



## Supervisory Board Report for Financial Year 2022

### VARTA AKTIENGESELLSCHAFT

The Supervisory Board of VARTA AG is pleased to report to you on the work undertaken by the Company in financial 2022. In terms of external influences, financial year 2022 was shaped by the impact of the war in Ukraine. In addition to its core tasks, the Supervisory Board also had to oversee the new appointments to the Executive Board and consequently, the Company's new strategic alignment.

In financial year 2022, the Supervisory Board performed the full scope of its duties in accordance with the law, the Articles of Association and the rules of procedure. We monitored and advised the Executive Board in its management of the Company on the basis of detailed written and oral reports from the Executive Board. In addition, the Supervisory Board supported the Management Board in an advisory capacity.

Moreover, there was a regular exchange of information between the Chairman of the Supervisory Board and the Chairman of the Executive Board or Spokesperson for the Executive Board, in addition to other members of the Executive Board. The Supervisory Board was regularly briefed on intended business policy, corporate planning (including financial, investment and personnel planning), the profitability of the Company and the course of business, as well as the economic position of the Company and the Group. The Supervisory Board was directly involved at an early stage in all decisions of fundamental importance to the Company and discussed these in detail with the Executive Board.

Where the approval of the Supervisory Board is required by law, the Articles of Association or the rules of procedure for decisions or measures of the Executive Board, the members of the Supervisory Board – partly on the basis of information from the committees – approved these after intensive scrutiny and discussion. A particular focus of our activities in the year under review was on Executive Board matters.

The Annual General Meeting (AGM) was held on 21 June 2022. This took place in the form of a virtual AGM. The online format was once again subject to a great deal of interest on the part of our shareholders with more than 60% of the share capital represented at this digital event.

The Supervisory Board monitored Executive Board members on a regular basis and was left in no doubt regarding the legality, expediency and correctness of their work. This close contact with the Executive Board was also maintained in the periods between the Supervisory Board's regular meetings.

The Chairman and individual Supervisory Board members were in regular bilateral communication with the members of the Executive Board, advising on various business matters in the process. The Executive Board participated in all Supervisory Board meetings and provided comprehensive answers to all Supervisory Board questions. In accordance with Section 90 of the German Stock Corporation Act (AktG), the Executive Board regularly, promptly and



comprehensively briefed the Supervisory Board, both verbally and in writing, on the key aspects of corporate planning and business development, the course of business, the risk situation and risk management in addition to the economic situation of the Company and the Group. The Supervisory Board also discussed all key business transactions.

A total of eight regular meetings, which were either held in person or in the form of a video conference, as well as regular reports obtained from the Executive Board, allowed the Supervisory Board to keep abreast of the business situation and significant events. In addition, the Supervisory Board adopted several resolutions by telephone or by way of written procedure.

Executive Board members were available for bilateral dialogue with the Supervisory Board for any discussions or clarifications required.

## **Supervisory Board Meetings and Committees in Financial Year 2022**

The Executive Board reported in detail on the Company's strategic, operational and financial position at all Supervisory Board meetings.

During the first meeting on **Tuesday, 29 March 2022 (Balance Sheet Meeting)**, the Supervisory Board addressed the annual and consolidated financial statements 2021 before discharging the Executive Board for financial year 2022. The annual financial statements were distributed to all members of the Supervisory Board, before being discussed in detail and approved at the meeting. The proposal regarding the appropriation of profits 2021 was also formally adopted.

At this meeting, the Supervisory Board also discussed in detail the report of the Audit Committee and its recommendations concerning the selection process for the auditor and decided to propose PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft to the Annual General Meeting as the auditor of the annual financial statements and consolidated financial statements for financial year 2022.

In its meeting on **Wednesday, 30 March 2022**, the Supervisory Board subsequently reviewed the consolidated financial statements for 2021, before finalising and approving them.

The third meeting in financial year 2022 was held on **Thursday, 14 April 2022**. At this meeting, the V4Drive concept was discussed in detail and a decision was made to conclude a rental agreement in Ellwangen, which is also a related party transaction. DDr Tojner, as the related party in question, abstained from the discussion and resolution.

At the Annual General Meeting on **Tuesday, 21 June 2022**, the Remuneration Report for the 2021 financial year was approved and the auditor for the annual and consolidated financial statements for financial year 2022 was appointed, while new resolutions on authorised and conditional capital were also adopted.

Following the Annual General Meeting, the Supervisory Board convened in Heidenheim. At this meeting, the Supervisory Board focused on the Company's business position and the V4Drive strategy. In addition, two related party transactions were reviewed and approved following the recommendation of the Related Party Committee.



On **Monday, 25 July 2022**, the Supervisory Board met in Nördlingen. At this meeting, the Supervisory Board discussed the Company's organisational structure and the allocation of responsibilities at Executive Board level. Previously, the HR Committee had dealt with these issues. At this meeting, the Supervisory Board resolved to appoint Dr. Markus Hackstein as a member of the Executive Board.

The Supervisory Board again convened in Nördlingen on **Thursday, 24 November 2022** for its final in-person meeting of the 2022 reporting period. The main topic of this meeting was the current position of the VARTA AG Group.

In summary, it can be stated that after extensive discussion, the Supervisory Board approved all business transactions and processes subject to mandatory submission. The Executive Board informed the Supervisory Board of all key events that were of material importance to assess the economic position and development of the Company

## Committee activities

There are four Supervisory Board Committees:

- Audit Committee
- HR Committee (this includes the Nomination and Remuneration Committee)
- Related Party Committee
- Investment Committee

The members of the Audit Committee are as follows:

- Dr Harald Sommerer (Chairman)
- DDr Michael Tojner
- Dr Michael Pistauer

The members of the HR Committee are as follows:

- DDr Michael Tojner (Chairman)
- Dr Harald Sommerer
- Sven Quandt
- Martin Ohneberg

The members of the Related Party Committee are, or were, as follows:

- Sven Quandt (Chairman)
- Dr Michael Pistauer
- Dr Werner Tillmetz (up to October 31, 2022)

The members of the Investment Committee are, or were, as follows:

- DDr Michael Tojner (Chairman)



- Dr Werner Tillmetz (up to October 31, 2022)
- Martin Ohneberg
- Dr Harald Sommerer

The committees work to prepare decisions and topics for meetings of the Supervisory Board as a whole. As far as legally permissible, the Supervisory Board transfers decision-making authority to its committees. The committee Chairmen regularly reported on key aspects of committee meetings during meetings of the Supervisory Board.

The Audit Committee held two meetings via video conference in the reporting year. In the presence of the appointed auditors, the committee discussed, among other issues, the annual financial statements, the accounting process, the internal control system and corporate governance.

The HR Committee held four meetings in the reporting year, with members additionally coordinating matters and holding votes between meetings. In particular, the HR committee dealt with the changes at Executive Board level and related issues.

The Related Party Committee held a total of three meetings via telephone or video conference in the reporting year. The members additionally coordinated matters and held votes between meetings. Among other aspects, the work of the Related Party Committee focused on absorbing costs and rental arrangements in connection with related parties.

The Investment Committee convened for one meeting in the reporting year.

### Individualised disclosure of meeting participations for members of the Supervisory Board

Sitzungsanzahl (Teilnahme in %)	Aufsichtsrats- plenum	Prüfungs- ausschuss	HR-Ausschuss	Investitions- ausschuss	Related- Party- Ausschuss
Prof. DDr. Michael Tojner Vorsitzender	8/8 (100)	2/2 (100)	4/4 (100)	1/1 (100)	-
Dr. Harald Sommerer Stellv. Vorsitzender	8/8 (100)	2/2 (100)	4/4 (100)	1/1 (100)	-
Sven Quandt	8/8 (100)		4/4 (100)		3/3 (100)
Dr. Michael Pistauer	8/8 (100)	2/2 (100)			3/3 (100)
Martin Ohneberg	6/8 (75)		4/4 (100)		
Dr. Werner Tillmetz	7/7 (100)			1/1 (100)	3/3 (100)



## **Conflicts of interest**

In accordance with the German Corporate Governance Code (DCGK), every member of the Supervisory Board is obliged to disclose any conflicts of interest to which they may be subject. The financial services contract agreed in financial year 2019 between VARTA AG and Montana Tech Components GmbH, a subsidiary company under the ownership of Prof. DDr. Michael Tojner, Chairman of the Supervisory Board, was extended again. The extension was approved by the Supervisory Board. In addition, votes were held on agreements concerning cost transfers and rental arrangements in connection with related parties. Prof. DDr. Michael Tojner was not involved in discussions on this matter, nor did he play any part in the Supervisory Board's resolution.

No further conflicts of interest arose over the course of financial year 2022.

## **Annual and consolidated financial statements 2022 audited and approved**

The Executive Board prepared the annual financial statements for financial year 2022 in accordance with the provisions of the German Commercial Code (HGB), the consolidated financial statements in compliance with IFRS provisions as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e HGB. The Executive Board additionally prepared the Management Report combined with the Group Management Report. These were audited by PriceWaterhouse Coopers Wirtschaftsprüfungsgesellschaft, which was appointed as the auditor by the Annual General Meeting on 21 June 2022, who issued an unqualified audit statement in each case.

The annual and consolidated financial statements 2022 were discussed at the Supervisory Board meeting on April 28, 2023, which was also attended by representatives of the auditors. These representatives reported on the focal points and the main findings of their audit, in addition to addressing key audit matters. The auditors were also available for an in-depth discussion with members of the Supervisory Board. There were no circumstances that could indicate any bias on the part of the auditors.

The Audit Committee, which received the documents submitted by the Executive Board and the auditor's reports for preliminary examination, reported to the Supervisory Board on the main content and results of its preliminary examination and made recommendations for Supervisory Board resolutions.

The Supervisory Board examined the annual and consolidated financial statements for financial year 2022, the Management Report combined with the Group Management Report and the Executive Board's proposal for the appropriation of profits, taking into account the Audit Committee's report. The Supervisory Board concurred with the results of the audit. On the basis of its own examination, the Supervisory Board determined that there were no objections to the annual and consolidated financial statements or the combined Management Report and Group Management Report. In accordance with the recommendation of the Audit Committee, the Supervisory Board approved the annual and consolidated financial statements prepared by the Executive Board, including the Executive Board's proposal with regard to appropriation of the financial result, at its meeting on April 28, 2023. As such, the annual financial statements of



VARTA AG were adopted accordingly.

In addition, the Supervisory Board reviewed the separate non-financial report and Group report. Based on the results of its examination, the Supervisory Board again raised no objections.

The Supervisory Board also endorsed the Executive Board's proposal regarding the appropriation of the financial result:

The net loss for the year of € -221.454.019,78 m will be offset against the existing profit carried forward of € 47.612.946,53 m, with the remaining deficit amounting to € -173.841.073,25 m to be carried forward to the new account.

### **Relationships with affiliated companies audited**

The Executive Board prepared a report on relationships with affiliated companies for the 2022 financial year. The auditors reviewed this report, reported on the results in writing and issued the following unqualified audit statement:

"Based on our audit and assessment in accordance with professional standards, we are happy to confirm that:

1. the factual statements in the report are correct
2. the consideration paid by the Company for the legal transactions listed in the report was not unreasonably high."

The respective reports of the Executive Board and the auditor were also discussed at the aforementioned meeting of the Supervisory Board after preliminary examination by the Audit Committee. The representatives of the auditors participating in the meeting reported on the key findings of their audit. The Supervisory Board approved the Executive Board's report on relationships with affiliated companies after its own examination and also agreed with the result of the examination of the audit report. Pursuant to its audit, the Supervisory Board determined that no objections were to be raised in connection with the statement on relationships with affiliated companies made by the Executive Board in concluding its report.



## Members of the Supervisory Board in Financial Year 2022

The Supervisory Board of VARTA AG comprises the following members:

- Prof. DDr Michael Tojner, Chairman (since August 30, 2016)
- Dr Harald Sommerer, Deputy Chairman (since April 14, 2016)
- Sven Quandt (since April 14, 2016)
- Dr Michael Pistauer (since May 21, 2019)
- Martin Ohneberg (since June 17, 2021)
- Prof. Dr Werner Tillmetz (until October 31, 2022)

The Supervisory Board would like to express its thanks to the Executive Board and all VARTA employees for their successful work and commitment displayed during an unprecedented financial year 2022.

I would also like to thank you, our valued shareholders, for your continued confidence and trust in VARTA AG and the VARTA AG share.

Ellwangen, [•]

On behalf of the Supervisory Board

Prof. DDr Michael Tojner  
Chairman