# Annual Report 2020

life

VORWERK

# Annual Report 2020

# Stories from
# Life

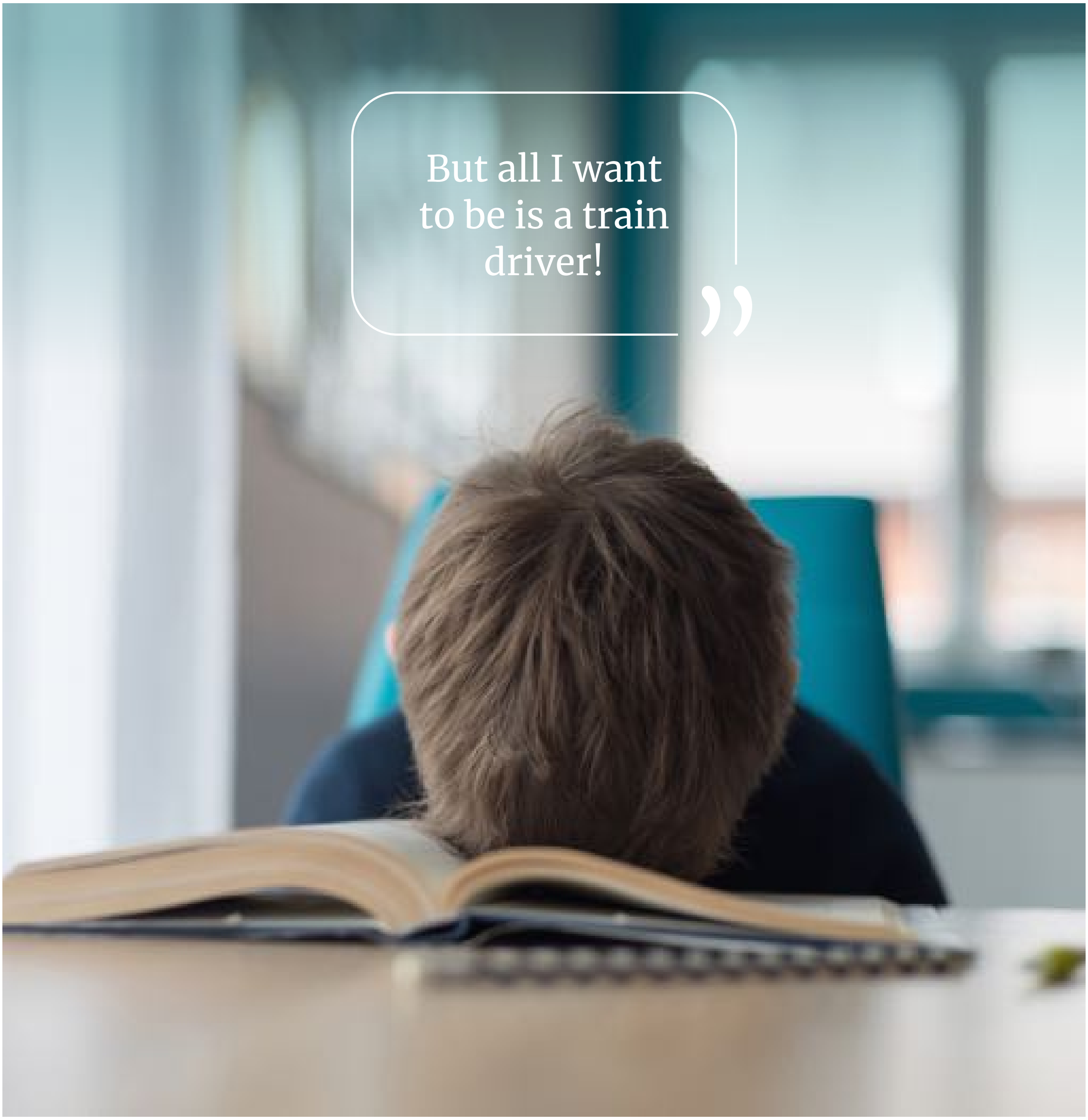
Editorial

Life’s worth living is a sound philosophy – read on to discover why. Intrigued? On the following pages, we set you just one simple task: to reflect on life. That’s less philosophical than it sounds because we encounter life everywhere – at home, in the supermarket, when we’re exercising, at work, and in our large Vorwerk Community. We love and live by rituals, such as our morning mug of coffee that gets us going before we plunge headlong into our day. We prefer life in the real world, spend a lot of time in the virtual world and occasionally live like ships that pass in the night.

Our life can be fun, unforgettable and at times, it lets us down in the worst possible way. But one thing it never is, and that’s predictable. And now, be prepared for the surprises awaiting you on the pages ahead.


They got life

Recently during homework time:




"Everything that can go wrong, will go wrong," according to Murphy's Law. Each of us will at some time or other in our life have experienced Murphy's Law in some form; it's like when jam lands on the carpet. Even if we can never know how things will turn out in life, one thing is certain – as our piece of toast spins in slow motion toward the floor, it's time to grab a cloth. And the secret of that certainty lies in the spin. That's because when toast falls from a typical height of around 80 cm, it doesn't have sufficient time to spin further than to the jam side. So forget bad karma, it's just a question of physics. How boring.

That’s life!

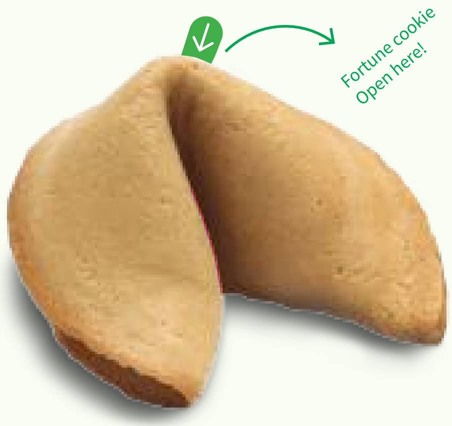
You don’t know what you’ve got
till it’s gone.

Life's little ups and downs

Worldly wisdoms

# Sometimes you're the dog, sometimes the tree!

No Chinese meal ends without a fortune cookie beside the check. What do you look forward to more, the cookie or the little scrap of paper? Whether you're the analytical or the instinctive type, all that matters with the tiny edible worldly wisdoms is that you've either forgotten them while the bland cookie is still stuck to your palate or you're laughing about them. And laughter is the best medicine! So do something for your health – open up this fortune cookie and laugh! Or smile to yourself, at least. Here's to a long life as a dog – or a tree.



Thermomix®

# This bolognese was well worth the wait


Having to wait for fast food – now that's just the height of absurdity, isn't it? Everything is getting faster and faster, and we positively race through life like there was no tomorrow – to say nothing of today. A sealed plastic tray of food quickly heated up in the microwave and on we go, performing our eminently important tasks. All we need now is a space suit and we could pass for astronauts. In all of this hectic, something gets lost. Usually it's enjoyment. Enjoyment? Very funny! How are we supposed to get that?

# Give it time, and here comes the mmmm.

The longer you stir, the more you taste - for example, a classic bolognese prepared with TM6 slow cooking mode.

# This is how!

The magic words are “turn down the heat”! Just take things easier – now especially. Easier said than done? Not true. Because especially in our own kitchen at home, there’s some potential positively simmering away. Turn down the heat here, for instance to 80 degrees Celsius, and you’re right in the middle of it – of slow cooking. Slow Cooking: trend or trendsetter? Both. Coming to us from the USA, slow cooking is making its way into more and more households. As a counterbalance to our hectic daily lives, as a pleasurable experience for the whole family, and as a gourmet option in our own four walls.

## Small flame, big effect

The gentle art of slow cooking is almost synonymous with an attitude to life that’s becoming increasingly popular: simply taking things easy and considering your options. Take a close look and you will find that it is not only possible but also okay to let something lie now and again – even that some things work out better if you take time over them. And also that many things are not as urgent as they appear at first glance. Slow cooking gives you far more than the name implies: It saves time! Prepared in the evening ready to start cooking in the morning, meat, vegetables and co. are first left to themselves for a few hours – and that’s something their flavors and vitamins appreciate.

## For every taste.
## Give it a try.

**Slow Cooking,** the new flavor enhancer that comes with a success guarantee. That's how you get yourself some enjoyment!

**Roasting and caramelization** stimulate your tastebuds with intense flavors and aromas – and they cry out for more!

**Give sous-vide cooking** and the professionals some competition: That's how you bring meat, fish and vegetables to tender perfection and then to the table!

**Fermentation** just like in your grand-mother's day – only faster, less complicated and possibly even a tad tastier.

**Take things step by step,** it makes things easier: Some recipes now come with step videos – for a totally relaxed cooking experience.

**The optimized pre-clean mode** gives you even more time to enjoy your food in peace: After all, the mixing bowl is cleaned in a jiffy!

## Slow Cooking ...

... is uncomplicated.

... is always a success because nothing can burn or stick.

... is particularly tasty and preserves vitamins.

... always tastes good.

# Like a second helping?

Cooking at low temperatures of between 60 and 120 degrees not only gives the food a better chance to release its flavors, but also to preserve all the healthy ingredients. This makes food easier to digest, tastier and healthier. Meat, for instance, doesn’t develop the temperature gradients typical in fast cooking. Outside more like a piece of coal and inside still as cold as ice cream? Not so with slow cooking: The heat has the chance to spread evenly throughout the meat, guaranteeing a succulently tender flavor experience. No more meat that’s tough as old boots on your plate!

## Now aaaah not baaah applies to vitamins, too!

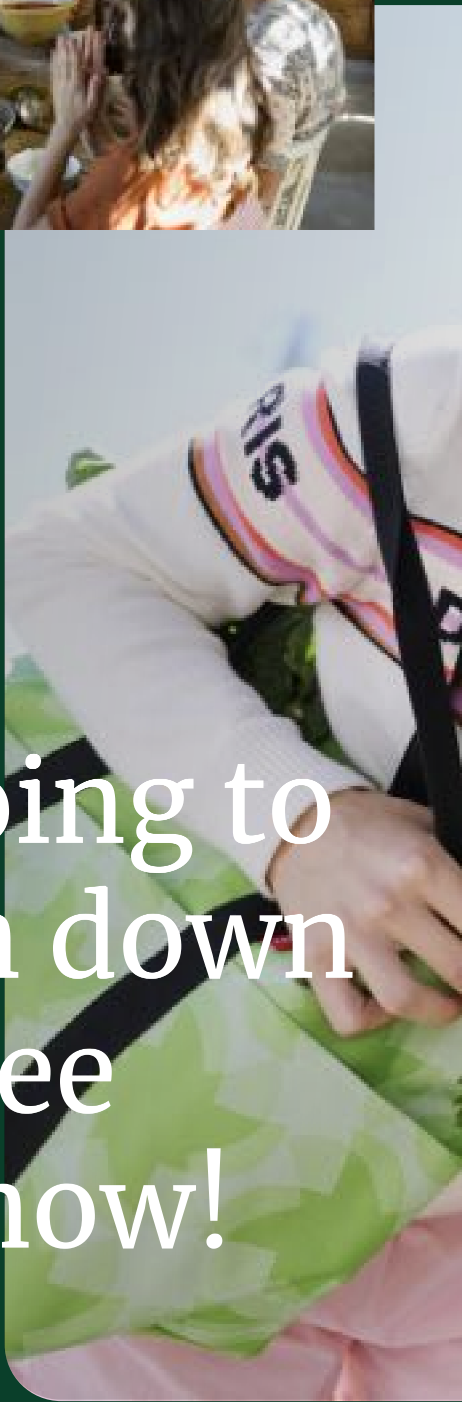
Anyone who is neither a rabbit nor has ever been fond of vegetables will be surprised by this aromatic form of preparation. Slow cooking is not just about bringing out characteristic flavors but above all about preserving vitamins. The rule of thumb is: The lower the heat setting, the more nutrients remain in the vegetables. But in slow cooking there are basically as many possibilities as there are tastes. Vegan or vegetarian, stew or gourmet menu, starter or dessert – you name it, anything is possible. And what cooks slowly may also then be enjoyed in peace and quiet.

If you eat slowly, you really notice the flavor of what you're eating. You can taste that the asparagus is green and that the tomatoes spent more time in the sun than on the truck. But we always feel we have to do everything fast: We eat standing up, walking around, in between. We barely even take the time to chew or notice what and how much we are slinging down. Binge eating goes with binge watching. And we don't even give our food any preparation time any more. And is it any wonder? For years now, our tastebuds have learned that flavorings, flavor enhancers and glutamates make fast food taste good. But then it's also rich in unnecessary additives. And yet healthy eating is not that hard to achieve: It's simply a matter of taking the time to prepare a meal using quality produce. That way, the food effortlessly retains its nutrients and flavor.

"We're at the table, not on the run!"

## Peas don't grow in cans

"Clean eating": What great-grandma knew back in the day is being served up today under a hip name. Healthy nutrition is based on as wide a variety of unprocessed foods as possible. They can then be combined with each other at will. The best to choose are regional foods straight from a producer in your region. So go on, rescue your tastebuds. Start today – but take your time about it ;-)



# I'm going to switch down a degree right now!

# Use your senses!

**Slow Cooking and clean eating are two ways to slow down daily life and take the time to enjoy. There are plenty of words to describe living a life of awareness, from mindfulness to minimalism. But regardless of what you call it, even challenging times have wonderful moments. That's because you suddenly realize that it's the little things that matter.**

**Have you smiled today?**
Smiling at strangers you encounter in the middle of a pedestrian zone brings happiness. And you can smile with your eyes, too ;-), which feels really good.

**Smell this!**
When did you last make conscious use of your senses? What does your tea smell of and how does fresh spinach taste? You'll be surprised because when you pay close attention to what you are smelling or tasting, you may suddenly find yourself recalling long-forgotten happy moments.

**Is there something missing here?**
Nope. We have so much clutter, we urgently need to throw out – all kinds of stuff we really don't need, masses of stimuli that drain our energy. Focusing on what's important, on the things that are close to our hearts, the people we love – that's the key to taking a relaxed view of what really matters.

**Today's the day for something different!**
We have all kinds of routines in our daily life, and so many daily repetitions that in the morning already, we usually know pretty much what will come up during the course of the day. So no big surprises. This can be a positive thing, but sometimes it's also wearying. Amazingly, it's the little changes that put energy and fun back into our old humdrum world. If you're right-handed, eat with your left hand instead, try out a new ingredient next time you cook or change your desktop wallpaper. None of this will disrupt your life, but it may provide some new perspectives.

# Daaaarling, what’s for dinner today?

Groundhog Day revisited! When your stomach growls more loudly than the neighbor’s dog toward the end of your working day and you finally make it to the kitchen, there are some vital, quick decisions to be made. Steer clear of discussions over “Er, no, I really don’t like eating carbohydrates in the evening” versus “Lettuce is rabbit food as far as I’m concerned” or you may upset the applecart of domestic bliss.
A good option is to turn the Munch-O-Mat wheel when hunger strikes: Just pick your day and let the wheel inspire you!


# Munch Mat

Preparation time

20 min

The clock's ticking ...

Calories

303 kcal

per portion

If you hop while you eat, the calories can't get a grip on your hips!

## Yummy ...

Pasta in Tomato Sauce with Chorizo

... I could eat that every day!

Kobold

# The golden rule – quality you know you can trust

Paragraph 27 of the German Road Traffic Act clearly states: “(6) It is not permitted to march in lockstep on bridges.” Well, that’s good to know. Germany is the land of rules, regulations and standards, a fact that sometimes elicits mockery, but mostly we appreciate the fact that we can rely implicitly on many things because they are subject to a standard or regulation. Life has so many unexpected surprises and unpredictable twists and turns in store for us, it’s nice to know there are some things we can depend on.

# They're really picky in Wuppertal

Here at Vorwerk's development center, reality is recreated precisely to the last millimeter and nothing is left to chance: Engineers create the setting for electronic innovations that not only make our daily lives easier but are also error-free and always reliable. The vacuum cleaner moves over a fitted carpet laid at an angle of exactly 23 degrees and as it proceeds, it is set to pick up 24.16 g of standard dust from the standardized carpet. Yes, that's right! Here they work with industrially produced test dust that simulates the characteristics of normal house dust – canned dust bunnies, you might say. Lentils and rice in the form of small plastic nuts the exact size and weight of the originals also await the tech talent. Because verifying that the appliances conform to the relevant norms and standards is just as important as the precision technical work done in advance development. Besides safety and function, material efficiency is also a prime factor for ensuring that the products are energy efficient and resource friendly.

The development process includes imitating the real environment as well as possible: four chairs around a dining table. Under the table, a red, short-pile carpet, picture frames on the wall, a clock, drapes, and a standard lamp. The robot vacuum is doing its stuff in the corner. Are we peeping into a perfectly normal, average family dining room? No, not quite: The table and the chairs consist only of legs - no tabletop to be found here. There are no pictures in the picture frames, the standard lamp is no more than a cable, the clock, a mere case. There are drapes, but no window. And on the ceiling, there are cameras watching every move. At the Vorwerk development center, normed reality exists on precisely 20 square meters of space – or rather, simulated reality that follows certain standards.

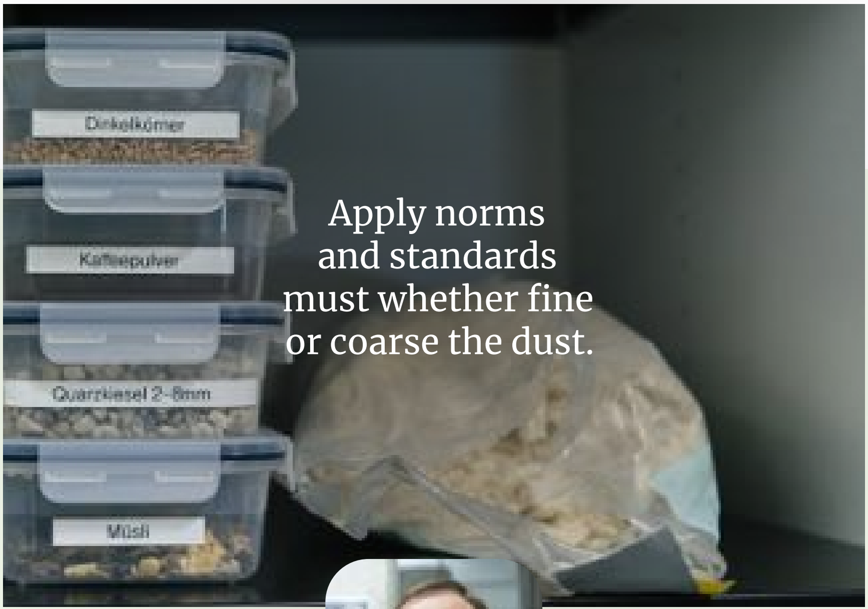
Nothing is
as it seems.

“Standardization is when generally older gentlemen sit down together and talk about how everything used to be better, even the future,” according to the sector’s running gag. “In reality, standardization also aims to make the future better, by creating standards that either reflect real life or help to conserve resources.”

Bernhard Scheuren

The “directors” decide what lands on the red carpet in this fictitious reality: viscose fibers, fine dust or said artificial lentils and rice. Bernhard Scheuren and Dr. Jens Giegerich are in charge of norms and standards at Vorwerk. They write the script, so to speak. The directors’ instructions may sometimes sound bizarre, because: “There is, of course, a standard that defines how to define a standard,” laughs Giegerich. He’s been working for Vorwerk since 2016 and in November 2019, he received the DIN Young Professional Award for young experts. As chairman of the European committee for material efficiency, he is primarily concerned with making sure that materials are used so efficiently that fewer resources have to be used in the long term.

Standardization is not
for the soloist.
Team meeting in 2020.




Apply norms and standards must whether fine or coarse the dust.

# “There is, of course, a standard that defines how to define a standard”

Dr. Jens Giegerich

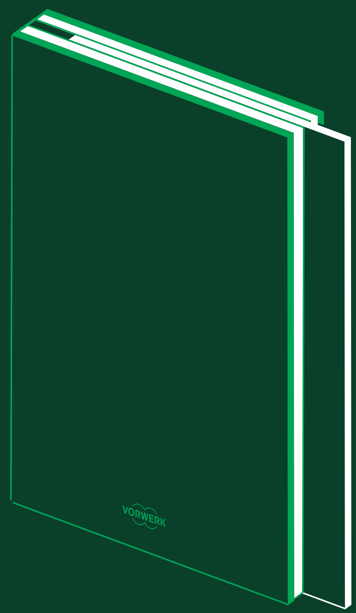
What’ this? The VR300 looks as though it’s thinking – if you can ever say that about a robot vacuum cleaner. Just moments ago, it was merrily making its rounds of the third floor. Now, though, it appears to be facing a challenge. Standing at the top of the stairs behind the conference rooms, the VR200 has a lonely decision to take: Should it move forward or stand still. “Yes, it has to recognize this! We call this scenario “behavior before the abyss,” Dr. Jens Giegerich explains. A classic test case for the Vorwerk man. But for the VR300, its decision is a matter of survival, “life or death.” Because only the appliance that really complies with every standard makes it into the standards catalogue, ensuring that in real life, too, at least the vacuuming goes according to plan.


DIN
EN 60312-1
Test dust
Type 8

Seriously?

# Get into the dust!

Have you ever thought of literally making money out of dirt? Too bad, too late! An Essen-based institute has already developed artificial house dust for use in vacuum cleaner quality control that complies with a German DIN standard and therefore makes it possible to compare the suction power of different vacuum cleaners. Test dust! And it’s free of pollen, fungi and bacteria, too! In other words, it’s the punctilious teacher’s pet of dusts. Why not give your vacuum cleaner something special? You can pick up a sachet of the standardized treat known as “Type 8” here.
Have fun!


VORWERK

# Report on the 137th Business Year

VORWERK

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# A Review of Vorwerk

## Family Business with Tradition and Vision

The courage to implement innovations and the demand for the very highest quality have made Vorwerk an internationally successful company with a long tradition. Vorwerk was founded in Wuppertal in 1883 and has developed throughout the course of its 137-year corporate history into a widely-diversified, international group of companies. Vorwerk stands for continuity, change and a nearness to people. Vorwerk's business model comprises the development, manufacture and sale of high-quality products and services. As a direct selling company, Vorwerk always seeks direct contact with its customers. In this respect the advisor is the focus of activities and serves as the main point of contact for customers.

**Headquarters of the Vorwerk Group**
(Holding Company)

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Email: vorwerk@vorwerk.de
www.vorwerk.de / www.vorwerk.com

**Managing Partner**

**Reiner Strecker**

**Supervisory Board**

**Dr. Jörg Mittelsten Scheid**
(Honorary Chairman)
**Dr. Rainer Hillebrand**
(Chairman)
**Dr. Axel Epe**
(Vice Chairman)
**Daniel Klüser**
(2nd Vice Chairman)
**Frank Losem**
**Dr. Stefan Nöken**
**Wolfgang Kölker**
(since 9 May 2020)
**Dr. Timm Mittelsten Scheid**
**Sabine Schmidt**
(till 9 May 2020)

## Thanks to the Staff

The Corona pandemic has presented our Vorwerk community worldwide with major challenges. Our employees and advisors have met these challenges extremely successfully with great commitment, creative ideas and enormous flexibility. This applies not only to the more than 570,000 self-employed advisors but also to the more than 12,200 permanent staff in the production plants and in the administrative departments of the individual divisions and subsidiaries. The health and well-being of everyone has always been our top priority. The Executive Board and the owner family would like to thank all "Vorwerkers" worldwide for this outstanding commitment, for their passion and their positive willingness to also take on and meet the future challenges arising.

## International Presence

### Subsidiaries

Austria
Canada
China
Czech Republic
France
Germany
Indonesia
Italy
Japan
Mexico
Netherlands
Poland
Portugal
Spain
Sweden
Switzerland
Taiwan
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America

### Major Distributors and Export Countries

Argentina
Australia
Belgium
Brazil
Chile
Columbia
Croatia
Cyprus
Denmark
Greece
Guatemala
Hong Kong
Hungary
Iceland
Israel
Kazakhstan
Malaysia
Morocco
New Zeeland
Norway
Panama
Paraguay
Peru
Romania
Singapore
Slovak Republic
Slovenia
South Africa
South Korea
Ukraine
United Arab Emirates
Uruguay

## The Vorwerk Group is Operative in the Following Business Segments:

# Thermomix / Kobold / Temial / Vorwerk Engineering / Neato Robotics / JAFRA Cosmetics / Vorwerk Direct Selling Ventures / akf group

## Key Figures of the Vorwerk Group

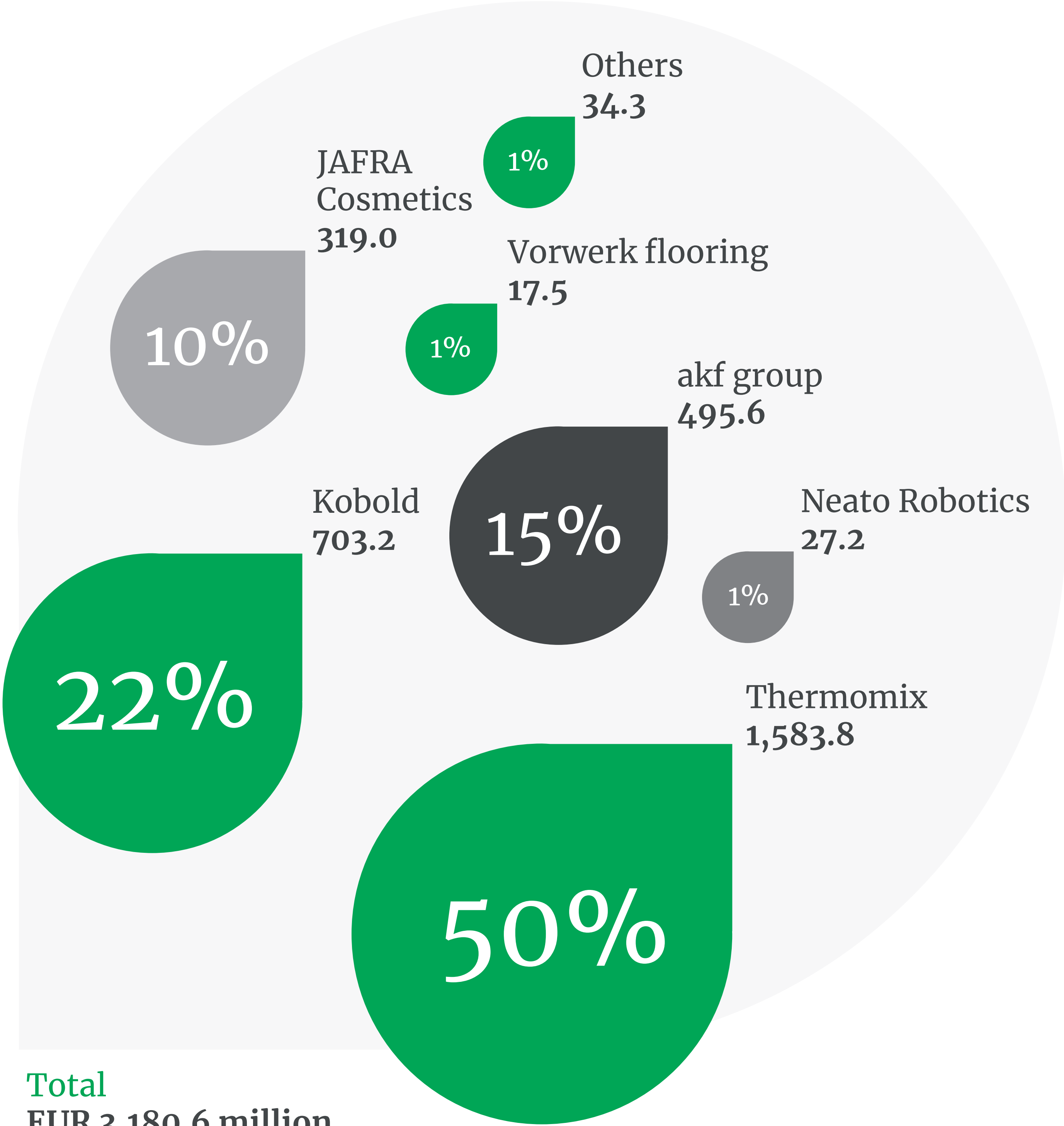
| in million EUR | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| Group sales | 2,906 | 2,791 | 2,928 | 3,181 |
| New business, akf group | 1,248 | 1,262 | 1,324 | 1,239 |
| Balance sheet total | 5,060 | 5,226 | 5,332 | 5,507 |
| Partners' equity | 1,701 | 1,448 | 1,378 | 1,473 |
| Partners' equity in % (akf at equity) | 59 | 50 | 48 | 47 |
| Partners' equity in % (akf fully consolidated) | 34 | 28 | 26 | 27 |
| Financial assets | 1,409 | 1,271 | 1,213 | 1,249 |
| Other fixed assets | 1,383 | 1,480 | 1,508 | 1,433 |
| Current assets | 2,207 | 2,402 | 2,546 | 2,737 |
| Liquid funds* | 1,178 | 1,031 | 902 | 1,178 |
| Capital expenditure** | 460 | 521 | 472 | 391 |
| Depreciation** | 270 | 286 | 304 | 304 |
| Personnel costs | 574 | 615 | 633 | 636 |
| Number of employees | 12,333 | 12,972 | 12,319 | 12,260 |
| Number of self-employed advisors | 633,128 | 610,919 | 599,072 | 577,993 |

* Including short-term realizable assets

** Excluding financial assets

## Sales by Division 2020

**in million EUR**




Total
**EUR 3,180.6 million**

# Milestones 2020

## Jan

**Digital:** The launch of the social intranet platform Coyo provides Vorwerk employees worldwide with new ways and means of sharing important information, exchanging ideas interactively and networking across national borders. In combination with the cloud solution Microsoft 365, workflows can now be even more productive, efficient and secure.

## Feb

**From Neuss to the world:** In the future, a new central warehouse with an attached distribution center will ensure sufficient stock and faster delivery of numerous Thermomix® articles to customers worldwide. It thereby marks the starting point for the conversion of the existing logistics structures in the individual countries and is an important step on the way to operational excellence.

## Mar

**Start-up:** As part of its strategic development, Vorwerk Ventures, the venture capital entity of the Vorwerk Group, has established a new organizational structure and moved its headquarters from Wuppertal to the start-up metropolis of Berlin. A newly established fund with a volume of EUR 150 million will also ensure greater freedom in terms of investments.

# Apr

**Strong together:** The Corona pandemic takes relentless hold and presents the world with unforeseen challenges. In response to the changed conditions, the employees of the Vorwerk Group develop a series of measures within a very short time, such as online product demonstrations, social media campaigns and virtual entertainment offerings, which not only ensure the ongoing business but also strengthen the cohesion of colleagues in this difficult situation.

# May

**Knowing what moves people in times of Corona and offering real added value:** The social media channels of the Vorwerk Group become even more important in communicating with the community. Thermomix and Kobold, for example, gain around 42 percent more followers in Germany overall and across all channels. The advisors are also actively involved: as part of online training courses, all interested parties are given the opportunity to familiarize themselves with various social media channels.

# Jun

**Store expansion:** After Paris and Marseille, Vorwerk France opens two more boutiques in Toulouse and Lyon. With their high-quality furnishings and central downtown locations, the stores invite passers-by and visitors to try out Kobold and Thermomix® products on the spot and to directly buy them.

# Jul

**United:** In Switzerland, the previous distributor business is merged with the existing Thermomix sales company with joint management. In this way, the Kobold sales organization will work together with Thermomix under one roof.

# Aug

**Courage to change:** Go4Courage, Vorwerk's cultural initiative for more progressive collaboration across national borders and business units, enters its next phase at the beginning of August. The aim is to encourage employees to think differently, adopt new perspectives and not only dare to make decisions but also implement them more quickly. By the end of the year, the G4C Community is expected to number 500 active participants.

# Sep

**Cordless:** Vacuuming and mopping in one step, completely without any cables. This is possible with the new Kobold SPB100 Cordless Vacuum Cleaner. Thanks to a variety of different attachments and accessories, it is possible to clean not only different floor coverings but also upholstery and mattresses easily and hygienically. The system is extremely quiet and conveniently light.

# Oct

**Challenge:** The first international "Recruitment Challenge" takes place in September and October with the aim of sustainably increasing the number of advisors in the respective national subsidiaries and divisions. A total of 16 countries take part. The results are impressive: Compared to the previous year, the number of newcomers has increased by more than 60 percent.

# Nov

**Takeover:** The beverage delivery service Flaschenpost is acquired by the Oetker Group. Vorwerk Ventures already invested in the fast-growing start-up from Münster in 2017 and has now relinquished its shares with the takeover.

# Dec

**Solidarity:** The Vorwerk Group has provided important support during the Corona pandemic through various aid and donation campaigns. Among other things, a "digital visitor bridge" has been set up for senior citizens' and nursing homes in Wuppertal, enabling contact between residents and their relatives even under pandemic conditions. Further aid has been provided to the Wuppertaler Tafel, Aktion Kindertal and the Burgholz children's hospice.

# Group Management Report 2020

# General Section on Business Development

Vorwerk & Co. KG is a family-owned company that was founded in 1883 with registered offices in Wuppertal (Germany). Vorwerk stands for an active and ever-growing community comprising advisors, customers and staff, a modern direct sales approach as well as outstanding products and services. The core business at Vorwerk is the manufacture and sale of innovative, premium household appliances. Moreover, cosmetics by JAFRA Cosmetics as well as financial solutions from akf bank are part of the diversified product and service portfolio of the Vorwerk Group.

The Vorwerk Group was operational in the following business segments at the close of 2020: the “Home” entities Thermomix, Kobold, Temial, Vorwerk Engineering and Neato Robotics as well as JAFRA Cosmetics and akf group. Vorwerk Direct Selling Ventures is the Vorwerk Group’s venture capital company.

The Vorwerk Group closed the 2020 financial year with revenue of EUR 3.2 billion, a substantial* increase of 8.6 percent in comparison to the previous year. Growth in revenue was distinctly above forecast. Operating earnings for the year were significantly above expectations and above the previous year. Revenue and earnings therefore developed pleasingly and greatly exceeded expectations despite the challenges presented by the COVID-19 pandemic.

The overall business volume amounted to EUR 3.9 billion, an increase of 3.8 percent, when EUR 1.2 billion of new business at akf is taken into account instead of the revenue.

The partners’ equity capital ratio at the Vorwerk Group amounted to 26.7 percent when akf group, operational in the area of financial services, is fully consolidated. Cash and cash equivalents are mainly invested in special funds and other short-term realizable assets and totaled EUR 1,178 million as of balance sheet date.

Each division of the Vorwerk Group was run by its own responsible management board in the year under review. The Group’s strategic leadership was in the hands of Vorwerk & Co. KG in Wuppertal.

One half of the Vorwerk Group’s Supervisory Board comprises members from the entrepreneurial family Mittelsten Scheid and the other half consists of external experts. Dr. Jörg Mittelsten Scheid, the head of the Vorwerk owner family, acts as Honorary Chairman of the Supervisory Board. Dr. Rainer Hillebrand is Chairman of the Supervisory Board.

Vorwerk is operational in more than 60 countries across Europe, Asia, North and South America as well as in Australia and parts of Africa with its own subsidiaries or trading partners. The strong international alignment of the Wuppertal-based, family-owned company can readily be seen from the distribution of sales. The proportion of sales generated outside the company’s domestic market, Germany, reached 63.1 percent. This share amounted to 73.9 percent in the direct sales segment.

* To enable a better understanding of the development of the company, percentage changes to the previous year are described in this report with the following adjectives: negligible/minor (1-2 percent), moderate/slight (3-5 percent), substantial/sizeable (6-10 percent), considerable/notable (11-15 percent), distinct/clear (16-24 percent), significant (more than 25 percent).

The Group is managed and steered on the basis of detailed budget plans and subsequent reporting and variance analyses. In this respect the main parameters, sales revenue and operating earnings were planned and monitored at the divisional level for the financial performance indicators.

In order to enhance the transparency of the results in the Kobold and Thermomix divisions, a new method for allocating production costs will be applied from 2021 onwards, meaning that operating earnings for the Kobold, Thermomix und Engineering divisions in 2021 will not be directly comparable with those of the previous year. This new methodology will not affect the Group's overall results.

In the case of specific divisions in the direct sales area, Vorwerk applies non-pecuniary performance indicators for the purposes of foresighted and sustainable corporate control. They concern the productivity (= sales per active advisor) and the activity – in other words the proportion of active sales advisors in relation to the total number.

Markets and customer requirements are currently changing very rapidly, thereby presenting companies all around the world with enormous challenges. Efficient processes, agile working methods and distinct structures are more than ever preconditions for entrepreneurial success. To address this, Vorwerk is resolutely focusing on three core elements: the active community of advisors, customers and staff, the evolution of the direct sales approach as well as innovative products and services.

The innovative strength of Vorwerk is also clearly reflected in the number of patent registrations: Vorwerk had numerous national and international patents or patent applications recorded in 2020.

Vorwerk has systematically addressed the aspect of sustainability since 2016. The sustainability organization created in the same year identifies the main sustainability issues applying across the entire Group, coordinates programs already in progress and develops new projects. Important impulses were given by the Supervisory Board at Vorwerk and the shareholders in the year under review aimed for instance at attaining another distinct reduction in CO2 emissions. The next Sustainability Report is planned for the end of 2021.

Apart from the continued SAP implementation in the "VORward" program for the Thermomix und Kobold divisions, the focus of IT activities was on the successful roll-out of the new, modern working environment for some 5,500 users across 14 countries based on MS Office 365. The roll-out was completed at the beginning of the year under review and thereby enabled Vorwerk to react quickly and effectively to the changed working conditions prevailing under the COVID-19 pandemic.

Against the background of a rapidly ever-changing world, the Vorwerk Group has been successful in recent years in attaining growth and in establishing itself as an innovative company with a focus on "Home" activities. This success has been ensured by extensive investments in digitization and innovation. Against this background the Vorwerk flooring division was scrutinized with regard to its future potential within the strategic approach of the Vorwerk Group. Vorwerk owes its origin to the carpeting business. However, for some time now the entity has only contributed single-figure revenue to the overall Group figures and could therefore no longer be considered part of the Vorwerk Group's growth strategy. In the course of the business year under review Vorwerk therefore decided to accept a management buy-out offer for the business. Vorwerk flooring has thus been managed as a separate entity outside the Vorwerk group since 1 August 2020. The Vorwerk Group will support the development of the business in the coming years and thereby make its contribution to ensuring the long-term existence of the operation. This also includes the licensing of the Vorwerk brand.

Comprehensive protection and hygiene measures to contain the effects of the COVID-19 pandemic were adopted across all divisions of the Vorwerk Group throughout the year under review. In this context efforts were focused on the protection of customers, advisors and staff members.

## Summary of the Development of the Individual Divisions

Thermomix remains the division within the Vorwerk Group with the highest revenue. The division achieved record revenue of EUR 1.6 billion with a significant increase of 24.9 percent.

The Kobold division established itself with revenue of EUR 703 million at approximately the level of the previous year (minus 0.7 percent) despite the effects of the COVID-19 pandemic.

JAFRA Cosmetics suffered a decline in revenue of 9.3 percent to EUR 319 million, mainly due to the pandemic-related challenging situation in its main market Mexico, whereby exchange rate effects also had a negative impact.

The akf group reported revenue of EUR 496 million, a figure that was slightly above the level of the previous year and a substantially reduced level of new business of EUR 1.2 billion – representing the sum of the newly concluded finance and leasing agreements.

The individual divisions will be described in detail on the following pages.

### Sales by Division

| in million EUR | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| Home | 2,032.7 | 1,947.1 | 2,070.1 | 2,331.7 |
| Thermomix | 1,120.0 | 1,079.5 | 1,268.4 | 1,583.8 |
| Kobold | 791.9 | 756.5 | 708.4 | 703.2 |
| Vorwerk flooring * | 58.1 | 48.7 | 41.3 | 17.5 |
| Neato Robotics | 62.7 | 62.4 | 52.0 | 27.2 |
| Diversification | 809.7 | 785.6 | 824.0 | 814.6 |
| JAFRA Cosmetics | 363.6 | 336.0 | 351.7 | 319.0 |
| akf group | 446.1 | 449.6 | 472.3 | 495.6 |
| Others | 63.7 | 57.8 | 33.9 | 34.3 |
| **Group sales** | **2,906.1** | **2,790.5** | **2,928.0** | **3,180.6** |

* Vorwerk flooring included till 31 July 2020

# Thermomix

The Thermomix® is constantly evolving thanks to smart function updates.

The multifunctional kitchen appliance Thermomix® has been simplifying everyday cooking for more than 50 years. The Thermomix® TM6 can be operated simply and intuitively. The integrated recipe platform Cookidoo® allows direct access to carefully developed and proven Thermomix® recipes. The Thermomix® TM6 with its Guided-Cooking function takes users through the recipes step-by-step. Today, more than 60,000 Guided Cooking-enabled recipes are available for the Thermomix® TM6 worldwide. This means that the Thermomix is a highly modern, digital kitchen appliance.

Subsidiaries are operational for the Thermomix division in a total of 16 countries in Europe, Asia and North America. In addition, Thermomix has more than 30 distributors. The multi-functional kitchen appliance is sold worldwide in a direct selling system. Advisors demonstrate the Thermomix® at potential customers' homes by providing a cooking experience. Customers also benefit after purchase from the individual, personal service available locally. Additionally, Thermomix® is presented in some countries in conventional stores and also sold there occasionally. Further, Thermomix® accessories are available worldwide in an online shop.

In the year under review an increase in revenue of 24.9 percent to a new record level of EUR 1.6 billion was achieved, a figure that was significantly above the previous year and the expectations. The operative result also developed pleasingly and was significantly above expectations. This was particularly due to the increase in revenue and the distinct rise in the number of new advisors since the end of 2019, but also to a strict cost management approach, especially at the beginning of the COVID-19 pandemic.

The number of advisors increased by 24.2 percent compared to the previous year. There was a minor fall in average productivity. Activity was also negligibly below the level of the previous year. On average, almost 60,000 self-employed advisors were working for the division in 2020. As a reaction to the restrictions prevailing in March 2020 from the COVID-19 pandemic, the Thermomix division added electronic formats and online demonstrations by advisors to its sales system within the shortest period of time. Parallel to this, the modified strategy initiated in 2019 to further develop the direct sales approach was resolutely pursued.

In line with planning, the "Thermomix Friend" was also launched, a new accessory product for the Thermomix® TM6 and TM5. The "Thermomix Friend" enables optimized parallel cooking for the very first time. Anyone at home can now prepare complicated meals for themselves via the Guided-Cooking function. Customers in numerous countries have been able to buy the "Thermomix Friend" through their advisors since the spring of 2021.

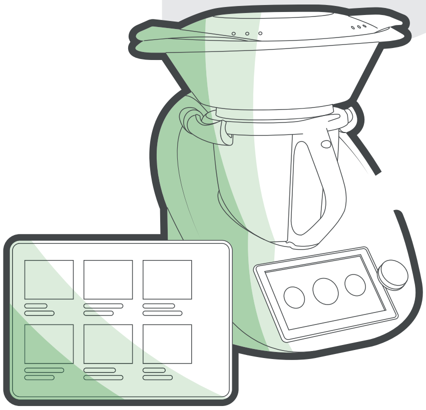
2020 was a most successful year for most Thermomix markets. The strongest sales country was once again Germany with the company achieving revenue of EUR 434 million, an increase of 24.9 percent. The development was also positive in France (revenue EUR 221 million, plus 19.5 percent), Spain (EUR 170 million, plus 12.4 percent) and Italy (revenue EUR 146 million, plus 13.7 percent). Poland achieved a significant increase and can now be numbered among the larger sales countries with revenue of EUR 162 million and a rise of 64.9 percent.

A positive image could also be portrayed in Portugal (revenue EUR 48 million, plus 31.2 percent), Austria (revenue EUR 37 million, plus 66.2 percent), Great Britain (revenue EUR 36 million, plus 95.3 percent), Switzerland (revenue EUR 29 million, plus 45.4 percent), Mexico (revenue EUR 28 million, plus 137.0 percent) and the USA (revenue EUR 22 million, plus 71.0 percent). The export business – i.e. sales through so-called distributors – also recorded a significant increase in revenue to EUR 81 million.

By contrast, Thermomix China suffered a decline in revenue due to the effects of the COVID-19 pandemic despite having had a good start to the year. The reasons for this were the strict lockdown measures and a reluctance among consumers to visit shopping centers and Thermomix cookery studios. China achieved a volume of EUR 144 million, a minus of 15.6 percent.

The Thermomix division is looking forward to a considerable positive development in revenue in the current business year 2021, especially in view of an increasing number of advisors. Earnings will be substantially above those of the year under review due to planned investment in additional digitization and a methodological change in the allocation of development and production costs.

More than 60,000 Guided Cooking-enabled recipes are available on the Cookidoo® recipe platform.



# Kobold

The Kobold VT300 Cylinder Vacuum Cleaner comes out "best in class" for the second time in a row in a test carried out by the consumer watchdog "Stiftung Warentest".

Innovation, quality and durability – that is what the high-quality room care and cleaning solutions from the Kobold division stand for. The modularly-structured Kobold cleaning system comprises the Kobold VK200 Upright Vacuum Cleaner and the VT300 Cylinder Vacuum Cleaner as well as six attachments for the deep cleaning of various surfaces. The Kobold VR300 Robot Vacuum Cleaner navigates autonomously through the home and cleans hard and carpeted floors in logical sweeps. Moreover, no-go areas can be defined with the help of the App. Vorwerk has developed an attachment with the Kobold SP600 that can vacuum and mop at the same time. The Kobold VB100 Cordless Vacuum Cleaner and the Kobold SPB100 Wet and Dry Cleaning Attachment complete the Kobold family in the most innovative of ways. Kobold sells its products in a direct sales system, in Vorwerk stores and online. The products regularly win awards and the Kobold VT300 Cylinder Vacuum Cleaner came out "best in class" in a test conducted by the consumer watchdog "Stiftung Warentest" in the year under review.

The Kobold division is represented with its own subsidiaries in a total of twelve countries in Europe and Asia. In addition, more than 30 distributors are engaged in selling the products.

The Kobold division achieved revenue of EUR 703 million in the year under review and was thereby only negligibly below the level of the previous year but considerably above the forecast. Operative earnings were significantly higher than the previous year and above expectations. This was again due to a strict cost management approach, particularly at the beginning of the COVID-19 pandemic.

On average, almost 9,600 self-employed advisors were working for the division in the year under review. There was a marginal decline in activity and productivity was slightly below the level of the previous year.

The new Cordless Vacuum Cleaner, launched in June, meant that Vorwerk was able to present an innovative solution for cordless vacuuming and wet-cleaning for the very first time. In Germany the Kobold SPB100 Cordless Wet and Dry Cleaner is positioned as "Kobold Besserwischer".

Italy, the traditionally strongest market, achieved revenue of EUR 331 million, a decline of 11.6 percent. This drop was due to the specifically grave pandemic phase and the extremely strict lockdown measures in Italy.

By contrast, Germany reported double-digit revenue growth (EUR 239 million, plus 10.5 percent) – and this despite the intermittent closure of all 58 high street shops. In this particular year direct selling could reveal one real strength: when customer visits were unfeasible, advisors could always be reached and they maintained contact by phone or via virtual tools. In addition, customers made use of the Kobold online platform.

Among the larger Kobold countries, France was also able to raise revenue (EUR 32 million, plus 16.8 percent) as was China (EUR 29 million, plus 28.0 percent), Austria (EUR 21 million, plus 3.3 percent), Taiwan (EUR 9 million, plus 18.3 percent) as well as the distributor business (EUR 12 million, plus 4.8 percent).

The modified strategy initiated in 2019 was resolutely pursued in the Kobold division, too. The division is looking forward to a distinct increase in revenues in 2021, assuming an increase in the number of advisors. The earnings situation is expected to be significantly above the level of the year under review, essentially due to a methodological change in the allocation of development and production costs. This change will have no effect on the Vorwerk Group's overall results.

Innovation in the Kobold family: The Kobold SPB100 Cordless Wet and Dry Cleaner.

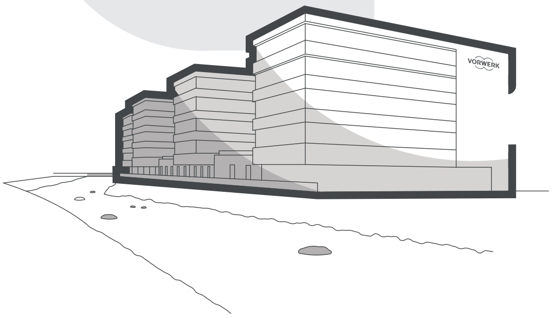
# Vorwerk Engineering

The Vorwerk Engineering division manufactures its products as commissioned by the "Home" divisions that have successfully conceptualized them over many years now by applying the experience they have gained from the sales organizations and direct customer contacts. The Engineering division is therefore very dependent on and is steered by the development of business at the Vorwerk sales companies and their business development.

Vorwerk Engineering manufactures its products at three different locations: Wuppertal (Germany), Cloyes-sur-le-Loir (France) and Shanghai (China). The largest facilities are in Wuppertal with more than 1,000 staff. The main Research & Development activities are also focused there. In the year under review the division successfully launched a number of new products: the "Thermomix Friend" as an accessory for the Thermomix® as well as the Kobold SPB100 Cordless Wet and Dry Cleaner, in Germany the so-called "Kobold Besserwischer".

Revenue at the Vorwerk Engineering division corresponded to the development of turnover at the sales divisions in 2020. Operating earnings could be significantly increased in comparison to the previous year and the planning. A substantial increase is expected for the current business year on account of a methodological change in the allocation of production costs.

Largest production site in the Vorwerk Group: The Elektrowerke in Wuppertal.



# Neato Robotics

Founded in 2005, Neato Robotics, Inc. with registered offices in Silicon Valley, launched its first series of robot vacuum cleaners in 2010. It was Neato, for example, that introduced an intelligent laser navigation system.

Vorwerk has been a shareholder in the US-based company since 2010. In 2017 Vorwerk ultimately increased its participation to 100 percent. This means that the Vorwerk Group now has a presence in the American market for intelligent robot vacuum cleaners. At the same time the two companies cooperate with each other in the areas of R&D and manufacturing. Neato Robotics acts as an independent entity within the Vorwerk Group and has its own brand identity.

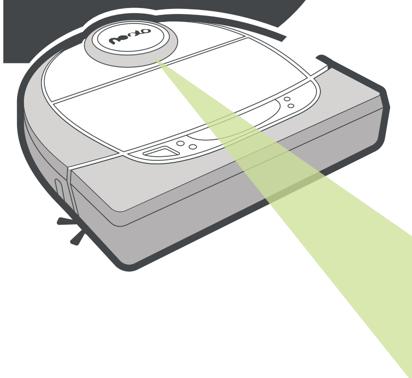
The products are available both online and through trading partners in North and South America, Europe as well as in some Asian markets.

The COVID-19 pandemic caused a significant decline in revenue in the year under review since many of Neato's retailer customers were forced to temporarily close their outlets to contain the spread of the Coronavirus. Moreover, the planned launch of three new products, equipped with a new-generation software platform, was delayed due to pandemic-related office closures and the associated longer development periods.

Consequently, Neato recorded a significant decline in revenue to EUR 27 million. Operating earnings were also significantly below expectations on account of the fall in turnover.

Neato Robotics anticipates significantly higher revenues and a significant increase in operating earnings for the current business year despite the impairments from the COVID-19 pandemic. Besides improvements in sales and inventory management, the newly developed products should contribute to this.

Neato already introduced intelligent laser navigation for robot vacuum cleaners back in 2010.



# JAFRA Cosmetics

JAFRA Cosmetics expands its product range with a disin-fecting hand gel.


The JAFRA Cosmetics division produces and sells high-quality cosmetics and can look back on more than 60 years' experience in direct selling. The range comprises skin and body care, fragrances, decorative color cosmetics, spa and anti-aging products. JAFRA is market leader in the area of fragrances in Mexico.

New articles are developed in the company's own research laboratories in the USA and production takes place in the JAFRA Cosmetics manufacturing facility at Querétaro, Mexico.

JAFRA Cosmetics with its headquarters in the USA (Westlake Village/California) was operational in a total of seven countries in North and South America, Asia as well as Europe in the year under review. In addition, the products are sold through numerous distributors. More than 508,000 self-employed consultants were working for JAFRA, of which some 427,300 in Mexico, the largest market by far.

The COVID-19 pandemic had a substantial impact on the development of business at JAFRA Cosmetics. Mexico, a major market, was particularly hard hit by the pandemic in the year under review. JAFRA Cosmetics adapted itself more and more towards digital elements during this phase – whether for contacts between consultants and customers or for meetings, trainings and new product launches. The most important product launch was the introduction of a hand disinfectant in the USA at the end of April, signaling a simultaneous extension to the product range.

JAFRA Cosmetics suffered a substantial drop in revenue in euro terms in the year under review and achieved an overall volume of EUR 319 million which was, however, clearly above expectations. Operating earnings were significantly above forecast.

Mexico, traditionally the strongest performer, reported a decline in revenue of 3.6 percent in local currency. Converted into euro, turnover dropped distinctly to EUR 227 million.

Sales proceeds in the USA amounted to EUR 63 million and were thereby substantially above the previous year. Indonesia exceeded the revenue of the year before by 21.1 percent, reporting EUR 19 million.

Germany, the Netherlands, Austria and Switzerland suffered a decline in revenue. The overall volume of the European countries amounted to EUR 10 million, some 5.1 percent below the previous year.

JAFRA Cosmetics expects slightly lower revenue for the current business year with a view to the development of the exchange rate. Similarly, operating earnings will be slightly lower.

# Vorwerk Direct Selling Ventures

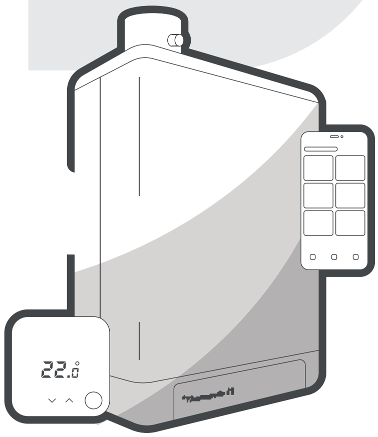
The Vorwerk Group, through Vorwerk Ventures, makes use of various investment vehicles to participate in companies pursuing novel and promising business models. The venture capital entity makes its investment decisions without any direct relationship to the strategy of the Vorwerk Group. Investments are made in segments that have the potential for strong growth and high profitability.

The investment portfolio is managed with a view to the exit potential. One objective of Vorwerk Ventures is to create the framework conditions for a productive know-how transfer between the young, innovative entities and the various companies of the Vorwerk Group, from which both sides can mutually benefit. Some portfolio companies are already among the leading providers in their specific markets and offer great opportunities for an increase in value.

Since the unit was first established in 2007, Vorwerk Direct Selling Ventures has participated in a total of 23 companies. At the end of 2020 some ten were still included in the portfolio. The portfolio of Vorwerk Direct Selling Ventures includes the entities: Dinner-for-Dogs, CrossEngage, JUNIQUE, LILLYDOO, Mädchenflohmarkt, OTTOnova, smartfrog, STOWA, Vaniday and Thermondo. There was a need in 2020 to make a value adjustment in the case of one company. The participation in flaschenpost SE was sold at a profit in the year under review. Vorwerk Direct Selling Ventures thereby contributed most positively to the overall performance of the Group. Investments in the existing portfolio were made as part of a wider, external financial consortia commitment.

Within the scope of implementing its own growth strategy, the venture capital entity adopted a customary, asset management organizational structure at the end of 2019 and established a new venture capital fund called Vorwerk Ventures III with a volume of EUR 150 million. The Vorwerk Ventures III investment vehicle has participated in a total of seven companies since then. As these funds are in an early investment phase, there have been no exits so far.

The ten companies in the portfolio include Thermondo, a provider of digital heating technology.



# akf group

The Wuppertal-based akf group is positioned as a traditional finance partner of small and medium-sized companies. On the market now for more than four decades, akf bank, akf leasing with its foreign subsidiaries and akf servicelease have been offering a product portfolio tailored to the funding requirements of these clients. The commercial customers come from the metal, plastics and wood-processing areas, the graphics industry and the agricultural sector. Finance is also available for private clients wishing to purchase a car or other consumer goods.

The sales units at akf group developed to varying degrees in the year under review. The new business volume in the banking and leasing segments declined substantially with EUR 1,239 million being reported (previous year: EUR 1,324 million), a drop of 6.4 percent as against the previous year.

Business with the finance of cars, fleets and watercraft (autofinanz, flottenfinanz and marinefinanz) declined by EUR 20 million but continued to play an important role with a volume of EUR 537 million and a higher share of total business, namely 43.3 percent (previous year: 42.0 percent).

A volume of EUR 228 million (previous year: EUR 341 million) from the funding of machinery and other equipment in the industriefinanz sector accounted for 18.4 percent of overall business (previous year: 25.8 percent).

The level of finance for agricultural vehicles and mobile agricultural technology in the agrarfinanz segment declined by 8.6 percent to a volume of EUR 195 million, a figure which represented 15.7 percent of total business (previous year: 15.4 percent).

The produktfinanz sales sector was able to increase business by EUR 56 million to EUR 279 million. Some EUR 221 million (previous year: EUR 196 million) are included in this figure from consumer finance activities within the scope of the vendor funding of high-quality household appliances from the Vorwerk Group.

The volume of purchased receivables in the factoring business segment increased from EUR 654 million to EUR 852 million.

In the case of financial services, revenue is calculated on the basis of the interest and leasing income as well as the payments for other services that are received as compensation for the relinquishment of capital or assets. Revenue at akf group was above the level of the previous year with EUR 496 million (previous year: EUR 472 million) being reported.

New business and operating earnings developed in line with expectations. Revenue in the year under review was slightly above forecast . The interest rate margin – the difference between the lending and refinancing rates – is of decisive importance for the earnings situation of akf group. Despite a slight reduction in the interest rate margin of four basis points on a year-on-year comparison, interest income at akf bank could be improved by 5.7 percent. The reason for this was a growth in the average business volume in line with expectations.

As in previous years, refinancing of akf group was implemented – mainly with matching maturities – through interbank transactions, revolving ABCP programs, one open-ended ABS bond as well as the deposit-taking arm of the business. The deposit business again developed in accordance with expectations in the year just closed. Overall, some 22,000 private investors (previous year: around 21,700) had entrusted deposits of EUR 1,437 million (previous year: EUR 1,405 million). As in past years, business was only transacted on an online basis. In terms of interest payments for the various products, akf group handles all private investors in the same manner as a matter of principle and refrains from making any special offers or promotions to attract new clients.

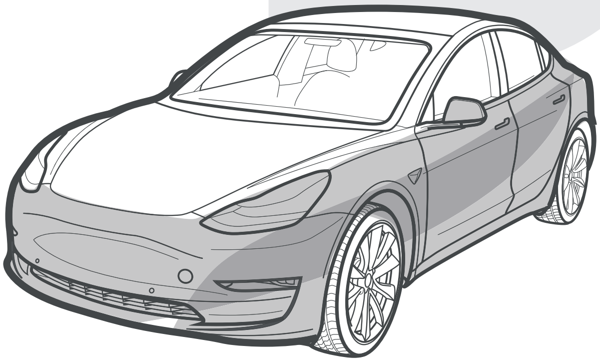
Given the current economic expectations, akf bank anticipates a stable to slightly lower new business volume – and thereby a consistent overall business volume – with steady interest income when the interest rate margin remains unchanged. The development of risk provisions will depend very much on how the pandemic progresses. Since akf bank provides proportionally far fewer funding arrangements for the industries particularly hard hit by the pandemic such as hospitality and tourism, it may be assumed that the costs for risk provisions in relation to the average business volume will be below the level of the 2020 business year in absolute terms but above the level of the fiscal years before 2020.

The annual surplus is expected to be slightly above the level of the year under review.

However, given the prevailing conditions, especially in view of the third wave of the pandemic, any forecast as to the future development of business is associated with great uncertainty.

Consequently, the development of business at akf bank could also be significantly below forecast. In such a case, the planned level of earnings could be impaired by the level of interest income being lower than expected, while the costs for credit risk provisions increase.

Reliable finance partner for SMEs.



# Personnel Development

590,253 people, on average, worked worldwide for the companies of the Vorwerk Group in 2020. The number of employed staff was 12,260 and the number of self-employed sales advisors 577,993.

## Staff (Annual Average)

| | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| Home | | | | |
| Thermomix* | 3,481 | 4,694 | 5,665 | 5,914 |
| Kobold* | 1,964 | 1,808 | 1,963 | 1,881 |
| Vorwerk flooring ** | 381 | 366 | 313 | 180 |
| Vorwerk Engineering | 1,596 | 1,602 | 1,615 | 1,603 |
| Neato Robotics | 106 | 129 | 115 | 125 |
| Diversification | | | | |
| JAFRA Cosmetics | 2,046 | 1,955 | 1,806 | 1,696 |
| akf group | 451 | 485 | 499 | 504 |
| Others | 2,308 | 1,933 | 343 | 357 |
| **Total*** | **12,333** | **12,972** | **12,319** | **12,260** |

* Including employed sales advisors
** Vorwerk flooring included till 31 July 2020

## Self-Employed Sales Advisors (Annual Average)

| | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| Thermomix | 45,047 | 44,574 | 48,231 | 59,890 |
| Kobold | 14,734 | 12,004 | 9,623 | 9,581 |
| Others | 740 | 593 | 180 | 236 |
| Self-employed sales advisors “Home” | 60,521 | 57,171 | 58,034 | 69,707 |
| Self-employed sales advisors JAFRA Cosmetics | 572,607 | 553,748 | 541,038 | 508,286 |
| **Self-employed sales advisors in total** | **633,128** | **610,919** | **599,072** | **577,993** |
| | | | | |
| **Total Vorwerk workforce** | **645,461** | **623,891** | **611,391** | **590,253** |
| of which sales advisors* | 637,044 | 615,219 | 603,977 | 583,044 |

* Including employed sales advisors

# Assets and Earnings Situation

The consolidated balance sheet total of the Vorwerk Group had increased by EUR 174.0 million to EUR 5,506.5 million as of balance sheet date on 31 December 2020, a rise that was in part attributable to the increase in cash and cash equivalents on the assets side and the higher annual surplus of the Group, but also to the rise in the other liabilities item on the liabilities side, offset against a decline in the level of bank loans and overdrafts.

Fixed assets fell by EUR 38.6 million overall. This mainly concerned the tangible fixed assets that shrank by EUR 67.6 million (previous year: growth of EUR 31.5 million) since the write-downs were subject to scheduled depreciation, but the investment in land and buildings had mostly been concluded. The investment ratio fell accordingly by 4.6 percentage points to 16.0 percent. The fixed assets ratio of 27.0 percent was 2.3 percentage points below the level of the previous year with a moderate increase in the total capital amount.

Under the financial assets item, participations fell by EUR 12.4 million mainly due to sell-offs. By contrast, the long-term securities item increased through purchases by EUR 32.1 million and was thereby slightly above the level of the previous year. Similarly, shares in affiliated companies, that are included in the balance sheet at book value, were some EUR 6.7 million higher.

There was a substantial increase of 7.5 percent in current assets, mainly due to a significantly higher level of cash and cash equivalents.

Inventory assets fell by EUR 17.1 million, primarily due to the sale of the Vorwerk flooring division (EUR -22.0 million). The frequency of stock rotation at 2.3 was at the level of the previous year.

Overall, there was a distinct decrease in the value of trade receivables of 10.6 percent. This was attributable both to a one-off extension of payment periods at the end of the previous year as well as to a decline in revenue, especially at Kobold in Italy, Neato Robotics and Vorwerk flooring. Write-downs were adapted to be in line with the payment conduct of customers. The value adjustment ratio increased substantially as against the previous year to 39.6 percent.

The expansion in the instalment loan, investment credit and forfeiting business at akf group resulted in an increase in the level of net receivables from customers in the banking and leasing sector of EUR 18.8 million. The value adjustment ratio increased by 0.2 percentage points in this area.

The ratio of current assets to total assets of 49.7 percent was moderately above the level of the previous year.

The cash ratio – defined as the cash resources available at short notice against current liabilities – amounted to 36.3 percent in the year under review (previous year: 28.1 percent).

The liabilities side reflected partners' equity of EUR 1,472.7 million. The partners' equity capital ratio was running at 26.7 percent (previous year: 25.8 percent). Given an assumed consolidation of akf group at equity, the partners' equity capital ratio would be lower at 47.3 percent than in the previous year (47.9 percent). The equity to fixed assets ratio amounted to 54.9 percent and was thereby substantially higher than in the previous year (50.6 percent).

Accruals were some 10.2 percent higher than in the previous year. Provisions for pensions and similar obligations rose by 2.8 percent due to the lower rate of interest. Accruals to cover tax risks increased by 30.6 percent. The considerable rise in the other accruals item mainly concerned accruals to cover process risks and product developments as well as obligations towards sales staff and for pension entitlements. By contrast, accruals especially for restructuring measures were lower.

Liabilities remained at approximately the level of the previous year. However, the individual items developed in various directions.

Liabilities to banks could mainly be attributed to akf group and fell by EUR 115.7 million. Liabilities from the deposit business exclusively related to akf group. They increased by EUR 37.2 million in the year under review and were used to refinance the expansion of business across the entire Vorwerk Group. Revenue-related, the figure in the other liabilities item from value added tax and towards sales advisors increased by EUR 11.2 million and EUR 16.9 million respectively.

A more or less same level of liabilities set against an increase in equity had a positive effect on the debt ratio which fell by 12.7 percentage points in comparison to the previous year to 260.4 percent. Given an assumed consolidation of akf group at equity, the debt ratio would amount to 107.4 percent (previous year: 105.7 percent).

The deferred income item on the liabilities side of the balance sheet in an amount of EUR 199.2 million included - besides year-end-related income deferrals – deferred net present values for the leasing receivables sold to third party banks and subject to scheduled reversal. Income deferrals in an amount of EUR 13.6 million resulted in an increase in this item in the year under review.

The Vorwerk Group achieved sales of EUR 3,180.6 million in the 2020 business year, an increase of 8.6 percent. The return on sales rose by 6.0 percentage points. The higher revenue was mainly generated by the Thermomix division, but the akf group was also able to enhance sales. Reference is made to the respective comments on the divisions for detailed explanations on revenue development.

The change in work in progress and finished goods within the inventories item at the Vorwerk flooring division is not reflected in the inventory changes due to the management buy-out of the flooring company.

The significant increase in the other operating income item was primarily the result of the sale of participations at Vorwerk Direct Selling Ventures.

The cost of materials (without the bank and leasing operations) rose by 2.2 percent in comparison to the previous year. Whereas the material costs increased by 5.8 percent in the Thermomix und Kobold divisions, there was a significant sales-related fall in others. The cost-of-materials ratio was 1.6 percentage points lower than in the previous year.

The increase in the costs for loan and leasing transactions of EUR 17.2 million was mainly the result of an expansion in the leasing business.

Besides the generally higher level of wages and salaries, the rise of EUR 3.8 million in personnel expenses could be attributed to higher headcount in some companies. By contrast, the expense associated with employed advisors fell as a result of a change to the sales model in China.

Scheduled depreciation with an increase of 0.9 percent was approximately at the level of the previous year. In addition, there was non-scheduled depreciation in an amount of EUR 1.7 million (previous year: EUR 4.7 million).

The other operating expense item recorded a sizeable increase overall in comparison to the previous year, however the individual expense items developed in various directions. Primarily, the growth in revenue at Thermomix resulted in an associated increase in the commission payments made to self-employed advisors. The expenses for process risks and development costs were equally affected. Expenses for advisory and consultation services were lower as were the costs for business travel as a consequence of the restrictions caused by the Corona pandemic.

The EUR 9.9 million decrease in the financial result was primarily attributable to EUR 4.6 million higher depreciation on participations at Vorwerk Direct Selling Ventures. Interest income fell by EUR 2.2 million.

The operative result and the development of earnings were above expectations at most divisions. At Neato Robotics they were below. The mostly positive earnings situation at the relevant divisions was a satisfying development for Vorwerk.

# Financial Situation and Development of Financial Assets

Historically, the year 2020 unfolded to an unprecedented degree, both in terms of the economy as well as the capital markets. The global economy suffered one of its sharpest declines in GDP in a single quarter as a result of the spring lockdown in the second quarter, but rose in the third quarter by the highest level ever recorded. The economic recovery was supported by fiscal spending programs and financial aid of previously unimaginable dimensions. Further, central banks once again increased the supply of liquidity to the markets through expanded government bond purchase programs and continued to keep short-term interest rates at rock-bottom levels.

These measures also had an impact on the capital markets. As a result of the strong liquidity inflows and despite the fact that the global economy was impaired by the pandemic, the stock markets benefited disproportionately over the course of the year – at least after the slump in the first quarter. After a loss of around 20 percent in the first quarter of 2020, the MSCI World Index closed the year as a whole with a positive development of around 6 percent. Risk-limiting measures were also maintained in Vorwerk's asset allocation until the fall; asymmetric instruments to prevent tail risks have been part of Vorwerk's investment policy for many years. This made it possible for extreme downward movements in the investment portfolio to be avoided, although the recovery was not as strong as implied by the capital markets. Thanks to the widely diversified portfolio, the expected contributions to corporate earnings were largely achieved; the only negative factors were the absence of dividend income due to the temporarily lower equity weighting and the detrimental impact of negative interest rates on earnings.

Thanks to the positive development in operating earnings, Vorwerk (without akf group) could finance its investments and activities from operative cash flow. The mid-term loans in a total amount of EUR 80 million that were concluded in the years 2019 and 2020 continued to exist. Money market facilities were occasionally taken up in spring to cover short-term liquidity peaks, facilities that were mostly repaid within the course of the year.

As part of the policy relating to the investment of freely available capital, the Vorwerk Group ensures that 60 percent of the liquidity portfolio can be realized within a three-month period and made available for operational business if need be. In terms of the strategic alignment of the portfolio, in times of crisis there has been a tendency to review and reduce fewer liquid portfolio components and substitute them with even more liquid investments.

Liquidity within the Group increased distinctly in the business year just closed (without akf).
We refer to the section on akf group regarding the financial report for the akf group.

# Risk Management System, Opportunities and Risks

The risk management process comprises the identification, assessment, communication as well as the steering and control of risks. Risk management is a continual process with risks being identified and quantified at least twice a year. Overall, the structure and assessment of risks have changed negligibly in comparison to the previous year.

## Risk Management Matrix

| Possible financial impact / Occurrence probability | Very low 2 – 5 % | Low > 5 – 20 % | Medium > 20 – 50 % | High > 50 % |
|---|---|---|---|---|
| **Significant > EUR 30 million** | Legal (Product & Sales) | General Business Environment (Competition) | IT & Information Security Pandemic Covid- 19 (Sales) | Pandemic Covid-19 (Supply Chain) |
| **Moderate > EUR 20 – 30 million** | Legal (Data Protection) | Finance (Capital Investments) Strategy & Management | Finance (Currency Risks) Personnel, Product, Sales System | |
| **Insignificant EUR 10 – 20 million** | Supply Chain | | | |

In our opinion, Vorwerk has been able to make positive use of the challenges created by the COVID-19 pandemic by taking advantage of the sales opportunities offered by a direct sales company. Nevertheless, the current business situation continues to be characterized by specific COVID-19 risks. Due to local, possibly prolonged, lockdown phases and bottlenecks on global procurement markets, there is a high risk in our own supply chain with regard to delivery capability. Sales may also be negatively impacted by renewed nationwide and/or regional contact restrictions over a longer period of time. This can have a significant effect on corporate earnings.

The existing IT system landscape and structure and the corresponding business processes are being further digitized, consolidated and renewed. In this respect there is also always the risk that the targets set will not be or not be fully achieved. Vorwerk has created greater risk transparency with regard to IT and information security risks at national and group level through various projects and initiatives. Compared to the previous year, the measures introduced so far have improved the risk situation. The risk assessment analysis identified a consolidated significant risk with a medium occurrence probability from a group perspective

In the business environment of the Vorwerk Group there are risks with a significant impact on business activities from the entry of new, disruptive competitors. The Vorwerk Group counters these risks with innovations that not only encompass the further enhancement of existing products but also the creation of new developments and services. This process requires a strong commitment to R&D, for which the investment of extensive financial resources is necessary. The probability of occurrence is considered to be low in view of the measures taken. Furthermore, the Vorwerk Group considers a successful R&D process to be the basis for future growth.

Significant implications for the earnings and financial situation with a very low occurrence probability may emerge from risks resulting mainly from competition, patent, taxation or contractual law, product liability as well as new or modified statutory requirements. Internal guidelines, accompanying measures and, if need be, legal counselling actively address such risks in an attempt to limit them from the very outset.

There are personnel and sales risks with a medium probability of occurrence and a moderate impact on earnings, in particular due to the need to recruit specialist and management staff and the corresponding shortage of skilled workers, not only in Germany.

Our product risks relating to statutory product safety and warranty/guarantee claims are classified as having the same impact and occurrence probability.

Vorwerk assesses data protection risks as having a very low probability of occurring and of having a moderate impact on the liquidity and earnings situation. The measures already taken have reduced this risk to an acceptable level.

Risks with the same occurrence probability and insignificant impact arise for instance when production locations are incapacitated. As already reported in previous periods, investments in safety, plant infrastructure and organizational measures have reduced the probability of occurrence at all sites. The supply chain risk in this context is at an acceptable level and the existing residual risk is covered by taking out appropriate insurance policies.

The investment strategy at the Vorwerk Group primarily pursues the target of securing assets long-term. The instituted Financial Committee regularly scrutinizes the investment strategy with the aim of optimizing the opportunity/risk profile. Risks from changes in exchange rates are similarly determined and hedged as far as possible. The risks from investments and foreign currencies have a low to medium occurrence probability and a moderate impact on earnings. They are expressed in terms of the "conditional value at risk" (CVaR) and "cash flow at risk" (CFaR). The CVaR was EUR 33.8 million for investment management and the CFaR EUR 10.0 million (without the akf group) for foreign exchange management at the close of the business year under review.

Derivative financial instruments are exclusively used to hedge underlying transactions in the areas of foreign exchange and raw material management. The basis for the use of such instruments is the systematic ascertainment and verification of the exposure and the financial risks thus resulting. The objective of applying financial derivatives is to reduce the risks identified.

The opportunities and risks as well as the risk management system installed at the akf group are represented below. Since akf bank is closely tied to its sister and subsidiary companies, both in terms of staffing and organization, the bank's risks outlined below also include the risks of akf leasing and akf servicelease.

The akf group primarily runs an asset-backed business and therefore has, in principle, a low-risk operation. Besides the secured asset itself, there are additional buy-back guarantees from dealers or manufacturers for some of the funded transactions to reduce the risk of default.

The assumption of risk is an inherent component and significant performance factor for the banking sector. The professional management of these risks allows an appropriate balance of opportunities and risks. The year 2020 was characterized by the Corona crisis from a risk point of view. To counter the impact from these risks, akf group adopted a number of measures. A tightening of the approval policy for risky segments and the creation of an additional Corona risk provision are to be underlined in this respect. The cost for risks in the 2020 year under review increased and were in line with the long-term average.

The akf group meets the high requirements demanded for the management of these risks by permanently upgrading its systems. They help in identifying, measuring, monitoring and steering expected and unexpected risks. Risk management commenced with the introduction of a new software for the overall management of the bank in September 2020. The functional separation defined in the clear organizational structure ensures regulatory compliance and the effectiveness of the risk management process.

The risk inventory that is compiled annually identifies default, market price, operational and liquidity risks as being significant.

The default risk of akf group mainly comprises the lending risk incurred when a customer cannot fulfil the contractual obligations either fully or partially. Within the scope of the annually-reviewed risk strategy, business is conducted across a diverse group of borrowers and business sectors with high credit standing requirements being demanded. The existing credit risk management system encompasses a detailed and structured credit approval process with credit standing analysis as well as an effective dunning procedure and escalation process.

Market price risks are understood as being potential losses from adverse changes to market prices or price-influencing parameters. The relevant market risks are subdivided according to influencing factors into interest rate change risks and the residual value risk (akf leasing group). Being a non-trading book institute, the akf group is not subject to any currency risks or market price risks from shares or precious metals. Interest rate derivatives are only used to hedge the interest rate change risks.

The interest rate change risk describes the danger of having to accept a lower than planned or expected level of interest income or interest rate margin. Those items that cannot be adapted at any time to modified market interest rates are subject to such risk. The period for the fixed term interest rate and the number of transactions linked to this interest rate are decisive for the level of risk.

The residual value risk describes the danger of having to accept a reduced level of income or even a loss from the sale of used leasing assets as a result of future changes to the calculated prices. These risks are steered in the Fullservice business unit through constant monitoring of the used vehicle market and the implementation of adjustment measures as they become necessary in calculating the residual values. The residual value risk is fundamentally reduced at akf leasing GmbH & Co KG and additionally at akf servicelease GmbH thanks to the conclusion of take-back or residual value guarantees provided by dealers or manufacturers.

The liquidity risk at akf group comprises the insolvency risk, the maturity transformation risk and the refinancing risk. The insolvency risk is understood to be the risk that present or future payment obligations cannot be met to the full or are not rendered punctually. The maturity transformation risk emerges when the refinancing of the lending business is not effected with matching maturities, meaning that there is a liquidity requirement or a surplus at some point in the future. In the case of a positive maturity transformation risk – in other words a future liquidity requirement – there is the necessity of having to refinance this additional demand. The refinancing risk is therefore understood as meaning an inability to raise adequate cash and cash equivalents from the market when needed and/or on conditions contrary to those expected.

Refinancing is effected through loans from third-party banks or through the revolving sale of receivables within the scope of two ABCP programs. Moreover, the akf group refinances itself through the open-ended sale of credit, hire purchase and leasing receivables within the framework of an ABS bond (KMU). Besides this, the deposit-taking activities serve as a notable refinancing instrument. The main purpose is to have a more or less congruent refinancing of the lending and leasing operations.

Like any other company, the akf group is also exposed to operational risks. The significant operational risks have been identified in a risk inventory on the basis of a self-assessment approach. They exist in the form of legal, operational, technological and personnel risks. Moreover, external events (e.g. fraud) are also relevant.

The preconditions for flexible and reliable working procedures have been created in the IT department thanks to the software currently in use and the hardware that is constantly updated to correspond to the latest technical standards. A complete back-up computer center with organizational and spatial separation is operated in addition to the in-house solution, thus ensuring maximum protection against the effects of any acts of God.

To reduce the risks from other criminal acts, a working group is involved in handling cases that arise on the customer as well as dealer side so as to prevent any continuation or reoccurrence of such criminal acts. In principle, there are early-warning systems in place for the general prevention of operational risks. They determine how information that may point to the incidence of a fraud risk can be relayed bank-internally and the measures that are to be initiated. In this respect every department in the process chain relating to the automotive vendor business and mobile assets is involved.

To monitor operational risks, the cases of damage are reported to Risk Management quarterly and documented in a loss database.

Stress tests are applied regularly for all kinds of significant risks. Quarterly stress tests are carried out for default, market price and operational risks and monthly tests for liquidity risks.

The entire risk management process at akf group, including the methods used and responsibilities, is documented in the risk manual and checked regularly by internal audit as well as by the external auditors as part of their annual closing procedure.

A critical review of the risk portfolio as of balance sheet date shows that there were no risks in the past fiscal year that could endanger the continued existence of the Group. The results also show that the strategic positioning of the Group with its geographical breakdown and diversification is resilient in this currently very challenging overall economic situation. Vorwerk therefore continues to be generally well-protected against the effects of regional, industry or product-specific impairments.

# Outlook Report

The Vorwerk Group is very diversified in terms of products and sales systems as well as on account of its development of new, international markets. In our opinion, the Group will also benefit from favorable market trends in the future as a result of this structure. Vorwerk has recognized and defined end customers' households as its strategic focus. The vision adopted in this respect: "Our superior products and services elevate the quality of life everywhere you call home" and the measures resulting from this continued to be implemented throughout the year under review, in particular with investment in product innovations, the further development of the direct sales system, digitization, IT technologies as well as infrastructure.

As a family-owned company that thinks and acts long-term, we are convinced that the Vorwerk Group will overcome the future challenges with self-financed, organic growth or even consider acquisitions should the right opportunity present itself. In this respect the Group attaches great importance to a broadly diversified portfolio whilst at the same time wishing to intensify and internationally extend its high degree of competence in the development, manufacture and sale of high-quality household products.

Due to the ongoing situation with regard to the Sars-CoV-2 virus, it is difficult to make a valid statement about the quantification of these effects on the development of our revenue and earnings. However, based on current assessments, the Vorwerk Group expects a substantial increase in revenue overall in the 2021 fiscal year. This will be mainly driven by the "Home" business divisions. In this respect an increasing number of advisors is to be expected, accompanied by an extension of the digital offerings to support the direct sales organizations. Moreover, during the course of the year an – in our opinion – improved, innovative organizational structure will be implemented which should foster international, cross-functional, forward-looking collaboration. Overall, operating earnings will be substantially above the year under review. The forecasts of the individual divisions are described in detail in the respective sections of the management report.

# Consolidated Financial Statements 2020

# Consolidated Balance Sheet

**As at December 31, 2020**

## Assets

| € 000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **A. Fixed assets** | | |
| **I. Intangible assets** | | |
| 1. Purchased concessions, industrial property and similar rights and assets, and licences in such rights and assets | 89,139 | 85,965 |
| 2. Goodwill | 152,805 | 164,778 |
| 3. Prepayments | 2,804 | 1,385 |
| | **244,748** | **252,128** |
| **II. Tangible assets** | | |
| 1. Land, similar rights, and buildings, including buildings on leasehold land | 191,222 | 200,715 |
| 2. Technical equipment and machinery | 89,780 | 95,262 |
| 3. Other equipment, factory and office equipment | 43,077 | 60,380 |
| 4. Rental assets | 799,230 | 837,706 |
| 5. Prepayments and construction in process | 64,859 | 61,725 |
| | **1,188,168** | **1,255,788** |
| **III. Financial assets** | | |
| 1. Shares in affiliated companies | 41,461 | 34,716 |
| 2. Participations in associated companies | 35 | 35 |
| 3. Other participations | 65,390 | 77,760 |
| 4. Loans to companies in which the company has a participating interest | 10,660 | 2,822 |
| 5. Long-term securities | 1,068,342 | 1,036,223 |
| 6. Other loans and other financial assets | 63,055 | 61,029 |
| | **1,248,943** | **1,212,585** |
| **Fixed assets** | **2,681,859** | **2,720,501** |
| **B. Current assets** | | |
| **I. Inventories** | | |
| 1. Raw materials and supplies | 73,616 | 65,115 |
| 2. Work in progress | 6,843 | 13,087 |
| 3. Finished goods and merchandise | 186,738 | 204,579 |
| 4. Prepayments for inventories | 142 | 1,618 |
| | **267,339** | **284,399** |
| **II. Receivables and other assets** | | |
| 1. Trade receivables; | 392,494 | 439,031 |
| of which with a remaining term of more than 1 year | (0) | (0) |
| 2. Receivables from customers from banking and leasing business; | 1,394,803 | 1,375,974 |
| of which with a remaining term of more than 1 year | (996,611) | (908,618) |
| 3. Receivables from companies in which the company has a participating interest | 1,254 | 1,079 |
| 4. Other assets; | 156,058 | 183,740 |
| of which with a remaining term of more than 1 year | (7,753) | (3,884) |
| | **1,944,609** | **1,999,824** |
| **III. Other securities** | **75,043** | **14,433** |
| **IV. Checks, cash on hand, bank balances** | **450,102** | **247,786** |
| **Current assets** | **2,737,093** | **2,546,442** |
| **C. Prepaid expenses and deferred charges** | **25,743** | **21,456** |
| **D. Deferred tax assets** | **61,846** | **44,090** |
| | **5,506,541** | **5,332,489** |

## Equity and Liabilities

| € 000 | | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| **A.** | **Partners' equity** | | |
| 1. | Capital shares, reserves, capital contributions of silent partners, net profit share of parent company, currency conversion difference | 1,468,909 | 1,374,522 |
| 2. | Noncontrolling interests | | |
| | in capital and reserves | 0 | 0 |
| | in profits | 3,800 | 3,385 |
| | | **3,800** | **3,385** |
| | | **1,472,709** | **1,377,907** |
| **B.** | **Accruals** | | |
| 1. | Accruals for pensions and similar obligations | 179,027 | 174,105 |
| 2. | Tax accruals | 74,735 | 57,215 |
| 3. | Other accruals | 356,594 | 322,459 |
| | | **610,356** | **553,779** |
| **C.** | **Liabilities** | | |
| 1. | Bank loans and overdrafts | 808,224 | 923,920 |
| 2. | Liabilities from the deposit-taking business | 1,486,076 | 1,448,909 |
| 3. | Customer advances | 10,019 | 6,422 |
| 4. | Trade payables | 152,726 | 134,724 |
| 5. | Drafts and notes payable | 9 | 10 |
| 6. | Other liabilities; | 767,205 | 695,620 |
| | of which taxes | (73,559) | (63,103) |
| | of which social security payables | (20,848) | (19,546) |
| | | **3,224,259** | **3,209,605** |
| **D.** | **Deferred income** | **199,217** | **191,198** |
| | | **5,506,541** | **5,332,489** |

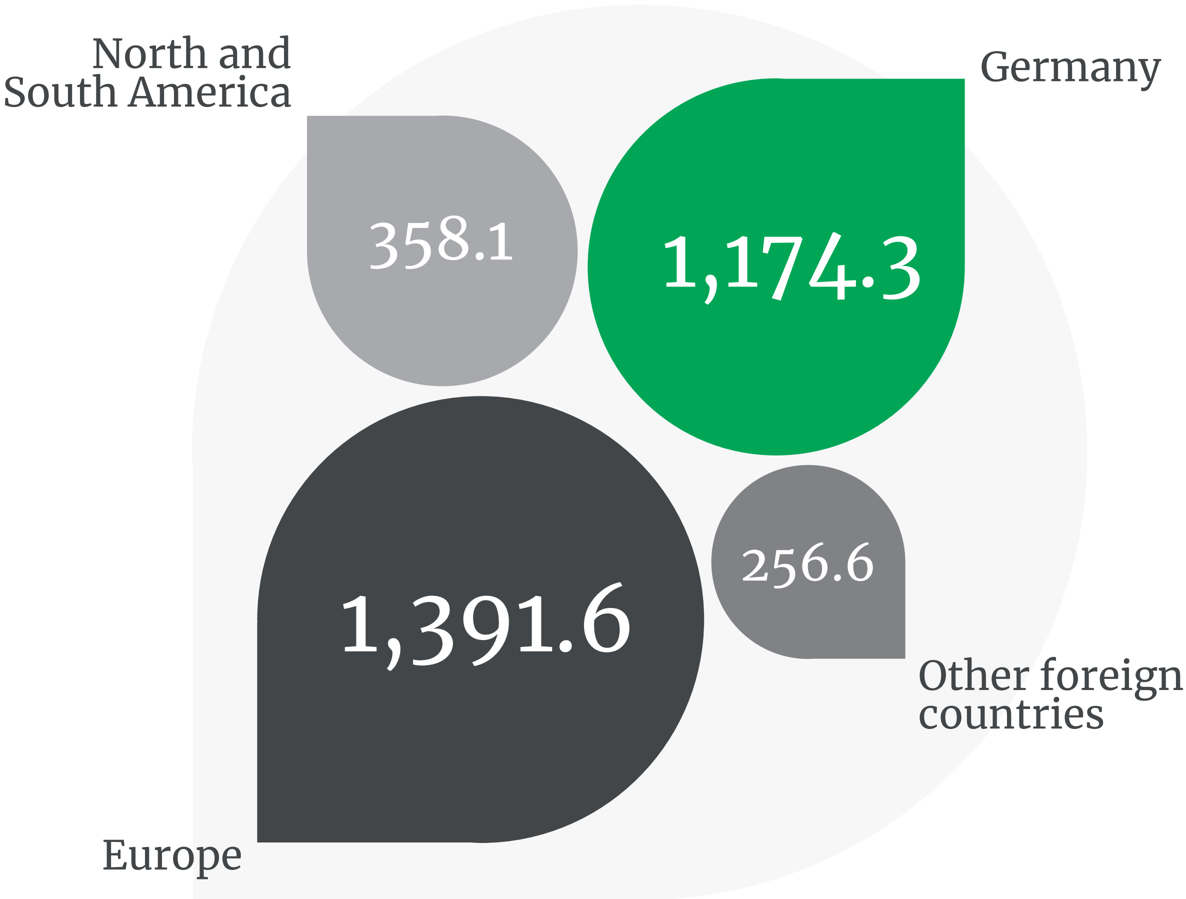
# Consolidated Profit and Loss Account

### For the period January 1 to December 31, 2020

| € 000 | | 2020 | 2019 |
|---|---|---|---|
| 1. | Sales: | | |
| | a) External sales | 2,684,965 | 2,455,735 |
| | b) Income from loan and leasing transactions | 495,589 | 472,258 |
| | | **3,180,554** | **2,927,993** |
| 2. | Change in finished goods and work in progress inventories | 8,069 | 31,661 |
| 3. | Other own work capitalized | 758 | 463 |
| | | **3,189,381** | **2,960,117** |
| 4. | Other operating income; | 171,129 | 124,743 |
| | of which income from currency translation | (14,597) | (9,004) |
| 5. | Cost of materials: | | |
| | a) Cost of raw materials. supplies and merchandise | 591,691 | 586,895 |
| | b) Cost of purchased services | 32,606 | 23,812 |
| | | **624,297** | **610,707** |
| 6. | Cost of loan and leasing transactions | 193,772 | 176,615 |
| | | **2,542,441** | **2,297,538** |
| 7. | Personnel expenses: | | |
| | a) Wages and salaries | 518,285 | 516,608 |
| | b) Social security, pension and other benefits; | 118,191 | 116,097 |
| | of which relating to pensions | (28,810) | (28,789) |
| | | **636,476** | **632,705** |
| 8. | Amortization and depreciation of fixed intangible and tangible assets | 303,524 | 303,901 |
| 9. | Income from participating interest | 1,408 | 2,565 |
| 10. | Income from other long-term securities and loans/financial assets | 16,420 | 18,351 |
| 11. | Other interest and similar income | 9,910 | 12,144 |
| 12. | Write-down of long-term financial assets and current securities | 9,014 | 4,416 |
| 13. | Interest and similar expenses; | 22,517 | 22,512 |
| | of which expenditures from the accrued interest of provisions | (12,307) | (12,702) |
| 14. | Collective heading; | 1,598,648 | 1,367,064 |
| | of which expenditure from currency translation | (17,535) | (10,583) |
| | Other items not shown separately (other operating expenses, taxes, net profit for the year) | | |

## Group Sales by Region

**in million EUR**




Total
EUR 3,180.6 million

# Consolidated Fixed-Asset Movement Schedule

**From January 1 to December 31, 2020**

| € 000 | Gross values | | | | | |
|---|---|---|---|---|---|---|
| | **As at 1/1/2020** | **Foreign currency differences and consolidated entity effects** | **Additions** | **Disposals** | **Transfers** | **As at 12/31/2020** |
| **I. Intangible assets** | | | | | | |
| 1. Purchased concessions, industrial property and similar rights and assets, and licenses in such rights and assets | 174,850 | -4,008 | 29,765 | 27,273 | 7,060 | 180,394 |
| 2. Goodwill | 342,203 | 0 | 185 | 0 | 0 | 342,388 |
| 3. Prepayments | 1,385 | -1 | 2,933 | 87 | -1,426 | 2,804 |
| | **518,438** | **-4,009** | **32,883** | **27,360** | **5,634** | **525,586** |
| **II. Tangible assets** | | | | | | |
| 1. Land, similar rights, and buildings, including buildings on leasehold land | 289,391 | -4,247 | 7,418 | 15,035 | 1,003 | 278,530 |
| 2. Technical equipment and machinery | 397,464 | -2,883 | 14,687 | 39,142 | 63,587 | 433,713 |
| 3. Other equipment, factory and office equipment | 206,911 | -2,984 | 12,515 | 12,300 | -53,976 | 150,166 |
| 4. Rental assets | 1,280,479 | -701 | 292,108 | 331,492 | 6,365 | 1,246,759 |
| 5. Prepayments and construction in process | 63,443 | -4,816 | 31,655 | 344 | -22,613 | 67,325 |
| | **2,237,688** | **-15,631** | **358,383** | **398,313** | **-5,634** | **2,176,493** |
| **III. Financial assets** | | | | | | |
| 1. Shares in affiliated companies | 34,716 | 0 | 6,745 | 0 | 0 | 41,461 |
| 2. Participations in associated companies | 35 | 0 | 0 | 0 | 0 | 35 |
| 3. Other participations | 90,871 | 0 | 4,455 | 10,036 | 871 | 86,161 |
| 4. Loans to companies in which the company has a participating interest | 2,822 | 0 | 9,518 | 0 | -871 | 11,469 |
| 5. Long-term securities | 1,036,358 | 0 | 36,013 | 3,565 | 0 | 1,068,806 |
| 6. Other loans and other financial assets | 61,029 | 0 | 6,309 | 4,070 | 0 | 63,268 |
| | **1,225,831** | **0** | **63,040** | **17,671** | **0** | **1,271,200** |
| | **3,981,957** | **-19,640** | **454,306** | **443,344** | **0** | **3,973,279** |

| Accumulated depreciation/amortization | | | | | | | Net values | |
|---|---|---|---|---|---|---|---|---|
| **As at 1/1/2020** | **Foreign currency differences and consolidated entity effects** | **Additions** | **Disposals** | **Transfers** | **Write-ups** | **As at 12/31/2020** | **As at 12/31/2020** | **As at 12/31/2019** |
| | | | | | | | | |
| 88,885 | -1,522 | 28,436 | 24,544 | 0 | 0 | 91,255 | 89,139 | 85,965 |
| 177,425 | 0 | 12,158 | 0 | 0 | 0 | 189,583 | 152,805 | 164,778 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,804 | 1,385 |
| **266,310** | **-1,522** | **40,594** | **24,544** | **0** | **0** | **280,838** | **244,748** | **252,128** |
| | | | | | | | | |
| 88,676 | 17 | 11,662 | 13,047 | 0 | 0 | 87,308 | 191,222 | 200,715 |
| 302,202 | -1,639 | 35,965 | 34,839 | 43,211 | 967 | 343,933 | 89,780 | 95,262 |
| 146,531 | -2,093 | 16,020 | 10,158 | -43,211 | 0 | 107,089 | 43,077 | 60,380 |
| 442,773 | -306 | 198,379 | 193,317 | 0 | 0 | 447,529 | 799,230 | 837,706 |
| 1,718 | -108 | 904 | 48 | 0 | 0 | 2,466 | 64,859 | 61,725 |
| **981,900** | **-4,129** | **262,930** | **251,409** | **0** | **967** | **988,325** | **1,188,168** | **1,255,788** |
| | | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 41,461 | 34,716 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 35 |
| 13,111 | 0 | 7,660 | 0 | 0 | 0 | 20,771 | 65,390 | 77,760 |
| 0 | 0 | 809 | 0 | 0 | 0 | 809 | 10,660 | 2,822 |
| 135 | -3 | 332 | 0 | 0 | 0 | 464 | 1,068,342 | 1,036,223 |
| 0 | 0 | 213 | 0 | 0 | 0 | 213 | 63,055 | 61,029 |
| **13,246** | **-3** | **9,014** | **0** | **0** | **0** | **22,257** | **1,248,943** | **1,212,585** |
| **1,261,456** | **-5,654** | **312,538** | **275,953** | **0** | **967** | **1,291,420** | **2,681,859** | **2,720,501** |

# Notes to Consolidated Financial Statements

**As at December 31, 2020**

## I. Introductory Remarks

Vorwerk & Co. KG has prepared consolidated financial statements and a group management report for the financial year 2020 in accordance with the requirements of § 13 (3) in conjunction with § 5 (5) of the Publication and Disclosure Law (Publizitätsgesetz; PublG) and the Commercial Code (Handelsgesetzbuch; HGB) in conjunction with the Bank and Financial Services Accounting Directive (Verordnung über die Rechnungslegung und Finanzdienstleistungsinstitute; RechKredV). The Company, headquarters in Wuppertal, is entered in the register of the Wuppertal Local Court under the number HRA 14658.

## II. Consolidated Group

The parent company is Vorwerk & Co. KG, Wuppertal (holding company). The group companies operate in the following business segments: the manufacture and direct sale of high-quality household appliances, cosmetics, facial and body care products, bank and leasing, and carpeting (until 07/31/2020).

Three companies were founded in financial year 2020 and included in the consolidated financial statements for the first time as was one company acquired in financial year 2020. One company that was liquidated in the reporting year, one that was merged with its parent company, and four other companies that were sold as part of the sale of the Vorwerk flooring division were removed from the consolidated group. The change in the companies included in the consolidated financial statements is collectively and singly immaterial. The consolidated financial statements therefore remain comparable with those for the previous year.

Six (previous year: six ) associated companies have not been included in the consolidated financial statements at equity because of their minor importance pursuant to § 311 (2) HGB, but have instead been recognized at cost.

Ten (previous year: eight ) companies have not been included in the consolidated financial statements because of their minor importance pursuant to § 296 (2) HGB. The balance sheet total and sales of the companies not included in the consolidated group collectively and singly account for less than 2 percent of the consolidated balance sheet total and 1 percent of consolidated sales.

## III. Classification, Accounting and Valuation Methods

The structure of the balance sheet and profit and loss account is laid out for preparation purposes in accordance with the classification presentation for corporations defined under §§ 290 et seq. 266, and 275 HGB.

For disclosure and for the preparation of the annual report, the equity in the consolidated balance sheet is shown as a total while the taxes and net profit reported in the consolidated profit and loss account have been included with other operating expenses under the collective heading “Other items not shown separately” (§ 5 (5) PublG).

Due to the full consolidation of the akf group, the balance sheet and profit and loss account include bank- and leasing-specific items where the akf group’s assets, liabilities, expenses, and earnings could not be assigned to the existing line items or allow more transparent reporting.

In addition to loans, other loans and other financial assets also contain non-securitized minority interests in closed real estate funds.

The capital contributions of silent partners, which are provided with a subordination clause, are included in partners’ equity due to their equity-similar characteristics.

The accounting and valuation principles applied in the annual financial statements of Vorwerk & Co. KG and the domestic subsidiaries also pertain to the consolidated financial statements. Valuation principles of the akf group have been adopted without change pursuant to § 308 (2) sentence 2 HGB. The financial statements of non-German subsidiaries drawn up in accordance with national rules have been adjusted in line with what is known as the Handelsbilanz II (Type II Commercial Balance Sheet). The valuation methods applied correspond to uniform valuation as defined in § 308 (1) HGB. They remained unchanged from the previous year.

Purchased intangible assets are capitalized at acquisition cost less straight-line amortization over the estimated useful life of each asset on a pro rata temporis basis. The most commonly applied useful life periods range between three and five years.

The period for scheduled straight-line amortization of items of goodwill acquired against payment is five or 30 years.

The usual useful life periods in operation of the intangible assets of Neato Robotics, Inc., capitalized during the initial consolidation in 2017 amount to six years for the know-how in development, eight years for patents and applications, and 18 years for brand rights.

In the case of tangible fixed assets and rental assets (allowing for contractual periods and residual carrying values) where the useful life is definite, the acquisition or manufacturing cost is depreciated on a straight-line basis over the estimated useful life. Borrowing costs are not recognized. Manufacturing costs include the directly attributable costs from the consumption of goods and the use of services as well as appropriate proportions of necessary material and manufacturing overheads. Depreciation of additions to the tangible fixed assets is generally effected on a pro rata basis. If the fair values of individual assets fall below the corresponding carrying amounts of the assets, additional impairments are recognized if the impairment is expected to be permanent.

The major useful life periods range between ten and 33 years for buildings and outdoor facilities, between three and 17 years for technical equipment and machinery, between six and eight years for motor vehicles, and between three and 13 years for factory and office equipment.

Additions of tangible assets are capitalized at acquisition or manufacturing cost. Borrowing costs are not recognized. Manufacturing costs include the directly attributable costs from the consumption of goods and the use of services as well as appropriate proportions of necessary material and manufacturing overheads.

Additions of low-value assets up to EUR 250 are recognized directly as other operating expenses. Low-value assets with acquisition costs between EUR 250 and EUR 800 are capitalized and written off in full and immediately in the month of their addition and disclosed as disposals in the fixed-asset movement schedule in the year of their addition.

Financial assets (excluding loans) are valued at acquisition cost and loans at nominal value. Where impairment is likely to be permanent, assets are amortized to the lower fair value.

The development of fixed assets is presented in the consolidated fixed-asset movement schedule.

Inventories are valued at acquisition or manufacturing cost in accordance with the lower of cost or market principle. Borrowing costs are not recognized. The acquisition cost of raw materials, supplies, and merchandise is calculated using the average cost method. Apart from direct costs, the manufacturing costs of the finished goods and work in process include only the adequate proportions of the material and manufacturing overheads required and depreciation on the fixed assets caused by manufacturing.

Receivables and other assets are shown at nominal value less appropriate valuation allowances. Receivables from customers from factoring and hire purchase transactions are reported at their present value less individual or general valuation allowances.

Marketable securities are stated at acquisition cost or at the lower fair value prevailing as at the balance sheet date. Cash and cash equivalents are stated at nominal value.

Prepaid expenses and deferred charges include payments that are deemed expenses for a specific period after December 31, 2020.

Foreign currency transactions are recognized at the historical rate at the time of initial recognition. Receivables, other assets, payables, and cash and cash equivalents in foreign currencies are valued at the mean spot exchange rate at the balance sheet date. In the case of foreign currency line items with a remaining term of more than one year, the acquisition cost and realization principles have been adopted. The provisions under § 340 h HGB are applied to the foreign currency translation of the assets and liabilities of the companies of the akf group.

Reversals of impairments are generally recognized in accordance with Section 253 (5) HGB.

Accruals are recognized at the repayment amount dictated by prudent business judgment.

Accruals for pensions and similar obligations also allow for surviving dependants' benefits in addition to payments arising from individual and collective programs. They are formed according to the projected credit on actuarial calculations using the 2018G mortality tables of Prof. Klaus Heubeck, which factor in generation-dependent life expectancies. In adopting the Implementing Act for the Mortgage Credit Directive, legislators decided to apply the average market interest rate of the past ten years published by the Deutsche Bundesbank and calculated on an assumed residual term of 15 years to pension accruals from 2016 onward. The interest rate in December 2020 came to 2.30 percent (previous year: 2.71 percent). Until December 31, 2015, a 7-year annual average interest rate published by the Deutsche Bundesbank had been applied. Based on a 7-year average interest rate, this results in a difference of EUR 12.3 million as at December 31, 2020.

The calculation is based on expected pension increases of 1.65 percent (previous year 1.80 percent) and an annual fluctuation depending on service and age essentially ranging between 1.00 percent and 5.00 percent. In line with the pension commitment, the pensionable person receives annual components where future payments are directly linked to the employee's service. Since the earned portion of the obligation therefore corresponds to the balance accrued as at the balance sheet date, a salary trend does not need to be taken into account.

In evaluating service anniversary accruals, the same valuation parameters as for pension obligations are generally applied with the exception of the growth in creditable income, which lies between 2.00 percent and 3.50 percent, as well as taking the average market interest rate of the last seven years of 1.60 percent as a basis. Term-specific interest rates of between 0.46 percent and 0.58 percent are also used for semiretirement obligations under semiretirement accruals.

An exception is found in the obligations from time accounts that are treated as pension obligations comparable to obligations due in the long term and to which the regulations for securities-related pension commitments must be applied. In this case, the measurement corresponds to the amount of the fair value of the cover asset pursuant to § 253 (1) third sentence HGB.

If there is a cover asset pursuant to § 246 (2) second sentence HGB, the disclosed accrual from time accounts corresponds to the balance of the repayment amount determined by prudent business judgment and the fair value of the cover asset. The fair value of the balanced reinsurance claims corresponds to the acquisition costs brought forward (cover capital plus surplus sharing) in accordance with the information from the insurer.

Other accruals with a remaining term of more than one year have been discounted – in accordance with their remaining term – at the average market interest rate prevailing over the past seven business years.

Other accruals and provisions are calculated in such a way as to account for the recognizable risks and contingent liabilities. Allowance is made for future price and cost increases where there are sufficient objective indications of them arising.

Liabilities have been shown at their repayment amounts. The capital with participating rights – included under other liabilities – is reported at nominal value.

Deferred income mainly includes special rent payments and rent prepayments attributable to future business years, deferred income related to closing dates, and accrued net present values from leasing receivables sold to banks. Such amounts will be reversed on a straight-line basis in accordance with the underlying term and, where applicable, pursuant to the principles of loss-free valuation.

Assets, liabilities, and transactions anticipated as highly likely have been combined in financial instruments (valuation unit) to compensate for counteracting cash flows and fluctuations in value. To account for the effective portion of the valuation unit, the net hedge presentation method has been applied. Insofar as the preconditions for the creation of valuation units are not satisfied, the items are accounted for in accordance with the general valuation principles.

## IV. Foreign Currency Translation

All financial statements of the subsidiary companies of the group that are included in the consolidated financial statements, but that are located outside the eurozone, are translated into euros from the pertinent local currency using the modified closing rate method. The line items of the balance sheet – with the exception of equity, which is translated into euros at historical rates — are translated at the mean spot exchange rate as at the balance sheet date.

The expenses and income of the corresponding profit and loss account are translated using the average exchange rates for the year 2020 (average of daily mid-market rates from January 1, 2020, to December 31, 2020, published by Bloomberg L.P., an information and financial services company). The resulting translation difference between the net income converted at the average rate and the rate on the balance sheet date of EUR 1.8 million is disclosed through other comprehensive income within the consolidated partners' equity after the reserves in the line item "Equity difference from currency translation." The translation differences resulting from exchange rate fluctuations lead to a decrease through other comprehensive income of EUR 42.6 million in the line item "Equity difference from currency translation." Exchange rate differences arising from the consolidation of foreign currency receivables and payables are reported through profit or loss under other operating expenses. Currency differences resulting from the elimination of intercompany profits are recorded in equity through other comprehensive income.

## V. Balance Sheet Date and Consolidation Principles

The subsidiaries included in the consolidated financial statements all have December 31 as their balance sheet date. Consolidation of the balance sheets and profit and loss accounts of the consolidated subsidiaries are carried out in accordance with the following principles.

### 1. Capital Consolidation

Capital consolidation for acquisitions up to December 31, 2009, was effected in accordance with the carrying amount method. Capital consolidation for first-time consolidations as at January 1, 2010, and later are effected in accordance with the revaluation method. In this respect, the carrying values of the participating interests are offset against the allocable equity of the corresponding subsidiary companies, including reserves and profit/loss brought forward, as at the date of acquisition following a revaluation of the various balance sheet items and realization of hidden reserves and hidden charges.

Capitalized differences from the first-time consolidation of the JAFRA Group in financial year 2004 have been recognized as goodwill on the assets side after reversal of hidden reserves in the assets.

The goodwill of JAFRA Group reported under fixed assets results from the acquisition of the group in 2004. The goodwill is amortized in accordance with the expected useful operating life over a period of 30 years. This is derived from the use of the brand and brand-similar benefits, which, besides the sales system and the know-how of the staff in R&D, constitute essential elements of the company's goodwill.

The remaining capitalized differences from initial consolidations prior to 2010 have been stated separately under equity. Should any credit differences have resulted from this netting in previous years, such amounts have been combined with the reserves in previous years on account of their reserve character. The asset-side differences arising from the initial consolidation of Vorwerk Schweiz AG in financial year 2019 were capitalized as goodwill. Scheduled amortization is carried out owing to the use of the customer base and brand names over a period of five years.

The initial consolidation of Neato Robotics, Inc., in financial year 2017 led to the realization of hidden reserves attributable to know-how in development, patents and applications, and brand rights. The valuation of the know-how was based on the residual value method and that of the patents and applications and brand rights was based on the relief from royalty method.

Minority interests in the equity capital and reserves and in the results of the incorporated subsidiaries are disclosed under the "noncontrolling interests" item.

### 2. Debt Consolidation

In accordance with debt consolidation principles (§ 303 HGB), receivables and payables with companies within the consolidated group are offset against one another.

### 3. Consolidation of Income and Expenses

The consolidation of income and expenses contained in the items shown in the consolidated profit and loss account are in compliance with § 305 HGB. Intercompany sales and the corresponding expenses as well as other intercompany income and expenses in the profit and loss accounts of the consolidated companies are offset against one another.

### 4. Deferred Taxes

Deferred taxes are recognized for differences between the assets and liabilities stated in the commercial balance sheet and the balance sheet drawn up for tax purposes (tax base) to the extent that this will lead to a tax burden or relief in the future. Deferred taxes are also recognized for potential losses and interest carried forward provided they are expected to be utilized within the next five years.

The option to recognize an excess of deferred tax assets over deferred tax liabilities pursuant to § 274 (1) second sentence in conjunction with § 300 (2) second sentence HGB has been exercised in the consolidated financial statements. Deferred tax assets and liabilities are netted against each other when the necessary prerequisites are met. For the purposes of the consolidated financial statements, an aggregated figure is reported for the line items pursuant to § 274 HGB (§ 306, sixth sentence HGB).

Deferred taxes for tax differences and commercial differences arising from the first-time recognition of goodwill are not reported. Additionally, deferred taxes are not recognized for differences between the tax base of an interest in a subsidiary or in associated companies and the commercial valuation of the net assets reported in the consolidated financial statements.

As at December 31, 2020, the net balance of future tax burden/relief calculated on the basis of the different approaches applied to the commercial balance sheet and the tax base balance sheet mainly arose from receivables and payables due from/to affiliated companies, inventories, pension and other accruals, and tax loss carryforwards. When calculating taxes for consolidation entries affecting profits pursuant to § 306 HGB, a uniform group-wide average tax rate of 30 percent is generally applied to debt consolidation and the interim profit elimination; otherwise, company-specific tax rates are applied. The calculation of deferred taxes in the separate financial statements is based on the tax rates applying to the specific companies, which are between 13 percent and 34 percent.

## VI. Other Statutory Disclosures Pursuant to § 314 HGB and Explanatory Notes to Various Items in the Consolidated Balance Sheet and Consolidated Profit and Loss Account

### 1. Inventories

Of the inventories in the previous year, EUR 22.0 million was attributable to the Vorwerk flooring division, which has been sold.

### 2. Accruals

Other accruals include obligations to company employees from time accounts. The salary components deferred in accordance with the joint works agreement for the establishment of time accounts are vested in a reinsurance policy that serves solely to cover the related obligation and is protected from seizure by other creditors. This cover asset with a fair value as at December 31, 2020, of EUR 12.0 million (corresponding to the acquisition costs brought forward) is consequently offset against the obligations from time accounts. Since the obligation is treated like a securities-related cover commitment, the obligation from time accounts corresponds to the fair value of the cover asset. When the two items are offset, the result is a balance sheet recognition of zero.

| € 000 | 12/31/2020 | 12/31/2019 |
|---|---|---|
| Repayment amount from time accounts | -11,980.77 | -8,783.00 |
| Fair value of cover asset | 11,980.77 | 8,783.00 |
| Net value of obligations from time accounts | 0.00 | 0.00 |
| Acquisition costs of the cover asset | 11,980.77 | 8,783.00 |

## 3. Liabilities

### Remaining Terms for Liabilities (RTL)

| € 000 | 12/31/2020 | | | | 12/31/2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | RTL < 1 Y | RTL > 1 Y | of which RTL > 5 J | Total | RTL < 1 Y | RTL > 1 Y | of which RTL > 5 Y | Total |
| Bank loans and overdrafts | 423,109 | 385,115 | 37,005 | 808,224 | 529,413 | 394,507 | 41,254 | 923,920 |
| Liabilities from deposit-taking business | 986,427 | 499,649 | 11,580 | 1,486,076 | 917,609 | 531,300 | 10,480 | 1,448,909 |
| Customer advances | 8,952 | 1,067 | 0 | 10,019 | 5,598 | 824 | 0 | 6,422 |
| Trade payables | 152,620 | 106 | 0 | 152,726 | 134,724 | 0 | 0 | 134,724 |
| Drafts and notes payable | 9 | 0 | 0 | 9 | 10 | 0 | 0 | 10 |
| Other liabilities | 754,576 | 12,629 | 11 | 767,205 | 691,814 | 3,806 | 1,069 | 695,620 |
| **Liabilities** | **2,325,693** | **898,566** | **48,596** | **3,224,259** | **2,279,168** | **930,437** | **52,803** | **3,209,605** |

## 4. Contingent Liabilities, Other Financial Commitments, and Off-Balance-Sheet Transactions

### Contingent Liabilities

The following contingent liabilities existed on the balance sheet date:

| € 000 | Total 2020 | Total 2019 |
|---|---|---|
| Contingent liabilities for sureties; | 5,361.2 | 1,160.7 |
| of which in favor of affiliated companies | 355.0 | 0.0 |
| Secondary liability for pension obligations transferred to provident fund | 33,407.7 | 29,577.8 |

The risk of recourse from the joint liability for the pension obligations that have been transferred to the provident fund can more or less be excluded since the provident fund is highly likely to be able to meet its long-term obligations from its own cash assets.

The risk of recourse relating to sureties in favor of third parties is deemed low because it is related essentially to a payment guarantee for the payment of company credit cards.

### Other Financial Commitments

Commitments arising from rental, tenancy, and lease contracts as at the balance sheet date amounted to EUR 89.2 million for the following years, of which EUR 24.2 million falls due in 2021. Purchase commitments for investments and repairs of tangible assets amount to EUR 19.7 million (previous year: EUR 21.3 million). There are long-term obligations arising from contracts with suppliers in the amount of EUR 14.0 million as at the balance sheet date.

akf bank has irrevocable loan commitments totaling EUR 211.6 million (previous year: EUR 215.5 million).

### Off-Balance-Sheet Transactions

Among other things, akf bank uses an asset-backed commercial paper (ABCP) program to refinance its customer receivables and sells customer receivables in this context, transferring all opportunities and risks. The sold receivables are withdrawn from the balance sheet at that point. This program is ongoing and has a volume of EUR 508.2 million, which had been fully utilized as at the balance sheet date.

## 5. Profit and Loss Account

### Group Sales Including Revenue from the Credit and Leasing Business

| Breakdown by region in EUR m | 2020 | 2019 |
|---|---|---|
| Germany | 1,174.3 | 1,064.7 |
| Europe | 1,391.6 | 1,204.3 |
| North and South America | 358.1 | 396.5 |
| Other foreign countries | 256.6 | 262.5 |
| **Total** | **3,180.6** | **2,928.0** |

| Breakdown by division in EUR m | 2020 | 2019 |
|---|---|---|
| Home | 2,331.7 | 2,070.1 |
| Thermomix | 1,583.8 | 1,268.4 |
| Kobold | 703.2 | 708.4 |
| Vorwerk flooring * | 17.5 | 41.3 |
| Neato Robotics | 27.2 | 52.0 |
| Diversification | 814.6 | 824.0 |
| JAFRA Cosmetics | 319.0 | 351.7 |
| akf group | 495.6 | 472.3 |
| Others | 34.3 | 33.9 |
| **Total** | **3,180.6** | **2,928.0** |

* The Vorwerk flooring division was sold as at July 31, 2020.

### Other Operating Income

Other operating income includes prior-period income from the reversal of accruals and write-downs on receivables in the amount of EUR 56.1 million and the disposal of assets and additions to fixed assets in the amount of EUR 64.4 million.

### Cost of Materials

In the previous year, EUR 24.2 million and in the reporting period EUR 12.7 million was attributable to the Vorwerk flooring division, which was sold in financial year 2020.

### Income from Participating Interests

Income from participating interests includes EUR 0.5 million in income from participating interests with associated companies.

### Amortization and Depreciation of Intangible and Tangible Fixed Assets

Owing to a presumably permanent impairment, there was an unscheduled write-down on tangible assets in the amount of EUR 1.7 million to the lower fair value.

### Write-down on Financial Assets and Current Securities

Owing to a presumably permanent impairment, there is an unscheduled write-down on financial assets in the amount of EUR 9.0 million to the lower fair value during the reporting year.

## 6. Derivative Financial Instruments and Valuation Units

Commodity swaps and currency futures are used at Vorwerk Group for hedging purposes, both for operational business activities and in the area of foreign currency financing. The fair value of a derivative financial instrument is the price for which an independent party would acquire the rights and/or obligations of the financial instrument from another independent party. In the Vorwerk Group (excluding the akf group), all derivative financial instruments were included in valuation units in accordance with § 285 No. 19 HGB as at December 31, 2020.

The nominal value of the derivative financial instruments is determined using the closing rate method. The fair value of currency futures and currency swaps is determined according to the closing rates on the balance sheet date, taking forward premiums and discounts into account. The fair value of currency options is assessed on the basis of option pricing models pursuant to Black & Scholes. The fair value of interest rate hedging instruments (interest rate swaps and options) as well as raw material hedging instruments (commodity swaps) is determined on the basis of discounted, anticipated future cash flows with the current market interest rates or market rates for commodities for the remaining term of the financial instruments being applied.

The Vorwerk Group (excluding the akf group) has the following valuation unit. A development loan extended to a Mexican subsidiary originally amounting to EUR 25.0 million (owing to repayment, the loan amount is now only EUR 14.8 million) was disbursed in euros. The loan is serviced in Mexican pesos, however. To hedge against currency risks, a cross-currency swap was concluded and combined together with the loan in a micro valuation unit. As at the balance sheet date, the cross-currency swap was attributed a positive market value of EUR 4.0 million (hedged risk).

The Vorwerk Group continues to use portfolio hedges to hedge the currency risks of assets, debts, and standard transactions that are anticipated as highly likely to reoccur and combines them into valuation units as defined by § 254 HGB.

As at the balance sheet date, Vorwerk had 74 forward currency exchange transactions with seven banks in a total nominal volume of EUR 164.0 million. The net total of the fair values of forward currency exchange transactions was calculated using the mark-to-market method and totaled EUR -4.3 million at the balance sheet date.

The total currency risks hedged by means of valuation units (avoided provisions for contingent losses, avoided write-downs of foreign currency receivables, and avoided write-ups on foreign currency liabilities) from assets, debts, and transactions anticipated as highly likely amount to EUR 6.0 million.

The carrying value of the hedged assets and debts in foreign currencies totals EUR 29.6 million and breaks down as shown below:

| | |
|---|---|
| Trade receivables | EUR 19.1 million |
| Trade payables | EUR 10.5 million |

The scope of the transactions anticipated as highly likely in foreign currencies amounts to EUR 134.4 million. The hedged anticipated transactions are classified as highly likely on the basis of the reliable sales, production, and purchasing planning.

The changes in the value of the underlying transactions and hedging instruments are not balanced by applying the net hedge presentation method over a period prior to December 2021. The effectiveness of the valuation units is assessed with the aid of the critical term match method.

As at the balance sheet date, akf bank had a total of five interest rate swaps with three banks with a total nominal volume of EUR 300.0 million and two caps with a nominal volume of EUR 100.0 million. These transactions are assigned to the banking book, where they provide interest hedging. The credit equivalent amount calculated using the market valuation method totals EUR 2.1 million. The total fair values for these derivative financial instruments were calculated using the mark-to-market method and total EUR -2.4 million as at the balance sheet date.

The akf bank applies the regulations of the IDW statement regarding specific questions related to the loss-free valuation of interest-related transactions of the banking book (IDW RS BFA 3 as revised). The valuation of the interest-related transactions of the banking book oriented to the P/L account, taking into account administrative expenses, risk costs, and deemed refinancing costs, did not result in the need to create an accrual for contingent losses pursuant to § 340 a HGB in conjunction with § 249 (1) HGB.

## 7. Information on Shares in Investment Funds

The Vorwerk Group holds 100 percent of the units of the VWUC Fund. The VWUC Fund has mixed fund assets pursuant to German investment law.

The investment policy aims to generate an attractive increase in value in euros based on a longer-term strategy. To achieve this investment objective, the assets are invested in fixed-interest securities as well as in money market instruments and liquid funds. Moreover, the fund can invest in securities on the stock market and in units of open and closed investment funds (stocks, commodities, and real estate). To secure, invest, and efficiently manage the assets, the fund may, in addition, also deploy derivatives and other techniques and instruments as well as securities lending.

### Value of the Units and Carrying Value Differences

| € 000 | Carrying value | Market value | Difference |
|---|---|---|---|
| VWUC Fund | 653,064 | 671,993 | 18,929 |

Vorwerk received a gross disbursement of EUR 13,411k (EUR 2.27 per share unit) for the fund’s financial year (December 1, 2019 to November 30, 2020).

The fund’s units may be redeemed on any stock exchange trading day in the year.

Moreover, the Vorwerk Group holds 50,860 units in the Aachener Grund-Invest Fund. This is a special real estate fund with a conservative, long-term investment strategy oriented to sustainable achievement. It concentrates on real estate properties in traditional shopping locations.

## Value of the Units and Carrying Value Differences

| € 000 | Carrying value | Market value | Difference |
|---|---|---|---|
| Aachener Grund-Invest Fund | 6,111 | 5,320 | -791 |

Vorwerk received a gross disbursement of EUR 2k (EUR 0.04 per share unit) for the fund's financial year (October 1, 2019 to September 30, 2020).

The fund invests primarily in properties for retail use in so-called high-street locations. The use type has been severely impacted by the effects of the coronavirus pandemic. In the fund, valuation allowances have been taken on almost all overdue receivables for the net rent, although there is a legal obligation to pay. The appraisers have also reflected this situation in their regular revaluations of the properties. Although the effects of the pandemic are not yet fully foreseeable, in the past at least the asset class "real estate" has proven to be a good long-term investment in times of major crises. The valuation of the properties in the fund should recover in the course of opening parallel to the progress of the vaccination campaigns.

The fund units may be sold subject to a one-year notice period.

The Vorwerk Group also participates in the private equity fund GF Capital Private Equity Fund II with a maximum contribution of USD 15 million. This private equity fund invests in medium-sized companies in the consumer goods industry and media companies with an enterprise value between USD 20 million and USD 150 million. The investment phase is ten years; the Vorwerk Group's share in this fund is currently as follows:

## Value of the Units and Carrying Value Differences

| € 000 | Carrying value | Market value | Difference |
|---|---|---|---|
| GF Capital Private Equity Fund II | 10,412 | 9,743 | -669 |

The invested capital is tied up in the fund until the sale of all investments that have been made.

The fund mainly invests growth capital in medium-sized companies from the "Consumer Goods" and "Media" sectors. The impairment of the investment includes start-up costs and management fees. In a typical course of a private equity fund, we expect increases in the market values of the portfolio investments in the coming years, which would lead to a fund valuation above cost value.

Furthermore, the Vorwerk Group participates in the private equity fund Euroknights VII No 4 Limited Partnerships with a maximum commitment of EUR 10 million. This private equity fund invests in European companies, primarily in the Benelux countries, France, Germany, Italy, Austria, and Switzerland. The investment phase is ten years; the Vorwerk Group's share in this fund is currently as follows:

## Value of the Units and Carrying Value Differences

| € 000 | Carrying value | Market value | Difference |
|---|---|---|---|
| Euroknights VII No 4 | 9,337 | 11,951 | 2,614 |

The invested capital is tied up in the fund until the year 2027.

Since 2019, the Vorwerk Group has held a stake in the real estate fund DIC Office Balance V. The fund invests in office properties in B locations in A cities or in 1A locations in B and C cities. The investment phase is ten years.

The shares held by the Vorwerk Group are as follows:

## Value of the Units and Carrying Value Differences

| € 000 | Carrying value | Market value | Difference |
|---|---|---|---|
| DIC Office Balance V | 7,000 | 7,982 | 982 |

Income of EUR 108k was received for the financial year.

The fund units may be redeemed subject to a five-month notice period.

The fund's units were valued throughout the entire year in accordance with the lower of cost or market principle.

## 8. Other Disclosures

In the financial year, auditing fees amounted to EUR 1,523k, fees for tax accountant services stood at EUR 105k, and fees for other services totaled EUR 1,341k.

Owing to the ongoing Covid-19 pandemic and the unpredictability of the duration and scope of the situation at present, the Vorwerk Group's consolidated revenue and consolidated net profit for financial year 2021 are highly likely to be subject to risk. In addition, current price developments on the international capital markets give rise to risks with regard to the recoverability of securities held as financial assets and current assets. Quantification of these risks is not possible at present.

Apart from this, no events of noteworthy significance that are relevant for the assessment of the assets and liabilities, financial position, and profit and loss occurred after the balance sheet date.

### Average Headcount for the Year

| | 2020 | 2019 |
|---|---|---|
| Employees* | 12,260 | 12,319 |
| Advisors in Direct Sales | 577,993 | 599,072 |
| Thermomix | 59,890 | 48,231 |
| Kobold | 9,581 | 9,623 |
| JAFRA Cosmetics | 508,286 | 541,038 |
| Others | 236 | 180 |

* Including employed sales advisors

As a result of the sale of the Vorwerk flooring division, 295 employees left the Vorwerk Group as at 08/01/2020.

Management of the parent company Vorwerk & Co. KG during the reporting period was in the hands of the personally liable partner Reiner Strecker, Wuppertal.

Wuppertal, April 26, 2021

R. Strecker

Reiner Strecker

# Independent Auditor's Report

The foregoing consolidated balance sheet and profit and loss account, the explanatory notes (without any listing of investment holdings) together with the Group Management Report comply with the legal requirements.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Essen, expressed the following opinion on the complete set of consolidated financial statements and the Group Management Report.

## "Independent Auditor's Report

To Vorwerk & Co. KG, Wuppertal

### Audit Opinions

We have audited the consolidated financial statements of Vorwerk & Co. KG, Wuppertal, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2020, and the consolidated profit and loss account for the financial year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of Vorwerk & Co. KG for the financial year from January 1 to December 31, 2020.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law to be applied according to § [Article] 13 PublG [Publizitätsgesetz: Public Disclosure Act] and give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2020 and of its financial performance for the financial year from January 1 to December 31, 2020 in compliance with German Legally Required Accounting Principles, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

## Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 14 PublG in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

## Other Information

The executive directors are responsible for the other information. The other information comprises the report on the 137th business year – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

## Responsibilities of the Executive Directors for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law to be applied according to § 13 PublG, and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles. In addition the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 14 PublG and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit."

April 26, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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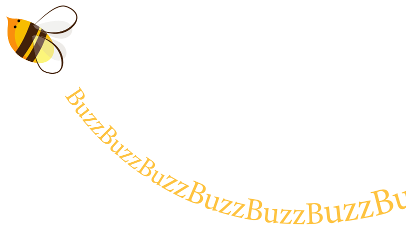
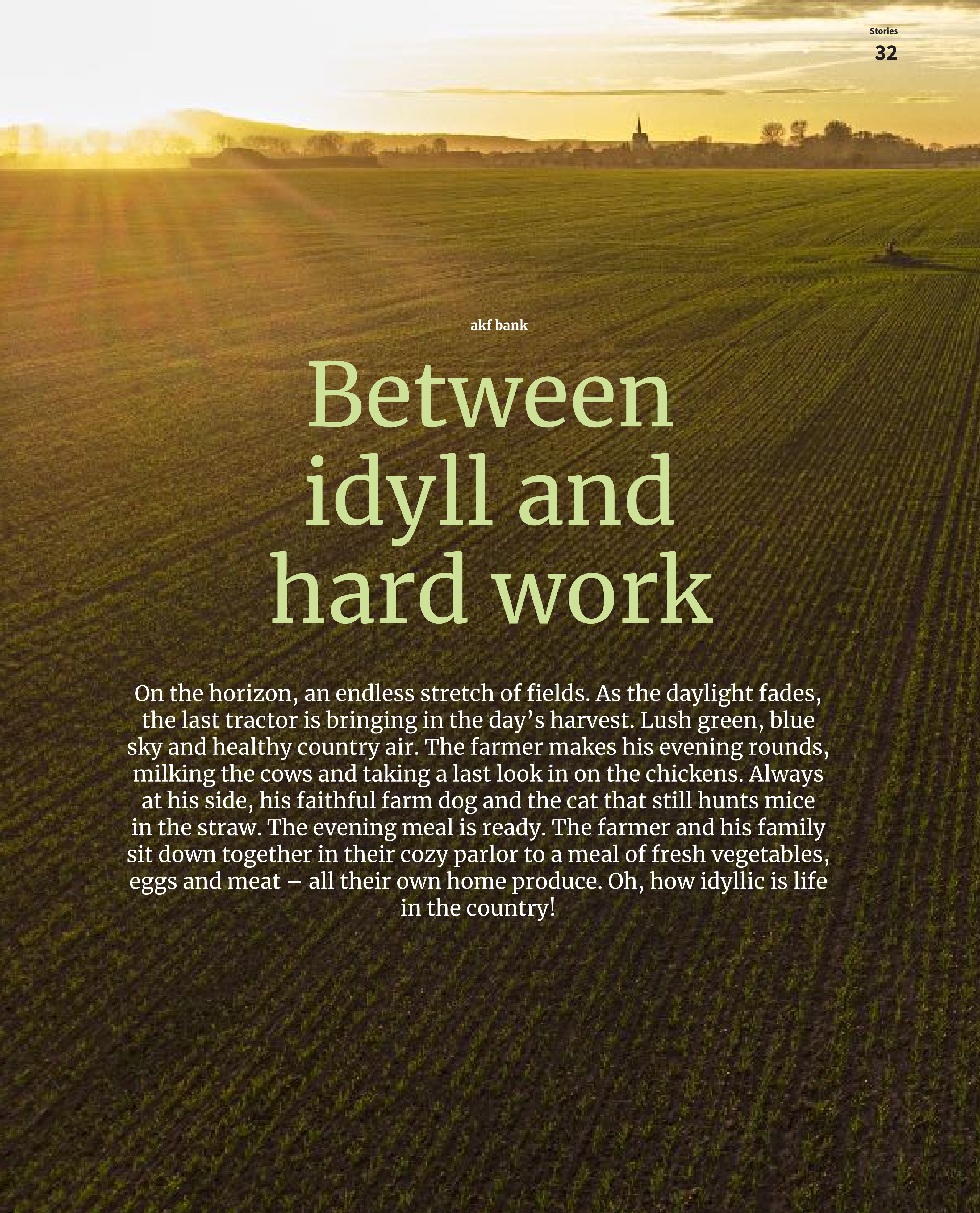



# “Oh, hello little flower!”

Bees are unique creatures. Some of them are explorers, others lazybones, some are moody, and yet others forgetful. Unlike their relations, the wasps, they aren’t interested in persistently trying to snag a piece of sausage off your plate because bees are confirmed vegetarians. Instead, they “have a sweet tooth” and while tucking into a blossom they just happen to perform a vital service for us humans – because without bees there would be no pollination, no plant diversity. So: happy bees, happy people. What’s good for bees is good for us.


How about inviting the bees to a dance at your place?
Simply plant the seed paper and before long you'll have a
colorful meadow full of tasty flowers to offer them.
Buzz
Buzz
Buzz



akf bank

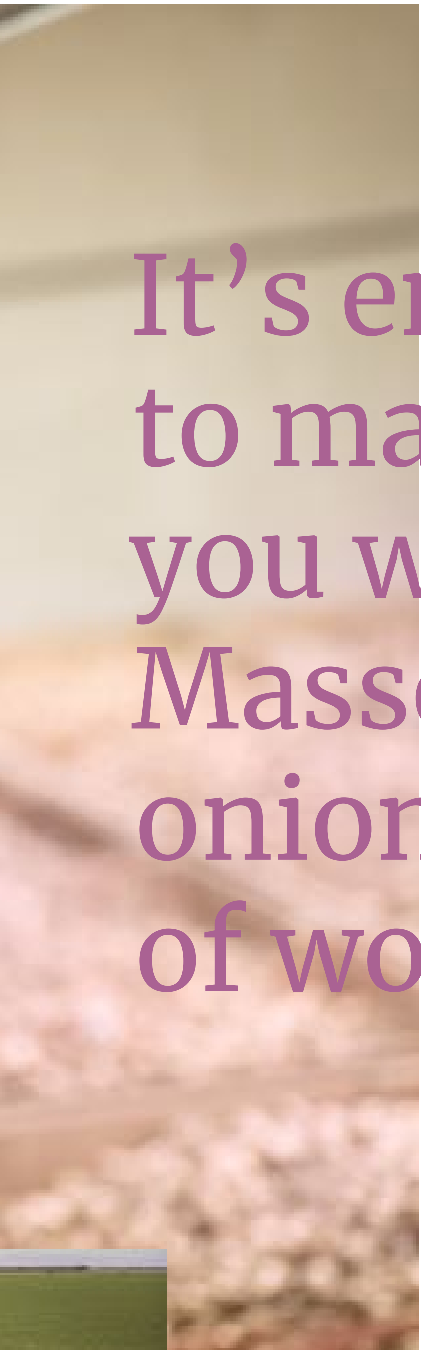
# Between idyll and hard work

On the horizon, an endless stretch of fields. As the daylight fades, the last tractor is bringing in the day’s harvest. Lush green, blue sky and healthy country air. The farmer makes his evening rounds, milking the cows and taking a last look in on the chickens. Always at his side, his faithful farm dog and the cat that still hunts mice in the straw. The evening meal is ready. The farmer and his family sit down together in their cozy parlor to a meal of fresh vegetables, eggs and meat – all their own home produce. Oh, how idyllic is life in the country!

# The blond giant from the cold north.


Speaking of cold, cabbage is a cold-weather crop that stays out in the field until November.

Do the weeding lying down? Sounds nice but it's actually back-breaking work. The joys of organic farming!



# It’s enough to make you weep. Masses of onions, masses of work.

600 tons of organic onions a year. They would take quite a while to chop.

The one or other of us will sigh wistfully at the notion of the idyllic farm, which is exactly how many people imagine life in the country – similar to the way it is portrayed in children’s books. Many city dwellers have never seen a farm for themselves, which explains the persistence of such romantic notions. And so it is hardly surprising that Jana Paulsen reports that her customers often wonder why they don’t always find her in the farmyard wearing gumboots. Jana Paulsen and her husband, Dirk, farm in Germany’s North Saxony – using both conventional and organic methods. They know all about and sometimes smile over the romantic view of rural life mostly held by people who don’t live in the country.

Dirk Paulsen had his childhood dreams; he wanted to be a pilot or a fireman when he grew up, but now he’s a dedicated farmer and lord of more than 2,500 hectares of land. The blond giant from the North – Paulsen hails from Schleswig-Holstein – began farming in Luppa back in 1992. Saxony is also where he met Jana, his wife. The two well know that agriculture isn’t always romantic, and that it’s hard work, too. Because, yes, as a farming operation they are system relevant, but on the other hand, they face all kinds of other daily challenges, including not having enough pickers to bring in their crops, falling world market prices and diminishing returns.

The differences between traditional and organic farming are also part of the daily routine, because the Paulsens do both. “There’s far more work involved in organic farming, of course,” says Dirk Paulsen. Just one example: the solar weeder on which workers lie face-down on mattresses to pick crops and weed as they ride over the field. It’s all done by hand. Chemical fertilizers are naturally not used – it’s all organic.

# Straight from the field to the farm shop. What could be fresher?

Organic vegetables require roughly three times as much work as conventionally grown ones. The Paulsens take it with humor and have a sign in the middle of the farm saying: “Weeds for sale – pick your own.”

Every year, the Paulsens’ organic operation produces some 1,000 tons of wheat, 2,000 tons of potatoes, 600 tons of onions and any amount of carrots, peas and beans. Harvest time stretches from April to November. Cabbage and sugar beet are the last crops to be brought in. The Paulsens sell a portion of their harvest fresh from the farm; they have been running their own farm shop in Wermsdorf since 2011.

“We didn’t want to let the old farm go to rack and ruin, so we renovated it and with the farm shop, gave our farm a  public face, says Jana Paulsen. They wanted to give something back to the region. After all, there are hardly any shops left in the area. Their customers come out of conviction because they care about buying fruit and vegetables that are organically grown.

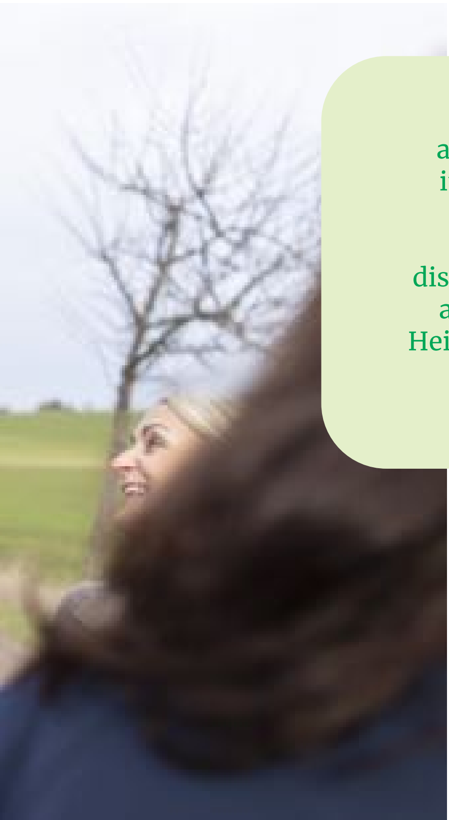
# “Farmer, stick to your potatoes!”

As if – as a farmer, you have to be a biologist, chemist, technician, personnel manager, marketing manager, accountant and salesperson all rolled into one.

Life on the farm is varied and the Paulsens love it – lunch with their three children, plenty of fresh air and their own shop.

“There’s lots of variety in our work and we are pretty much self-sufficient,” says Dirk Paulsen. The jobs are also diverse: As a farmer, you have to be a biologist, chemist, technician, personnel manager, marketing manager, accountant and salesperson all rolled into one. The Paulsens employ some 40 people and own a number of machines. Dirk Paulsen is sitting on the tractor himself today. “I spend a large part of my day at the desk, organizing,” he says.

Modern farming is a challenge, especially at the moment: People’s attitude to life, different nutritional trends, fertilizer regulations, species protection laws, organic certification. Nevertheless, the Paulsens are farmers through and through, and fervently believe that change can also mean opportunities. Maybe we will now be quicker to appreciate the need to support local trade and to protect our climate by reducing the distance goods are transported. At any rate, the next generation is already lined up to carry on the business. The couple’s eldest son is just completing his master’s degree and plans to return to life in the country. It may not always be idyllic, but at least there’s never a dull moment.



akf bank is close to its customers, and sometimes new investments are discussed out of doors, as here with Ralph Heinemann, director of akf agrarfinanz.

# 4
## questions for Kathrin Kudwin, Regional Manager, akf agrarfinanz

**Ms. Kudwin, you are a banker, but you put together many of your contracts out in the field – literally. How come?**
My role at akf bank is in agricultural financing, and I spend most of my time traveling in Saxony-Anhalt. So I occasionally find myself negotiating contracts more or less out in a field.

**Agriculture, is that your thing?**
I started out in agriculture, so the idea of moving into agricultural financing seemed a natural progression.

**How do you help your customers?**
My job is mostly about financing large plant and machinery. Many machines cost between 150,000 and 500,000 euros. I have to work out with the farmers how suitable an investment would be for their farm and its future. Also, farming is not as plannable these days as it used to be.

**Your clients the Paulsens are organic farmers. How is an organic operation different from a conventional one?**
An organic farm is certainly more work. There are also some big political challenges to contend with. When it’s a question of glyphosate or bees dying, the farmer is ultimately often to blame – at least that’s how many people see it. And plus: Everyone wants organic, but no one wants to pay a fair price for it. That’s the dilemma my clients face.

# Once upon a time ... greetings from the primordial soup

We share our story with all living things on earth. In all of our organs, cells and genes, we carry the legacy of over 3.5 billions years of evolution. And while we may feel closer to our nearest relations, the apes, than to goldfish, thanks to Darwin, we know that all life began in the ocean. Create some new life yourself and raise a few brine shrimps at home. They are, so to speak, your 127th-generation ancestors ten times removed. We're including a pack of them for you, but don't be disappointed: You won't get a shrimp cocktail out of them, they are simply too skinny for that.

## What to do:

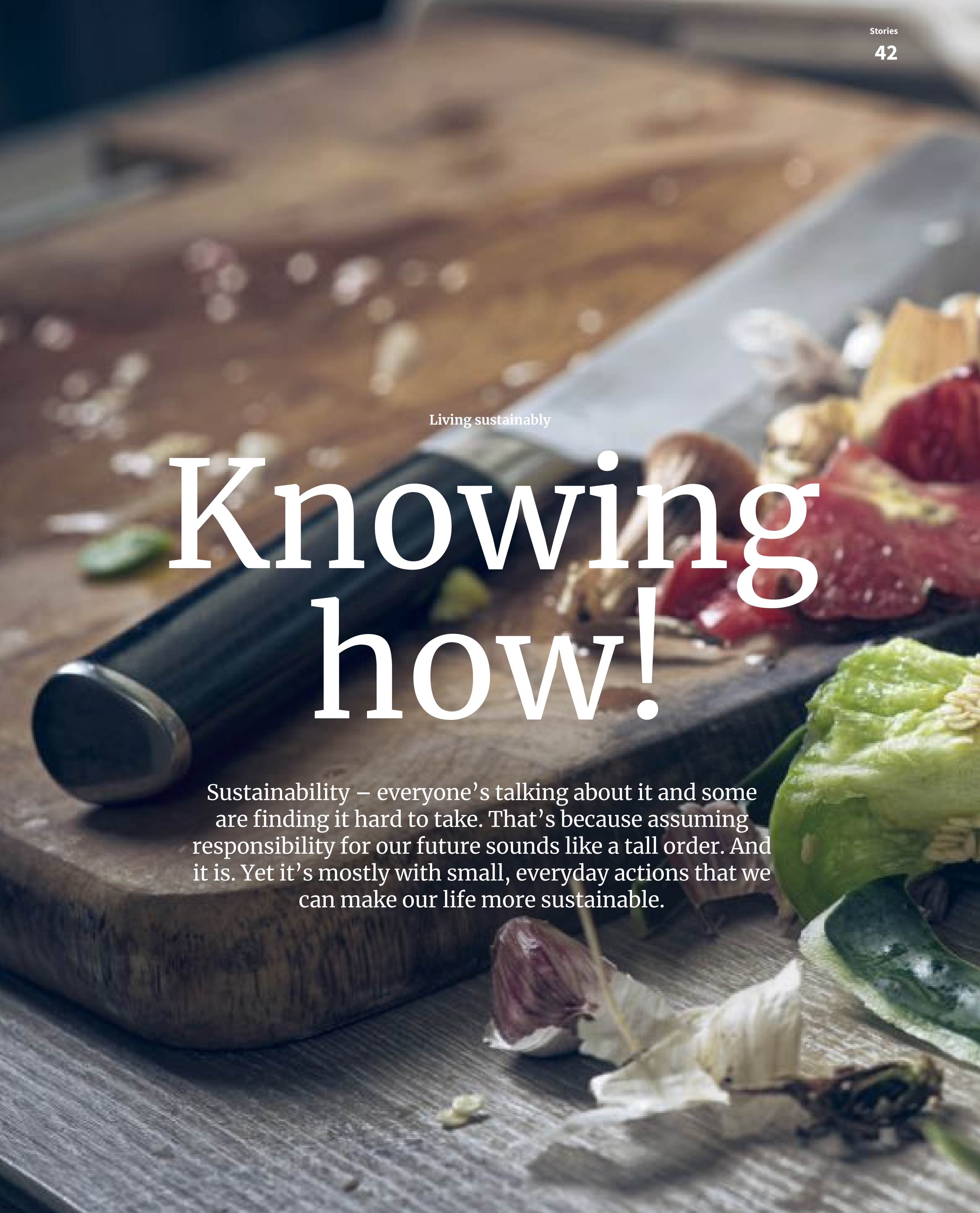
Pour roughly half a liter of water into a glass container so that the water level is 5 cm.


Add 2 heaped teaspoons of non-iodized table salt and stir. Then put in the eggs from bag 1, taking care they they don't stick to the side.


In 24 hours' time, the first brine shrimp will hatch.


From day 3, give the shrimp tiny amounts of food (bag 2). At the end of four weeks, they will be fully grown.


2
Triops food
Yummy
1
Triops eggs
Artemia cf. persimilis
"Wow, great scarf!"
"Oh, thanks a lot."
"Oh boy, am I hungry today!"



Living sustainably

# Knowing how!

Sustainability – everyone's talking about it and some are finding it hard to take. That's because assuming responsibility for our future sounds like a tall order. And it is. Yet it's mostly with small, everyday actions that we can make our life more sustainable.

## Don’t scrap the scraps.

Head off, stalk out, peel removed. As a rule, there’s lots of “waste” when we clean and chop vegetables. You only needed half an onion this time, so what will you do with the other half? When Granny used to invite you over for her odds-and-ends stew, it didn’t sound particularly appetizing … but it was a surprise every time, made from wonderful tasty scraps! As so often in life, it’s worth taking a look back to the past.

But what used to be done chiefly for lack of resources is an ideal way to conserve resources today. And there’s no need for scraps to land only in the stockpot. Casserole, quiche or risotto – the treasure trove icebox holds a variety of tasty possibilities. More on the table, less in the trash. That’s everyday sustainability – and it’s delicious!

And if you’re not feeling the urge to be creative right now, our recipe database, Cookidoo, has plenty of ideas for you in around 200 recipes for your Thermomix that use the odds and ends that arise when you prepare other dishes. Take a look inside your icebox today and we bet you’ll find some appetizing morsel just waiting to be used.

**200**

Cookidoo recipes for more space in your organic waste bin. The smart way to use up scraps.

## Efficient energy? Sleep on it!

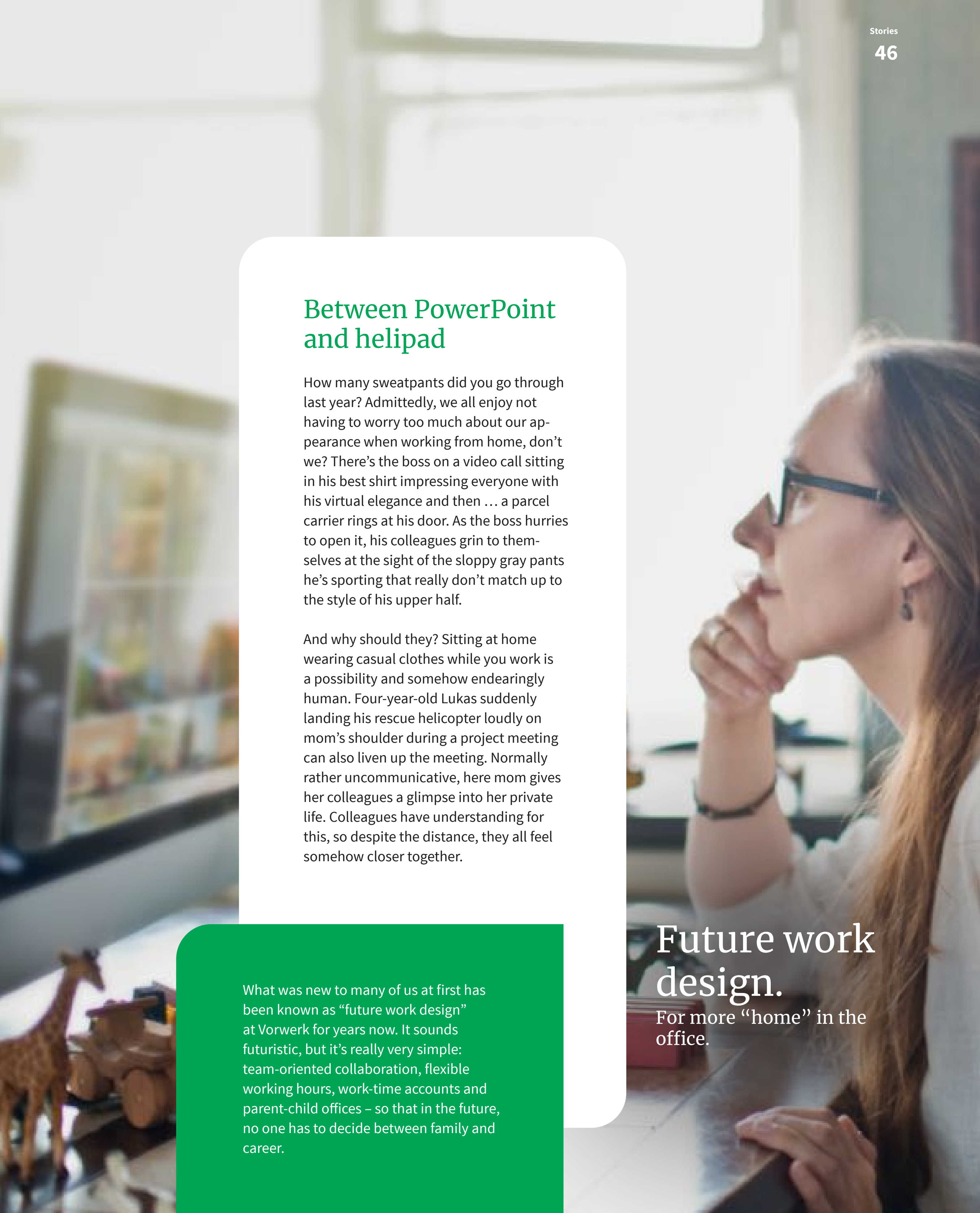
The smallest effort seems too much and you haven't even the energy to eat? We all have days like these occasionally, when we simply feel completely drained. "Just want to close my eyes for bit," and before you know it, you're waking up on the sofa at three in the morning with a stiff neck. Clean your teeth, set the alarm? Yawn! It's just about all you can do to heave your weary body into bed. The body takes the sleep it needs.

But hang on a second! There's sleep and sleep, and aside from many other aspects, it's mostly the healthy and restful kind of (deep) sleep that supplies body and soul with energy. Standby is just not the same as power off. The Internet has a thousand and one recipes for a healthy night's sleep. Try Googling one – but don't do it in bed because then you definitely won't be able to drop off to sleep.

# Automatic switch-off.

The TM6 shows you how – switch off completely and save a whole lot of energy.

Your Thermomix® is always poised for action, ready round the clock to prepare any delights you wish. And when it isn't in use, it waits patiently in standby mode. Wrong! Because even if its standby mode is extremely energy efficient, the TM6 still uses far less energy when it's switched off. The automatic switch-off function ensures zero power consumption, which is easy on your pocket and also on our environment.



# Future work design.

For more “home” in the office.

## Between PowerPoint and helipad

How many sweatpants did you go through last year? Admittedly, we all enjoy not having to worry too much about our appearance when working from home, don’t we? There’s the boss on a video call sitting in his best shirt impressing everyone with his virtual elegance and then … a parcel carrier rings at his door. As the boss hurries to open it, his colleagues grin to themselves at the sight of the sloppy gray pants he’s sporting that really don’t match up to the style of his upper half.

And why should they? Sitting at home wearing casual clothes while you work is a possibility and somehow endearingly human. Four-year-old Lukas suddenly landing his rescue helicopter loudly on mom’s shoulder during a project meeting can also liven up the meeting. Normally rather uncommunicative, here mom gives her colleagues a glimpse into her private life. Colleagues have understanding for this, so despite the distance, they all feel somehow closer together.

What was new to many of us at first has been known as “future work design” at Vorwerk for years now. It sounds futuristic, but it’s really very simple: team-oriented collaboration, flexible working hours, work-time accounts and parent-child offices – so that in the future, no one has to decide between family and career.

## Nothing lasts forever? Oh, doesn't it?!

They really do exist: firm friendships that began in the sandbox and remain right through to old age. Even though many things seem to be short-lived these days – what we no longer like, we dispose of; what no longer works, we replace – that's not the way it has to be. In most cases, all it takes is a little care, and if something doesn't work properly, a small repair now and again.

This also applies to your relationship with well-loved daily helpers, by the way. An appliance that's a little "long in the tooth" but was produced to high standards of quality back when will frequently only require a few adjustments here and there to soon be purring just the way it did on its very first day. In addition to the regular cleaning and maintenance of your appliances, you may sometimes need to replace a tiny screw,  and hey presto – it will be running smoothly again.

Here at Vorwerk, we already ponder the reparability of our products at the advance development stage. Our appliances stand for longevity and quality, so it's hardly surprising that we still sell some 400,000 filter bags every year for a Kobold model that was last produced more than 20 years ago. After all, there's nothing nicer than growing old together, after all!

# Old friends.

The Kobold VK122 and its filter bag FP122 – a dependable duo for the past 20 years.


# “Darling, the guy next door’s on a conference call again!”

Wouldn’t you sometimes like to know what’s happening across the road? Busted! But then, there’s a bit of peeping Tom in all of us, right? Just a tiny glimpse through the keyhole – but watch out, once you’ve poked your nose in, it won’t let you go – just like our action-packed picture here. Go on, take a peep into the figures’ lives, we won’t let on.

What’s
the point
of life?

Every morning the same old world-weary question: “Why? Why can’t I just stay in bed today?” And on Mondays especially, the question torments us relentlessly. At some point, we depart the horizontal and head off into our lives until we feel tired again and go back to bed. Where’s the point in it all? Well, that seems to be a relatively simple question. Try asking a supercomputer about life, the universe and everything. The answer?

Find out. Scan the QR code.

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