>	<b>11,947</b>	<b>958</b>	<b>17,165</b>	<b>30,570</b>
Currency differences	0	1	0	0	1
Additions	0	678	0	1,340	2,018
Disposals	0	-49	0	0	-49
<b>Status December 31, 2019</b>	<b>500</b>	<b>12,577</b>	<b>958</b>	<b>18,505</b>	<b>32,540</b>
Additions	0	341	0	1,283	1,624
Additions in the scope of consolidation	3,356	68,730	1,810	0	73,896
Disposals	0	-77	0	0	-77
Transfer postings	0	94	0	0	94
<b>Status June 30, 2020</b>	<b>3,856</b>	<b>81,665</b>	<b>2,768</b>	<b>19,788</b>	<b>108,077</b>
<b>Cumulative depreciation and amortization</b>					
<b>Status January 1, 2019</b>	<b>0</b>	<b>2,513</b>	<b>431</b>	<b>6,452</b>	<b>9,396</b>
Currency differences	0	-8	0	0	-8
Additions	0	304	132	1,972	2,408
Disposals	0	-39	0	0	-39
<b>Status December 31, 2019</b>	<b>0</b>	<b>2,770</b>	<b>563</b>	<b>8,424</b>	<b>11,757</b>
Additions	0	1,946	62	1,005	3,013
Disposals	0	-78	0	0	-78
<b>Status June 30, 2020</b>	<b>0</b>	<b>4,638</b>	<b>625</b>	<b>9,429</b>	<b>14,692</b>
<b>Book values</b>					
Carrying values on January 1, 2019	500	9,434	527	10,713	21,174
Carrying values on December 31, 2019	500	9,807	395	10,081	20,783
Carrying values on June 30, 2020	3,856	77,027	2,143	10,359	93,385

The Group acquired intangible assets of € 73,896k through the first-time acquisition of the **VARTA Consumer** business (preliminary values). The majority of this was accounted for by the trademark right of € 68,730k (preliminary value).

Of the own work capitalized totaling € 2,579k (2019: € 8,330k), self-manufactured intangible assets, which are not yet ready for use, of € 1,283k (2019: € 1,340k) were recognized in 2020.

Research and development expenses amounting to € 8,501k (2019: € 15,505k) were recognized in the income statement.

There were no restrictions on rights of ownership or disposal for intangible assets during fiscal years 2019 and 2020.

## 16 LEASES

The Group leases various office buildings, warehouses as well plant and vehicles. Leases are usually concluded for fixed periods from 2 to 10 years but may include options to extend or may even be unlimited in individual cases. Changes to leased fixed assets are presented in Chapter 14 "Property, Plant And Equipment" of these notes to the interim consolidated financial statements.

Future lease payments based on non-terminable leases total:

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
Lease liabilities - current	11,688	4,603
Lease liabilities - non-current	45,066	20,476
<b>Total</b>	<b>56,754</b>	<b>25,079</b>

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
<b>Amounts recognized in the income statement</b>		
Interest expenses lease liabilities	329	307
Income from subleasing leased assets	-72	0
Expenses from short-term leases	1,573	510
Expenses from leases of low-value assets, excl. short-term leases of low-value assets	340	387
<b>Total</b>	<b>2,170</b>	<b>1,204</b>

There has been a sale and lease back agreement in place with WertInvest Ellwangen Immobilien GmbH since 2015. No amendments have been made to this contract in the intervening period.

Since the **VARTA Consumer** business was acquired, the Group has maintained sub-leases with the former owner Spectrum Brands. At the date of the transition to IFRS 16, the rights of use under the main leasing relationship were shown in investment property and measured at fair value. The Group classified the sub-leases on the basis of the right of use and came to the conclusion that they are operating leases according to IFRS 16.

Variable lease payments, residual value guarantees and options to extend and terminate do not apply at present.

## 17 OTHER FINANCIAL ASSETS

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
<b>Loans</b>	<b>333</b>	<b>548</b>
of which long-term	333	548

In the previous year, non-current receivables from affiliated companies of € 548k were reported under loans. As of June 30, 2020, loans have decreased to € 333k because of the consolidation effects of the **VARTA Consumer** business (preliminary value).

## 18 INVENTORIES

Inventories can be divided into the following items:

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
Raw materials and supplies	47,321	27,037
Unfinished goods	24,053	15,665
Finished goods and merchandise	56,912	20,515
Advance payments made	550	778
<b>Inventories</b>	<b>128,836</b>	<b>63,995</b>
Impairment income (+) / expense (-) recognized in the income statement	-195	-1,223

Inventories increased in fiscal year 2020 because of the increase in revenue and the first-time consolidation of **VARTA Consumer** (preliminary values). The amount of impairment of inventories recognized as an expense in the reporting period amounted to € 593k (2019: € 1,304k). The amount of reversals undertaken, which was recognized as impairment of the cost of materials in the reporting period, amounted to € 398k (2019: € 81k). The carrying amount of inventories after impairment totaled € 13,074k (2019: € 7,829k).

## 19 TRADE RECEIVABLES AND CONTRACT ASSETS

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
Receivables due from third parties (gross)	127,953	52,012
Receivables due from related parties	8	126
Contract assets	6,972	2,032
<b>Gross trade receivables and contract assets</b>	<b>134,933</b>	<b>54,170</b>
Less loss allowances	-3,028	-172
<b>Net trade receivables and contract assets</b>	<b>131,905</b>	<b>53,998</b>

As of June 30, 2020, existing net receivables are reduced by € 8,095k by the framework agreement for the sale of receivables (2019: € 7,911k).

Receivables due from third parties (gross) have risen by € 75,941k year on year. This increase is attributable, firstly, to the expansion in operating activities and, secondly, to the acquisition of **VARTA Consumer** business (preliminary values).

Contract assets are mainly the Group's claims to consideration for products, which are held in consignment warehouses and had therefore not been invoiced at the reporting date. In addition, customer-specific products, which are also in stock, are reported in contract assets. Contract assets are reclassified into receivables if the Group issues an invoice to the customer. The increase is primarily attributable to the acquisition of **VARTA Consumer** business (preliminary values).

## 20 OTHER ASSETS

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
<b>Other assets</b>	<b>58,068</b>	<b>35,287</b>
of which current	39,307	17,378
of which non-current	18,761	17,909

The claim to reimbursement from the assumption of a joint debt obligation in June 2017 is reported in the amount of € 18,761k (2019: € 17,907k) under non-current other assets.



Current other assets consisted of the following:

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
Receivables from development projects	13,499	9,343
Other tax claims	8,643	3,654
Other receivable	11,687	3,658
Miscellaneous other assets	5,478	723
<b>Other assets</b>	<b>39,307</b>	<b>17,378</b>

Receivables from development projects of € 13,499k are largely due from the European Commission and relate to government subsidies for two projects in which the Group acts as coordinator and receives and manages the subsidies on a fiduciary basis from the funding authority. Advance payments passed on to the cooperation partners involved amounted to € 10,951k as of June 30, 2020 (2019: € 7,085k). The increase in receivables from promotional projects of € 4,156k was the result of new, additional development projects.

The other tax receivables are largely sales tax receivables. These increased by € 4,989k from € 3,658k in 2019 to € 8,643k in 2020 and are attributable to the acquisition of **VARTA Consumer** (preliminary values).

The increase in other receivables (preliminary value) is essentially attributable to the acquisition of the **VARTA Consumer** companies. A claim to tax reimbursement was also agreed as part of the purchase contract with Energizer Holdings Inc., which determines the tax refund relating to the period prior to the acquisition of the **VARTA Consumer** companies. As of June 30, 2020, this produces a preliminary receivable in the amount of € 5,219k.

## 21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents can be broken down as follows:

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
Cash equivalents	23,772	42,117
Cash	19	13
Credit balances with banks	127,008	202,651
<b>Total</b>	<b>150,799</b>	<b>244,781</b>

The item "Credit balances with banks" contains fixed deposits with a term of up to three months of € 60k (2019: € 19,494k). A capital increase was carried out in 2019, which led to an increase in credit balances with financial institutions.

A short term investment of free liquidity of € 23,772k (2019: € 42,117k) was made in an associated company at normal arm's length terms (see Chapter 41 "Related Parties" of these notes to the interim consolidated financial statements). These are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to only an insignificant risk of changes in value (cash equivalents).

## 22 DEFERRED TAXES

Deferred taxes have increased by € 10,155k as a result of the first-time consolidation of **VARTA Consumer** (preliminary value).

## 23 EQUITY

There were the following changes to the equity of the **VARTA AG Group** in 2020:

	SUBSCRIBED CAPITAL	CAPITAL RESERVE	REVENUE RESERVES	OTHER RESERVES		NON- CONTROLLING INTERESTS	TOTAL EQUITY
				CURRENCY DIFFERENCES	HEDGING RESERVE		
<b>January 1, 2020</b>	<b>40,422</b>	<b>250,619</b>	<b>119,090</b>	<b>4,459</b>	<b>-3</b>	<b>215</b>	<b>414,802</b>
of share-based payment	0	499	0	0	0	0	499
<b>comprehensive income</b>							
loss for the year	0	0	39,833	0	0	57	39,890
comprehensive income	0	0	-646	-2,647	108	0	-3,185
<b>comprehensive income</b>	<b>0</b>	<b>0</b>	<b>39,187</b>	<b>-2,647</b>	<b>108</b>	<b>57</b>	<b>36,705</b>
<b>June 30, 2020</b>	<b>40,422</b>	<b>251,118</b>	<b>158,277</b>	<b>1,812</b>	<b>105</b>	<b>272</b>	<b>452,006</b>

## 24 EARNINGS PER SHARE

The calculation of earnings per share\* is based on the profit attributable to shareholders and a weighted average of the shares in circulation. Since there were no circumstances resulting in dilution effects either in the reporting period or in the previous year, diluted earnings per share correspond to basic earnings per share.

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
Earnings attributable to shareholders in €k	39,833	19,149
Weighted average of ordinary shares in circulation ('000 shares)	40,422	38,421
Undiluted result per share in EUR	0.99	0.55
Diluted result per share in EUR	0.99	0.55

\* Earnings per share represent the shares in **VARTA AG**

## 25 OTHER FINANCIAL LIABILITIES

Other financial liabilities consisted of the following:

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
<b>Other financial liabilities</b>	<b>52,507</b>	<b>6,890</b>
of which short-term	6,202	4,058
of which long-term	46,305	2,832

A syndicated loan agreement in the amount of € 120,000k was concluded in fiscal year 2019. The financial resources are being used, firstly, to finance the acquisition of the **VARTA Consumer** business and, secondly, to finance additional investment in the expansion of capacity. The loan was utilized in the amount of € 40,000k for the acquisition in April 2020. This utilization is shown as non-current in its entirety.

The acquisition of **VARTA Consumer** business has also resulted in a further loan from financial institutions of € 3,094k to finance buildings. Of this figure, € 2,531k was recognized as non-current and € 563k as current (preliminary values).

## 26 PROVISIONS FOR EMPLOYEE BENEFITS

### 26.1 COMPOSITION OF PROVISIONS FOR EMPLOYEE BENEFITS

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
<b>Total</b>	<b>71,708</b>	<b>28,436</b>
of which current	2,101	1,195
of which long-term	69,607	27,241

#### Composition of provisions for employee benefits

<b>Total</b>	<b>71,708</b>	<b>28,436</b>
Pensions	58,324	19,930
Severance payments	8,097	6,591
Service anniversary bonuses	1,710	630
Partial retirement	3,577	1,285

As a result of the acquisition of the **VARTA Consumer** business, pensions have risen by € 37,134k and, as a result of comprehensive restructuring measures, provisions for severance payments have risen accordingly by € 1,506k (preliminary values).

Provisions for employee benefits also rose because of changes to measurement parameters and the increase in personnel.

## 27 TAX LIABILITIES

The liabilities from income taxes of € 51,900k have risen by € 37,575k year on year. This was mainly, at € 22,070k, the result of the acquisition of the **VARTA Consumer** business (preliminary value).

## **28 TRADE PAYABLES, CONTRACT LIABILITIES AND ADVANCE PAYMENTS RECEIVED**

Trade payables, contract liabilities and advance payments received were composed as follows:

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
Advances payments received	23,541	34,296
<b>Non-current liabilities</b>	<b>23,541</b>	<b>34,296</b>
Trade payables to third parties	62,510	36,781
Contract liabilities	38,964	11,198
Liabilities from the acquisition of property, plant and equipment and intangible assets	36,074	19,227
Liabilities to related parties and companies	0	128
Advance prepayments received	49,263	32,671
<b>Current liabilities</b>	<b>186,811</b>	<b>100,005</b>
<b>Total trade payables and advance payments received</b>	<b>210,352</b>	<b>134,301</b>

Trade payables including advance payments received have increased by € 76,051k in total. This is attributable to the increase in business volume and, among other factors, also the acquisition of the **VARTA Consumer** business and the additional investment volume.

The increase in contract liabilities as of June 30, 2020 to € 38,964k (December 31, 2019: € 11,198k) was mainly attributable to the acquisition of the **VARTA Consumer** business. Higher revenue and the associated increase in bonuses and take-back obligations also led to an increase here. Contract liabilities are primarily liabilities for bonuses in kind, customer bonuses and take-back obligations.

## **29 OTHER LIABILITIES**

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
Other non-current liabilities	78	95
Other current liabilities	34,603	20,025
<b>Other liabilities</b>	<b>34,681</b>	<b>20,120</b>

Current other liabilities rose from € 20,025k to € 34,603k. This was largely, at € 15,725k, the result of the acquisition of the **VARTA Consumer** business. This figure included € 5,764 for tax liabilities and mainly deferred liabilities for personnel (preliminary values).

Deferred income of € 78k (December 31, 2019 € 95k) was posted under the balance sheet item non-current other liabilities.

### 30 OTHER PROVISIONS

Other provisions in fiscal years 2020 and 2019 consisted of the following:

(€k)	RESTRUCTURING	WARRANTIES, GUARANTEES	DISPOSAL, RESTORATION & SIMILAR OBLIGATIONS	OTHER PROVISIONS	TOTAL 2020
<b>Maturity</b>					
Current	11,614	3,870	299	8,406	24,189
Non-current	0	1,415	0	3,976	5,391
<b>Total provisions</b>	<b>11,614</b>	<b>5,285</b>	<b>299</b>	<b>12,382</b>	<b>29,580</b>
<b>Changes in other provisions in 2020</b>					
<b>Status January 1, 2020</b>	<b>0</b>	<b>4,228</b>	<b>0</b>	<b>4,018</b>	<b>8,246</b>
Change in scope of consolidation	2,896	295	818	8,570	12,579
Reclassification	-67	0	0	0	-67
Allocation	10,018	1,609	30	2,401	14,058
Consumption	-1,233	-847	-547	-2,278	-4,905
Reversal	0	0	0	-332	-332
Foreign exchange differences	0	0	-2	3	1
<b>Status June 30, 2020</b>	<b>11,614</b>	<b>5,285</b>	<b>299</b>	<b>12,382</b>	<b>29,580</b>
<b>Changes in other provisions in 2019</b>					
<b>Status January 1, 2019</b>	<b>0</b>	<b>2,749</b>	<b>12</b>	<b>1,786</b>	<b>4,547</b>
Allocation	0	2,526	0	2,499	5,025
Consumption	0	-692	-12	-286	-990
Reversal	0	-360	0	0	-360
Foreign exchange differences	0	5	0	19	24
<b>Status December 31, 2019</b>	<b>0</b>	<b>4,228</b>	<b>0</b>	<b>4,018</b>	<b>8,246</b>

#### Warranties, guarantees and miscellaneous provisions

Provisions for warranties and guarantees as well as miscellaneous provisions have risen in response to the expansion in business volume.

## Restructuring

The acquisition of **VARTA Consumer** business has meant inevitable restructuring within the **VARTA Group** in certain areas. The management of **VARTA** developed a “garden leave” program to avoid having to undertake any socially responsible restructuring measures. Under this program, employees sign a voluntary termination agreement and, in return, continue receiving their monthly salary and receive a severance payment when they leave the company. A provision is recognized when they sign the termination agreement.

## 31 DEFERRED LIABILITIES

Deferred liabilities comprise the following material items:

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
Holiday entitlements, overtime and time off in lieu	13,781	6,262
Employee bonuses	10,090	4,768
Outstanding invoices	4,186	2,106
Audit, tax advice and legal advice	1,472	1,391
Other deferred liabilities for personnel	2,704	1,300
Miscellaneous deferred liabilities	11,133	804
<b>Deferred liabilities</b>	<b>43,366</b>	<b>16,631</b>

Deferred liabilities have increased by € 26,735k overall. This was mainly, at € 18,729k, the result of the acquisition of the **VARTA Consumer** business (preliminary value). The increase was also driven by the expansion of business volume in the outstanding invoices and growth in personnel and the higher deferrals associated therewith.

## 32 SALES REVENUE

The following revenue was achieved from the sale of products and the supply of services:

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
<b>Revenue</b>	<b>390,678</b>	<b>151,517</b>
of which from product sales	389,206	149,045
of which from the sale of services	1,472	2,472

The most important increase resulted from the area of “Entertainment” and from the sales revenue of **VARTA Consumer**.

### 33 DECREASE / INCREASE IN FINISHED AND UNFINISHED GOODS

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
Change in unfinished goods	1,431	4,706
Change in finished goods	6,856	-1,200
<b>Increase in finished and unfinished goods</b>	<b>8,287</b>	<b>3,506</b>

Changes in finished and unfinished goods cannot be reconciled directly with the changes apparent from the consolidated balance sheet. This was due to existing currency differences that affect these items.

### 34 COST OF MATERIAL

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
Expenses for raw materials, supplies and goods purchased	140,494	45,634
Other material expenses	12,056	9,746
Materials processing and refining by third parties	4,956	2,070
Other	1,359	478
<b>Cost of materials</b>	<b>158,865</b>	<b>57,928</b>

The item "Other" contains consumables which were purchased directly for production or customer orders and consumed without being stored. The costs of temporary staff have risen enormously because of the massive investment in the expansion of capacity and the need for personnel associated with this project. The Temporary staff is reported in the position "other material expenses". Expenses for packaging, waste disposal and packaging material are also included under "Other".

### 35 PERSONNEL EXPENSES

Personnel expenses contained the following items:

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
Wages and salaries	95,805	43,511
Expenses for severance payments	10,508	1,004
Expenses for statutory social security contributions	11,976	4,178
Pension costs	4,885	2,923
Other personnel costs	1,421	904
<b>Total</b>	<b>124,595</b>	<b>52,520</b>

In the first half of 2020, personnel costs increased from € 52,520k to € 124,595k. The rise in personnel costs was caused by the acquisition of **VARTA Consumer** and the recruitment of staff in response to the expansion of production capacities. The number of employees has risen by 77.1 % from 2,394 employees to 4,342 employees

as of June 30, 2020. Personnel costs included non-cash expenses for share-based remuneration in the amount of € 499k (previous year: € 1,385k).

### **36 DEPRECIATION AND AMORTIZATION**

Depreciation and amortization comprised the following:

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
Scheduled depreciation of property, plant and equipment (excluding right-of-use assets)	14,184	5,038
Scheduled depreciation of right of use	5,703	1,871
Scheduled amortization of intangible assets	3,011	1,150
<b>Total depreciation and amortization</b>	<b>22,898</b>	<b>8,059</b>

Depreciation and amortization have almost doubled year on year through the commissioning of new machinery and equipment. The acquisition of the **VARTA Consumer** companies also had an additional impact totaling approximately € 6.900k on depreciation and amortization.

### **37 OTHER OPERATING INCOME**

Other operating income contained the following items:

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
Grants and public donations	2,027	1,854
Income from offsetting rental and services towards joint ventures	0	15
Reversal of provisions and deferred liabilities	426	142
Income from the sale of property, plant and equipment	118	47
Other	17,853	1,627
<b>Other operating income</b>	<b>20,424</b>	<b>3,685</b>

The increase in other operating income is attributable to the acquisition of the **VARTA Consumer** companies. Other operating income comes from services for the Appliances segment (including household appliances and pet food) of the former owner Spectrum Brands, which will no longer be offered by the end of 2020 at the latest.



### 38 OTHER OPERATING EXPENSES

Other operating expenses contained the following items:

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
Legal, audit and consultancy fees	7,943	2,952
Outward freight and customs duties	6,199	1,433
Maintenance	6,129	2,323
Other distribution costs	4,698	236
Cost of energy	4,267	2,149
Marketing, advertising and representation	3,770	1,249
Commission	2,449	1,848
Telephone, postage & IT	2,189	1,063
Rent, leases and tenancies	1,913	897
Warranties	1,658	873
Insurance contracts	1,604	724
Licenses & patent fees	961	704
Travel expenses	856	855
Contributions and fees	794	178
Accrual of provisions for bad debt	673	0
Cleaning	442	242
Bank charges / fund transfer fees	425	215
Apprenticeship and training costs	265	185
Consumer credit insurance	138	90
Engineering and professional fees	131	245
Expenses with related companies	110	406
Miscellaneous other operating expenses	9,446	1,873
<b>Other operating expenses</b>	<b>57,060</b>	<b>20,740</b>

Miscellaneous other operating expenses increased by a total of € 36,320k from € 20,740k to € 57,060k. The increase in the balance sheet item "miscellaneous other operating expenses" resulted from **VARTA** business and opposing expenses incurred as part of the services undertaken within the Appliances segment of the former owner Spectrum Brands, which will be discontinued by the end of 2020 at the latest. The other higher expenses were primarily the result of the rise in legal and consultancy expenses associated with the acquisition of the **VARTA Consumer** companies and the ongoing patent dispute in the amount of € 3,100k. Because of the expansion in production capacity and the acquisition of **VARTA Consumer**, maintenance costs have risen by € 3,806k, expenses for outward freight and customs duties by € 4,766k and the cost of energy by € 2,118k in comparison with the prior year.

### 39 NET FINANCIAL INCOME

Sundry financial income and sundry financial expenses is composed as follows:

(€k)	Period ended Jun. 30, 2020	Period ended Jun. 30, 2019
Foreign exchange gains	794	40
<b>Sundry financial income</b>	<b>794</b>	<b>40</b>
Foreign exchange losses	-1,492	-309
Other financial expenses with third parties	-133	-150
<b>Sundry financial expenses</b>	<b>-1,625</b>	<b>-459</b>

### 40 INCOME TAX EXPENSES

Income tax expense is recognized on the basis of the estimate of the average annual income tax rate for the fiscal year as a whole. Accordingly, the estimated tax rate for the interim reporting period up to June 30, 2020 is 29.5% (June 30, 2019: 28.2%). The increase was due to the trend in earnings at the individual companies.

#### 40.1 FINANCIAL RISK MANAGEMENT

(€k)	JUNE 30, 2020	STAGE 1	STAGE 2	STAGE 3
<b>Financial instruments measured at fair value through profit and loss</b>				
Factoring	-1,905	0	-1,905	0
Debtor warrant	-2,818	0	0	-2,818
Derivative financial instruments - assets	237	0	237	0
Derivative financial instruments - equity and liabilities	-1,586	0	1,586	0
<b>Total</b>	<b>-6,072</b>	<b>0</b>	<b>-82</b>	<b>-2,818</b>

(€k)	DECEMBER 31, 2019	STAGE 1	STAGE 2	STAGE 3
<b>Financial instruments measured at fair value through profit and loss</b>				
Factoring	-2,089	0	-2,089	0
Debtor warrant	-2,818	0	0	-2,818
Derivative financial instruments - assets	0	0	0	0
Derivative financial instruments - equity and liabilities	-1,278	0	-1,278	0
<b>Total</b>	<b>-6,185</b>	<b>0</b>	<b>-3,367</b>	<b>-2,818</b>

(€k)	JUNE 30, 2020	DECEMBER 31, 2019
Derivative financial instruments	237	0
<b>Derivative financial instruments measured at fair value through comprehensive income</b>	<b>237</b>	<b>0</b>
Cash and cash equivalents	150,799	244,781
Loans	333	548
Trade receivables	124,933	51,966
Other assets*	43,976	30,921
<b>Loans and receivables</b>	<b>169,242</b>	<b>83,435</b>
<b>Total financial assets</b>	<b>320,278</b>	<b>328,216</b>
Derivative financial instruments measured at fair value through comprehensive income	1,586	1,278
<b>Derivative financial instruments measured at fair value through comprehensive income</b>	<b>1,586</b>	<b>1,278</b>
Other financial liabilities**	50,921	5,626
Trade payables***	98,584	56,136
Deferred liabilities****	40,791	4,301
Other liabilities*****	35,504	4,090
<b>Measured at amortized cost</b>	<b>225,800</b>	<b>70,153</b>
<b>Total financial liabilities</b>	<b>227,386</b>	<b>71,431</b>

\* Excluding other tax receivables of € 8,643k (2019: € 3,654k) and prepaid expenses of € 5,449k (2019: € 712k)

\*\* Excluding derivative financial instruments of € 1,586k (2019: € 1,278k); including a debt waiver of € 2,818k with an anticipated term of more than 5 years which can be repaid earlier because of specific circumstances.  
(see Chapter 25 "Other financial liabilities" of these notes to the interim consolidated financial statements)

\*\*\* Excluding advance payments received of € 49,263k (2019 € 32,671k), excluding contract liabilities of € 38,964k (2019: € 11,198k)

\*\*\*\* Excluding deferred liabilities for employee benefits of € 2,575k (2019: € 12,330k)

\*\*\*\*\* Excluding deferred income of € 78k (2019 € 95k), liabilities from promotional projects of € 13,169k (2019: € 12,394k), customs liabilities € 2,759k (2019: € 1,557k), other liabilities from taxes of € 1,543k (2019: € 1,978k) and social security of € 397k (2019 € 6k)

## 41 RELATED PARTIES

The contractual relationships with related parties described in the 2019 annual report continue virtually unchanged.

In March 2020, a framework agreement was concluded for the acquisition of Mezzanin Finanzierungs GmbH, Connexio alternative investment GmbH, VAMI-SK neunzehn GmbH and VMI Micro Innovation GmbH. The transactions completed to date, namely Mezzanin Finanzierungs GmbH, Connexio alternative investment GmbH and VAMI-SK neunzehn GmbH are described in Chapter 10 "changes in the scope of consolidation". The outstanding transaction involving VMI Micro Innovation GmbH is described under Chapter 43 "events after the reporting date of June 30, 2020".

## **42 INVESTMENT COMPANIES**

The following companies were included for the periods presented in the consolidated financial statements in accordance with section 315e (1) in conjunction with section 313 (2) No. 1 – 6 HGB):

SINCE/UP TO	COMPANY NAME	REGISTERED OFFICE	COUNTRY	CURRENCY	PARTICIPATION STAKE
Since 2012/09	VARTA Aktiengesellschaft	Ellwangen	Germany	EUR	100.00 %
Since 2007/12	VARTA Microbattery GmbH	Ellwangen	Germany	EUR	100.00 %
Since 2012/04	VARTA Storage GmbH	Nördlingen	Germany	EUR	100.00 %
Since 2018/04	VARTA Micro Production GmbH	Nördlingen	Germany	EUR	100.00 %
Since 2007/12	VARTA Microbattery Pte Ltd	Singapore	Singapore	USD	100.00 %
Since 2007/12	VARTA Microbattery Ltd Shanghai*	Shanghai	China	CNY	100.00 %
Since 2007/12	PT VARTA Microbattery Indonesia	Batam	Indonesia	USD	100.00 %
Since 2014/10	VARTA Microbattery Japan K.K.	Tokyo	Japan	USD	100.00 %
Since 2014/01	VARTA Microbattery S.R.L.	Brasov	Romania	RON	100.00 %
Since 2007/12	VARTA Microbattery Inc.	Rye, NY	United States of America	USD	100.00 %
Since 2009/09	VW-VM Verwaltungsgesellschaft mbH i.L.**	Ellwangen	Germany	EUR	50.00 %
Since 2017/06	Auditas GmbH	Nördlingen	Germany	EUR	25.10 %
Since 2017/06	Auditas Inc.	Ridgefield	United States of America	USD	25.10 %
Since 2017/09	Connexio alternative investment & holding GmbH***	Vienna	Austria	EUR	100.00 %
Since 2009/08	VARTA Micro Innovation GmbH	Graz	Austria	EUR	17.74 %
Since 2020/01	VARTA Consumer Batteries GmbH & Co. KGaA	Ellwangen	Germany	EUR	100.00 %
Since 2020/01	VARTA Consumer Batteries Benelux B.V.	Utrecht	Netherlands	EUR	100.00 %
Since 2020/01	VARTA Consumer Batteries UK Ltd.	Sword House	United Kingdom	GBP	100.00 %
Since 2020/01	VARTA Consumer Batteries Iberia S.L.U.	Madrid	Spain	EUR	100.00 %
Since 2020/01	VARTA Consumer Batteries Poland Sp.z.o.o.	Warsaw	Poland	PLN	100.00 %
Since 2020/01	LLC Consumer Batteries Company (Eastern Europe)	Moscow	Russia	RUB	100.00 %
Since 2020/01	VHB Real Estate Holdings LLC****	Delaware	United States of America	EUR	100.00 %
Since 2020/01	Paula Grundstücksverwaltungs GmbH & Co. Verm. KG	Pullach i. Isartal	Germany	EUR	100.00 %
Since 2020/01	Spectrum Brands Finland Oy	Vantaa	Finland	EUR	100.00 %
Since 2020/01	Spectrum Brands Norway AS	Oslo	Norway	NOK	100.00 %
Since 2020/01	Spectrum Brands Schweiz GmbH	Dietlikon	Switzerland	CHF	100.00 %
Since 2020/01	SPB Sweden AB	Bromma	Sweden	SEK	100.00 %
Since 2020/01	Spectrum Brands Austria GmbH	Brunn am Gebirge	Austria	EUR	100.00 %
Since 2020/01	Spectrum Brands Slovakia spol. s. r.o.	Prievidza	Slovakia	EUR	100.00 %
Since 2020/01	Spectrum Brands Hrvatska d.o.o.	Zagreb	Croatia	HRK	100.00 %

Since 2020/01	Spectrum Brands Trgovina d.o.o.	Ljubljana	Slovenia	EUR	100.00 %
Since 2020/01	Spectrum Brands Bulgaria EOOD	Sofia	Bulgaria	BGN	100.00 %
Since 2020/01	VARTA Consumer Europe GmbH****	Ellwangen	Germany	EUR	100.00 %
Since 2020/01	VARTA Consumer Kommandit GmbH*****	Ellwangen	Germany	EUR	100.00 %
Since 2020/01	VARTA Consumer Batteries Italia s.r.l.	Basiglio	Italy	EUR	100.00 %
Since 2020/01	Spectrum Brands Czech spol. s.r.o.	Česká Lípa	Czech Republic	CZK	100.00 %
Since 2020/01	Varta Pilleri Ticaret Limited Sirketi	Istanbul	Turkey	TRY	100.00 %
Since 2020/01	Spectrum Brands Denmark A/S	Brøndby	Denmark	DKK	100.00 %
Since 2020/01	VARTA Consumer General Partner GmbH*****	Ellwangen	Germany	EUR	100.00 %
Since 2020/01	Spectrum Brands France S.A.S.	Courbevoie	France	EUR	100.00 %
Since 2020/01	Anabasis Handelsgesellschaft mbH	Dischingen	Germany	EUR	100.00 %
Since 2020/01	EMEA Consumer Batteries (Shenzhen) Co. Ltd.	Shenzhen	China	CNY	100.00 %
Since 2020/04	Mezzanin Finanzierungs GmbH	Vienna	Austria	EUR	100.00 %
Since 2020/04	VAMI-SK neunzehn GmbH	Graz	Austria	EUR	100.00 %
Since 2020/05	VARTA Consumer Hungaria Kft.	Budapest	Hungary	HUF	100.00 %

\* In liquidation since Jan. 01, 2020

\*\* Accounted for at-equity, in liquidation since July 07, 2020

\*\*\* Acquisition of the remaining shares on April 21, 2020, name change to GmbH on May 6, 2020

\*\*\*\* Previously VHB Real Estate Holdings LLC

\*\*\*\*\* Previously Spectrum Brands Europe GmbH

\*\*\*\*\* Previously ROV German Limited GmbH

\*\*\*\*\* Previously ROV German General Partner GmbH

## 43 EVENTS AFTER THE REPORTING DATE OF JUNE 30, 2020

### Settlement of legal disputes

**VARTA AG** is expanding its cooperation with Samsung Electronics. The Company will continue as the principal supplier of rechargeable batteries for Samsung headsets over the coming years. After reaching an agreement for this supply contract, the Company has now settled its patent disputes with Samsung.

**VARTA** has already withdrawn all lawsuits against Samsung and its customers. Batteries were found in the headsets, which, from the perspective of **VARTA AG**, breach the applicable patents in the field of lithium-ion cells. **VARTA** opted to take action against Samsung and its customers in Germany and the USA. The agreement now reached stipulates that **VARTA AG** will withdraw its lawsuits. In return, Samsung, for its part, waives lawsuits against the battery manufacturer.

## Key transactions with related parties

On June 30, 2020, WertInvest Ellwangen Immobilien GmbH as landlord and **VARTA Microbattery GmbH** as tenant signed a long-term tenancy agreement for commercial properties. The tenancy agreement was concluded for an unlimited period after the building was handed over and may be terminated for the first time after 10 years by **VARTA** and after 15 years by WertInvest. The monthly rental amounts to € 118,334 net. The value of the tenancy agreement up to the first possible termination date by **VARTA** amounts to € 14,200k assuming that use of the building started from July 1, 2020.

The landlord WertInvest is indirectly majority held by the indirect main shareholder in **VARTA AG**, Montana Tech Components AG, and is therefore a related company of **VARTA AG** within the sense of Section 111a AktG.

The object of the tenancy agreement are two new production buildings constructed to the specifications of **VARTA** and a comprehensively refurbished canteen at the Ellwangen site covering an area of around 7,000 m<sup>2</sup> in total. WertInvest has owned all the property at the **VARTA Group's** site in Ellwangen since 2015 and currently leases the space to **VARTA** as open space and part of the factory site.

## VARTA Micro Innovation GmbH

As explained in the section on business combinations, **VARTA AG** concluded a framework agreement on March 30, 2020 to acquire Mezzanin Finanzierungs GmbH, Vienna/Austria, CONNEXIO alternative investment holding GmbH, Vienna/Austria, VAMI-SK neunzehn GmbH, Graz/Austria, and the remaining shares in **VARTA Micro Innovation GmbH**, Graz/Austria. In addition to the acquisitions, a reorganization of **VARTA Micro Innovation GmbH** under company law and the code of obligations to be carried out by the seller before the acquisition of the shares was agreed in the framework agreement.

The reorganization of **VARTA Micro Innovation GmbH** includes the dissolution of an existing dormant company and a debt waiver by lenders. **VARTA Micro Innovation GmbH** will be free of debt at the date of acquisition, i.e. it will have no interest-bearing borrowings and its equity will be positive. On the basis of the pro forma analysis as of March 31, 2020, **VARTA Micro Innovation GmbH** will have equity with a carrying amount of around € 650k following the reorganization.

**VARTA Micro Innovation GmbH** is a leader in the areas of materials research and qualification for electrochemical energy storage and carries out various sponsored research projects. It also offers its expertise in the form of contract research for its customers.

Currently, the Group holds 17.74% of the shares in **VARTA Micro Innovation GmbH**. The Group will obtain control of the company with the acquisition of the remaining 82.26% of the shares. The acquisition of the shares was not yet complete at the time the interim financial statements were published.

The existing shares mean that this is a staged business combination where the existing share in **VARTA Micro Innovation GmbH** (carrying value in the interim financial statements: € 13k) is recognized at fair value. The fair value of the existing shares is estimated at € 86k on the basis of the preliminary purchase price.

As part of the dissolution of the dormant company, **VGG GmbH** will issue around 1,309 shares to the existing dormant shareholders in connection with the acquisition.

The transaction is not yet reflected in the balance sheet in the interim report. The fair value of the net assets of **VARTA Micro Innovation GmbH** will be determined on the acquisition date. The company's operating earnings and the assets and liabilities will be recognized from the acquisition date, which is expected to occur in the third quarter of 2020.

Ellwangen, August 13, 2020

**VARTA Aktiengesellschaft**

.....  
CEO  
- Herbert Schein -

.....  
CFO  
- Steffen Munz -

## Statement from management

We hereby declare that, to the best of our knowledge, and in accordance with the applicable reporting principles for the interim financial reporting, the interim consolidated financial statements provide a true and fair view of the Group's net assets, financial position and earnings and that the Group Interim Management Report presents the business development including the results of operations and the position of the Group in such a way that a true picture is provided and the significant risks and opportunities associated with the Group's probable development over the course of the remaining fiscal year are described.

Ellwangen, August 13, 2020

**VARTA Aktiengesellschaft**

.....  
CEO  
- Herbert Schein -

.....  
CFO  
- Steffen Munz -



# Explanatory notes to the half-yearly 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, 2019.

The condensed consolidated interim financial statements as of June 30, 2020 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

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Half-yearly report 2020

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August 14, 2020

Interim report Q3 2020

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November 12, 2020

# Imprint

Half-Year-Statement H1/2020:

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

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