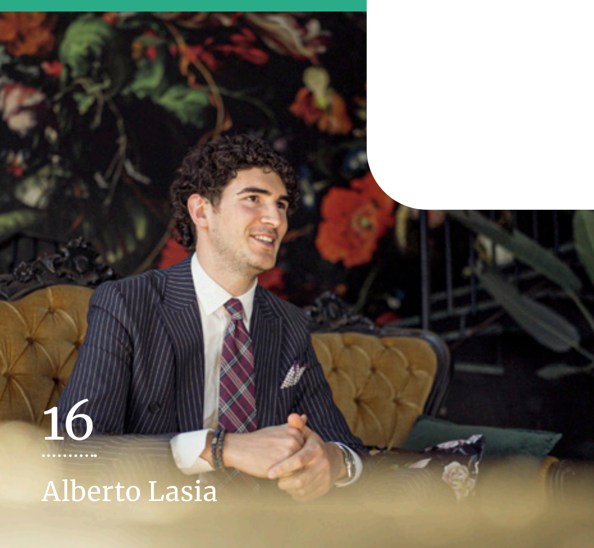
Annual Report 2021

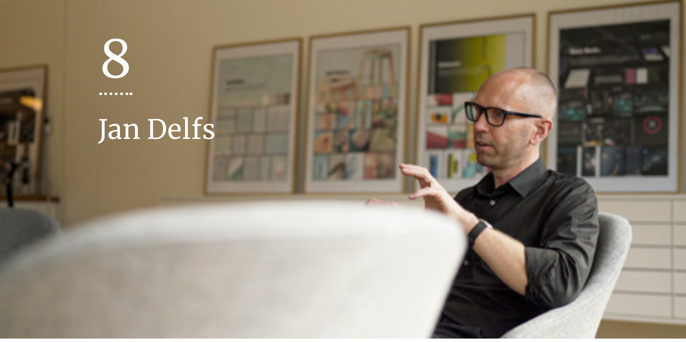
passion

VORWERK

What drives you?

Experience passion up close
and let it take hold of you –
in our online report a
annual-reports.vorwerk.com





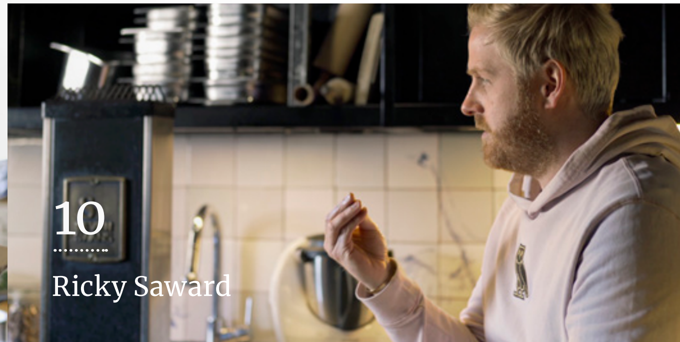
“Do you really have to take it away? Can't it just stay here?” The hand wanders possessively across the lid of the Thermomix®. A sure sign that the spark has truly ignited.

When the Thermomix® party becomes love at first sight. When the cook's dedication can be tasted in every bite. When working as a team becomes a real circle of creativity. When customers can feel the designer's lifeblood in every curve. All of this is passion. A lively energy that spills over from one to the other like a warm wave. Captivating. Inspiring.

At Vorwerk, we fuel this passion at all levels. With our employees and advisors, whose ideas we encourage because we believe that passion motivates us to achieve great things. And with our customers, for whom we make everyday life easier with our innovative products, allowing them to impress again and again with the results.

We encourage people to reignite their passion every day.

Become enthralled too – **Passion: on!**



Contents

“As a team, we fire each other up – it’s a circle of passion!”

Bárbara Tomáz, Lisbon

You know the feeling: work’s finished, your stomach is growling so loudly that you're attracting attention – but take-away again? No. Any idea of what exactly should be on the plate? None whatsoever. Your head is even emptier than your fridge. The pictures from Bárbara, a food stylist from Portugal, are not only an inspiration, they also whet your appetite. Bárbara's passion for good food is reflected in her – literally – tasteful pictures: food for thought no less! Looking at the photos, the sweet scent of the eclairs fills your nose and you can taste their outrageously buttery filling on your tongue. Because not only the pastries, but also the pictures are perfectly to the point. Photos al dente.

Bárbara's
passion in a
video …

“Good design is like dancing the tango.”

Jan Delfs, Wuppertal

What do product design and love at first sight have in common? Quite simple, it’s that millisecond that decides whether the customer says, “Wow, I want that!” – or whether she just clicks on. The designer as matchmaker? Jan Delfs, chief designer at Vorwerk, says: yes. But for the perfect pairing, it’s not enough to be satisfied with a convincing design. “As a designer, I carry a certain basic dissatisfaction within me.” But that's precisely what motivates him to keep questioning the status quo. To keep making his designs that little bit more innovative. To keep the customers’ enthusiasm fresh.

Jan’s passion in a video …

“Vegetables? Definitely more than just a side dish!”

Ricky Saward, Frankfurt

Few vegetables grow in winter – a realization that actually caught Ricky Saward entirely off guard. Germany's first starred vegan chef, accustomed to the constant availability of every conceivable ingredient, had to rethink for his own restaurant – and so learned to adapt his cuisine to the rhythms of nature and to include his garden for provisions in every season. Since then, his passion for creating extravagant menus from inconspicuous raw materials has not exactly been simmering on the back burner. From "beetroot ham" to "wild cherry olives" – Ricky never fails to put a smile on his guests' faces.

Ricky's passion in a video …

Good friends love to talk about the miracle cream that makes all wrinkles disappear. Or about the pair of jeans that magically takes two kilos off them. Genuine enthusiasm simply has to be passed on, because a sorrow shared may be a sorrow halved. But shared joy is double joy! That's exactly how Magda feels. She is a Thermomix® sales advisor in Krakow and an ardent fan herself. She uses the appliance all the time, every day, to quickly put healthy and varied dishes together. "I love my Thermomix®!" she enthuses, her eyes shining. And Magda loves the moment when her passion sweeps others along. When people lean forward in fascination during test cooking sessions. When they want to have the Thermomix right away. When the spark of enthusiasm ignites ...

“I changed her life!”

Magdalena Kowalcze, Krakow

Magda’s passion in a video …

“I had a big grin on my face for a few days.”

Lennart Kalhöfer, Wuppertal

Lennart’s passion in a video …

Early morning. Jump out of bed and go to work in a good mood? There is such a thing, says Lennart. Lennart is an apprentice for automation technology and is on fire for his project. The offer came as a complete surprise. His instructor asked if, with his enthusiasm for filming, Lennart wouldn't like to make a video about his training workshop? What a question! The broad grin on Lennart's face when he talks about his film project says it all. "The fact that I'm being offered such an opportunity makes me feel totally valued." It is precisely this interest in him and his passions that makes the training so special for Lennart. That moves him to get up with renewed motivation every single day. Great!

The doorbell rings. Alberto Lasia is at the door. His door code is his smile. Alberto not only brings vacuum cleaners into his customers' homes, but also plenty of good humor. Born in Sardinia, he loves his job and doesn't have to force a smile. His figures prove that this earns him more than attractive wrinkles around his eyes: in one year alone, Alberto sold 2,359 vacuum cleaners. An Italian record!

“The smile is key!”

Alberto Lasia, Sassari

Alberto’s passion in a video …

Isaac's passion in a video …

"We're not selling a Thermomix, we're selling experiences and good food!"

Isaac Ramos, Madrid

At the age of 15, Isaac had to make a decision: stay with the family or join the army. “Hotels, restaurants and studying gastronomy in conjunction with tourism sounded good, I wanted to travel!” But tourism didn't lead Isaac to faraway continents; it led him to the kitchen. Over the years, on his path from cooking teacher to recipe developer, he nevertheless discovered different countries, their culinary culture – and his passion for good food. It is his inner motor that drives him every day with the question: how can even someone who can’t cook serve up exciting dishes using the Thermomix? How can there be paella for everyone – with the Thermomix®? By Isaac cooking the rice in 17 different ways until it’s a real success every time. By adapting each recipe perfectly to the Thermomix®. By putting his passion for good food into every recipe.

“I love that sound ‘dididudummm … dididudummm’ when it switches to the next step.”

Julia Denkert, Essen

Nothing good ever comes from the mother-in-law? Well, sometimes it does. In Julia's case, it was a Thermomix® – but only on loan. And when its place in the kitchen was deserted once again … a replacement was needed very quickly: a new one, a better one, a Thermomix® TM6 of her own with all the trimmings! And the fact that even joyful anticipation can sometimes be surpassed became clear the moment the package finally stood in front of Julia, she peeled the film off the display and was allowed to switch on her new Thermomix® for the first time … beaming with excitement.

Julia's passion in a video …

Our Financial Year 2021

Foreword
from the Executive Board

Dr. Thomas Stoffmehl
(Speaker of the Executive Board)

Hauke Paasch
(Member of the Executive Board)

Dr. Thomas Rodemann
(Member of the Executive Board)

Ladies and Gentlemen, Dear Vorwerk Community

We can look back on a 2021 financial year that was exceptional in many respects. The most important thing at the outset: following the record level of revenue in 2020, the Vorwerk Group succeeded in further expanding its high level of sales, culminating in additional growth. We are therefore also pleased to report a new record level of sales for 2021. Against the backdrop of the impact of the COVID-19 pandemic and an increasingly challenging situation in the procurement markets, this development was only possible thanks to the tireless efforts of our advisors in the sales organizations and our employees around the world. We therefore owe them our thanks and appreciation. In addition, customers are also a central element of our large Vorwerk community. Without them, their passion and the trust that they place in us and our brands and products, we would not be the company we are today. We are particularly proud of this.

The resolute implementation of the measures already defined in 2019 in the Strategy 2025 has proven to be another key success factor. Three core components will continue to be the focus of attention: expansion and maintenance of the Vorwerk community of advisors, customers and employees, the further development of the people-based direct sales approach using three interrelated channels with sales advisors the core element, as well as innovative products and services.

Ladies and Gentlemen, in 2022, we are deeply concerned about the developments in Eastern Europe and the Russian war in Ukraine. Our sympathy goes out to the people in the affected regions. The Vorwerk community has shown great solidarity in many respects and has supported the people on the ground in Ukraine as well as at the individual locations of our national subsidiary companies. The Vorwerk Group does not have any activities of its own in Russia.

In view of this explosive situation in terms of world politics, the imponderables of the development of the COVID-19 pandemic as well as the availability of goods and rising costs in the supply chain, 2022 will be another challenging year. Overall, however, we are again looking forward to a successful development of business.

Wuppertal, April 1, 2022

On behalf of Vorwerk SE & Co. KG

Dr. Thomas Stoffmehl
Speaker of the
Executive Board

Hauke Paasch
Member of the
Executive Board

Dr. Thomas Rodemann
Member of the
Executive Board

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 139-year corporate history into an international group of companies. Our employees and sales advisors as well as our outstanding products and services represent the core elements of our organization. Vorwerk stands for continuity, change and a nearness to people. As a direct selling company, Vorwerk always seeks direct contact with its customers. In this respect the sales advisor is the focus of activities and serves as the main point of contact.

Headquarter of the Vorwerk Group
(Holding Company)

Vorwerk SE&Co. KG
Mühlenweg 17 – 37
42270 Wuppertal
Germany
Telephone: +49 202 564-0, Fax -1301
Email: vorwerk@vorwerk.de
www.vorwerk.de / www.vorwerk.com

Executive Board

Dr. Thomas Stoffmehl
(Speaker of the Executive Board)
Hauke Paasch
(Member of the Executive Board)
Dr. Thomas Rodemann
(Member of the Executive Board)

Supervisory Board

Dr. Jörg Mittelsten Scheid
(Honorary Chairman)
Dr. Rainer Hillebrand
(Chairman)
Dr. Axel Epe
(Vice Chairman till May 31, 2021)
Daniel Klüser
(2nd Vice Chairman till May 31, 2021 and then Vice Chairman from June 1, 2021)

Dr. Hildegard Bison
(from June 1, 2021)
Rainer Genes
(from January 1, 2021)
Frank Losem
Dr. Stefan Nöken
Wolfgang Kölker
Dr. Timm Mittelsten Scheid

International Presence

Subsidiaries

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

Major Distributors and Export Countries

Argentina
Australia
Belgium
Brazil
Bulgaria
Chile
Columbia
Croatia
Cyprus
Denmark
Greece
Guatemala
Hungary
Iceland
Kazakhstan
Malaysia
Malta
Morocco
Norway
Panama
Paraguay
Peru
Romania
Singapore
Slovak Republic
Slovenia
South Africa
Ukraine
United Arab Emirates
Uruguay
Vietnam

The Vorwerk Group Was Operative in the Following Business Segments in the 2021 Financial Year under Review:

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

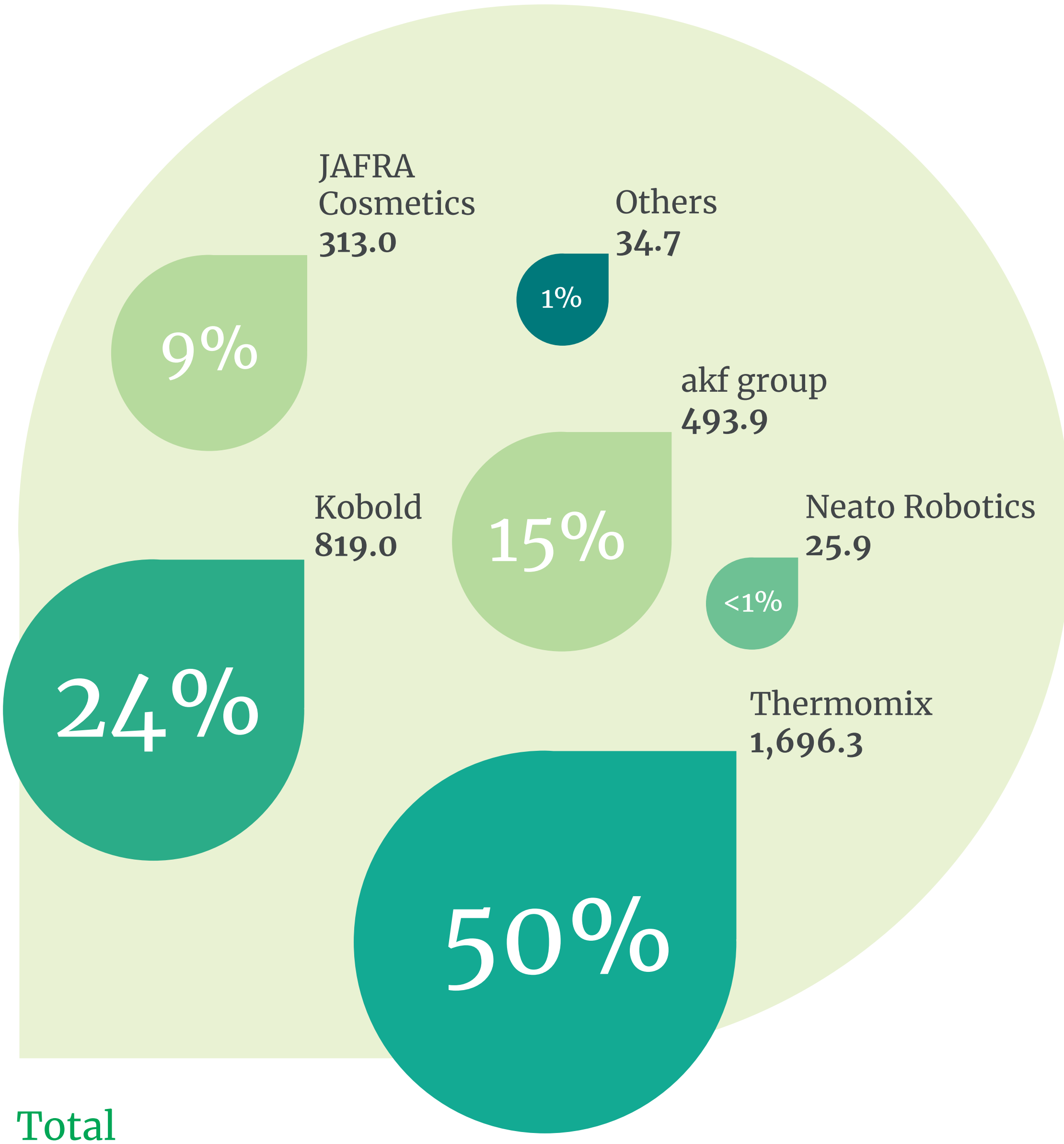
Key Figures of the Vorwerk Group

in million EUR	2018	2019	2020	2021
Group sales	2,791	2,928	3,181	3,383
New business, akf group	1,262	1,324	1,239	1,026
Balance sheet total	5,226	5,332	5,507	5,486
Partners' equity	1,448	1,378	1,473	1,475
Partners' equity in % (akf at equity)***	50	48	47	46
Partners' equity in % (akf fully consolidated)	28	26	27	27
Financial assets	1,271	1,213	1,249	1,372
Other fixed assets	1,480	1,508	1,433	1,355
Current assets	2,402	2,546	2,737	2,669
Cash and cash equivalents*	1,031	902	1,178	1,360
Capital expenditure**	521	472	391	395
Depreciation**	286	304	304	336
Personnel costs	615	633	636	656
Number of employees	12,972	12,319	12,260	11,698
Self-employed advisors	610,919	599,072	577,993	577,092

* Including short-term realizable assets
** Excluding financial assets
*** Assuming the akf group is consolidated at equity

Sales by Division 2021

in million EUR



Total
EUR 3,382.8 million

Milestones
2021

Combined: In the French region of Provence, a joint salesforce branch for Kobold and Thermomix® opens for the first time with an integrated store for customers. With the pilot project “X-Branch+”, Vorwerk is taking the synergy of direct sales and store to a new level and creating a unique direct sales meeting point where the communities of both brands can come together and experience Vorwerk products.

Feb

Climate protection: Vorwerk Engineering is further expanding its climate protection activities as part of its “Green Agenda Engineering”. The relevant fields of action are presented at the kick-off meeting at the end of February. For example, CO_2 emissions are to be reduced by switching to renewable energies, increasing energy efficiency in production and by promoting electromobility. In this way, the Engineering division is making an important contribution to the overall climate protection target of the Vorwerk Group.

Mar

Anniversary: 2021 marks the 50th anniversary of Thermomix®. Since its invention in 1971, it has provided millions of people around the world with enjoyment and pleasure when cooking. To honor this all-rounder and as a thank you to the Vorwerk community, the anniversary year is packed with special events and campaigns, including a limited edition anniversary cookbook and a world record.

Ap

Better and better: The VORward program for technological modernization and process optimization reaches a new milestone. By supplementing remaining functionalities in “DS Pro”, the first rollout of the system for accelerating and optimizing commission payments in Europe is successfully completed. In the next step, the markets in Germany and Spain will be switched over to the new system, making direct sales even more efficient.

May

Digital: With the Thermomix® MySites, Vorwerk Germany supports its advisors in expanding their network. The new individual online platform is all about personal advice and the latest Thermomix® offers. In addition to booking a product demonstration, it is now also possible to digitally order the Thermomix® with the involvement of a sales advisor.

thermomix® MySite

Jun

Connected: During the “Choose France Summit” economic forum, French President Emmanuel Macron acknowledges the strong presence of the Vorwerk Group in the French market and the plans for the company’s further development in the country. Parallel to the summit, French Prime Minister Jean Castex visits the Vorwerk production site in Cloyes-les-Trois-Rivières, thereby reaffirming the importance of the Vorwerk Group for French industry.

Teamwork: Massive heavy rainfall causes devastating flooding in some regions of Germany. The Vorwerk Elektrowerke site, where Kobold vacuum cleaners are produced among other things, is also affected. With enormous effort and great teamwork, the colleagues at Vorwerk Elektrowerke manage to get production up and running again within a very short time. The three bridges on the company grounds spanning the Wupper also survive the flood without serious damage.

Jul

Aug

Renowned: 85 percent of the total population in Germany knows the Thermomix® brand. This is the result of a representative survey by the Allensbach Institute (IfD). With 86 percent brand awareness among the total Italian population, Folletto (the Italian name for Kobold) does similarly well in a later survey by the Institute. But not only is awareness high, the quality of both brands is also rated as “very good” or “good” by the majority of respondents. Typical Vorwerk!

Sep

Outstanding: September 2021 goes down in Thermomix® history as the month with the highest sales volume on record. A sensational 157,817 Thermomix® orders are recorded by the sales advisors worldwide in this month alone. This surpasses the record from September of the previous year (108,817 orders) by almost a third.

Practical: October sees the launch of the customer campaign for the new generation of the Thermomix® blade cover and peeler. The peeler function enables the effortlessly removal of the peel from potatoes and vegetables. This frees up time and ensures less waste compared to conventional peeling. At the same time, the blade cover protects the food during Slow Cooking and Sous-vide preparations.

Nov

World record: At the end of the 50th anniversary year, the Vorwerk community makes it into the Guinness Book of Records with the Thermomix®. Within one hour, around 1,200 cooking videos are uploaded to Facebook - many times more than the 250 required. The world record attempt is accompanied by a digital event in which more than 12,000 people from 46 countries take part.

Update: More than 940,000 users have now become creative on Vorwerk's recipe platform Cookidoo®. With the new "My Creations" function, they can create their own Thermomix® recipes and individually modify existing ones. Whether traditional family recipes or those from blogs, magazines or cookbooks – with "My Creations" all recipes can be saved on Cookidoo® and easily retrieved and prepared with the Thermomix® TM6.

Dec

Group Management Report 2021

General Section on Business Development

Vorwerk & Co. KG, a family-owned company that was founded in 1883 with registered offices in Wuppertal (Germany), was renamed Vorwerk SE & Co. KG with effect from July 1, 2021 on account of the resolution dated May 20, 2021 and entry into the commercial register. The core business of the Group is the development, production and sale of innovative, premium household appliances. Vorwerk stands for an active and ever-growing community comprising advisors, customers and staff as well as a modern direct sales approach over three interrelated channels with outstanding products and services. These central elements of the Strategy 2025 provide the foundation for the sustainable and successful development of the Group.

The Vorwerk Group was operational in the following business segments at the close of 2021: Culinary (Thermomix®/Bimby), Cleaning (Kobold/Folletto) and Temial as well as Vorwerk Engineering, Neato Robotics, JAFRA Cosmetics and akf group. Additionally, Vorwerk Direct Selling Ventures is the Vorwerk Group's venture capital entity.

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.

This process results in well-founded annual budget planning. Due to the very positive development of business in 2020, a correspondingly optimistic annual forecast was prepared for 2021. This already ambitious original plan (hereinafter original plan) was then once again corrected upwards following the extremely good business development at the beginning of 2021 so as to reflect our expectations in the spring of that year and incorporated into our Outlook Report for 2021. However, in this we also pointed out that the dynamic and unforeseeable course of the COVID-19 pandemic made it difficult to make a valid statement regarding the development of revenue and earnings.

In this respect it became apparent throughout the course of the 2021 financial year under review that the forecast made in March 2021 could not be achieved across the divisions, in particular as a result of changed consumer behavior during the pandemic but also due to the increased costs for material and transportation, resulting in revenue being slightly and operating earnings considerably below the March 2021 forecast. By contrast, the similarly ambitious original annual plan could be surpassed. To take account of this success and to provide for an enhanced and clearer representation of the actual development of business, we shall therefore refer to the original detailed plan prepared when comparing the numbers for the individual divisions.

Revenue at the Vorwerk Group amounted to EUR 3.4 billion, a substantial* increase of 6.4 percent compared to the previous year, which represents a new record level of revenue.

Revenue at the Vorwerk Group amounted to EUR 3.4 billion, a substantial* increase of 6.4 percent compared to the previous year, which represents a new record level of revenue. The development of revenue was moderately above the original plan.

Operating earnings for the year were significantly above the original plan but substantially below the previous year. This was mainly attributable to a positive one-off effect in the 2020 financial year and an unforeseeable negative effect in the 2021 finanical year in the Vorwerk Ventures entity. Not considering Vorwerk Ventures, operating earnings rose considerably in comparison to the previous year.

The overall business volume amounted to EUR 3.9 billion, a decrease of 0.2 percent, when EUR 1.0 billion of new business at akf is taken into account.

The partners' equity capital ratio at the Vorwerk Group amounted to 26.9 percent when akf group, operational in the area of financial services, is fully consolidated. Liquid funds are mainly invested in special funds, reported under long-term securities, and other short-term realizable current assets and totaled EUR 1,360 million as of balance sheet date.

The Group's strategic leadership was in the hands of Vorwerk SE & Co. KG in Wuppertal. The Group's Board comprises Dr. Thomas Stoffmehl (Speaker of the Executive Board), Hauke Paasch (Member of the Executive Board) and Dr. Thomas Rodemann (Member of the Executive Board from January 2022).

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 was 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 in the year under review. 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 63.6 percent. This share amounted to 73.6 percent in the direct sales segment.

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.

* 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 Vorwerk Group had already defined its future corporate alignment in 2019 as part of its Strategy 2025. The aim: to become more powerful and modern and to further optimize efficiency in the global Vorwerk organization as well as the specialized and successful direct sales approach. Distinct growth and earnings targets are essential aspects of this strategy.

The first positive effects were already recorded in 2020, the first year of the COVID-19 pandemic, in which the Vorwerk Group was able to achieve record sales. This positive development also continued throughout 2021 with substantial growth.

In the year under review, the Vorwerk Group implemented or prepared adjustments to its corporate structure in order to create synergies and improve efficiency. The aim is to focus even more on the segments and markets with high potential for success and growth.

These decisions affect, among others, the sale of JAFRA Cosmetics to the Mexican company Betterware de Mexico. The entrepreneurial family thereby underscores its commitment to the Strategy 2025. The entrepreneurial family and the Board are convinced that they have found a very good partner who will advance the positive further development of JAFRA.

Another decision relates to the Temial business unit. It has failed to establish a stable and promising market position in Germany and China for the tea machine launched in 2018. The Vorwerk Group therefore had to accept that the market potential for Temial as a high-end tea machine is not as high as expected. Temial will therefore be gradually withdrawn from active marketing by mid-2022. Of course, customers will continue to be provided with the appropriate spare parts, service and consumables in the coming years.

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 direct sales approach over three interrelated channels 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 2021.

Vorwerk has systematically addressed the aspect of sustainability since 2016.

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. Vorwerk has been shaping people's homes for 139 years. The Vorwerk Group creates quality of life with its products and wants future generations to feel at home in the world. That is why the family-owned company is committed to sustainable, responsible action in all areas of the company.

The Group is on track to make products more sustainable in all phases of its value chain. This includes low energy consumption in production and later during a product's service life, as well as the use of recyclable materials. Durable technology and a quality finish are equally crucial.

Among other things, the Vorwerk Group has set itself the goal of becoming climate-neutral with regard to its own CO_2 emissions from the year 2022. This means that CO_2 emissions will be reduced and remaining emissions compensated for. The reduction proportion is to increase to two-thirds by 2025 (base year 2016). Detailed information on the sustainability concept of the Vorwerk Group was published in the "Sustainability Report 2020" in November 2021.

The focus in the year under review in IT remained on continuing the rollout of front-end tools in the "VORward" program for the Thermomix and Kobold divisions. 26 milestones were achieved in this area alone, including the strategically important rollout of the omnichannel sales concept in Germany and France and the personal websites for sales advisors (MySites).

In the current financial year, the Vorwerk Group is looking at the war in Ukraine with great concern. Our sympathy goes out to the people in the affected regions for whom donations and aid have been organized. For the Vorwerk Group there could be possible effects in various areas described in more detail in the Risk Management Report.

Summary of the Development of the Individual Divisions

Thermomix remains the division within the Vorwerk Group with the highest revenue. The division achieved record sales of EUR 1.7 billion with a substantial increase of 7.1 percent.

The Kobold division achieved revenue of EUR 819 million, a distinct growth of 16.5 percent.

JAFRA Cosmetics suffered a negligible decline in revenue of 1.9 percent to EUR 313 million, whereby exchange rate effects had a positive impact in the year under review.

The akf group revenue of EUR 494 million was at the same level as the previous year. The volume of new business amounted to EUR 1.0 billion.

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

Sales by Division

in million EUR	2018	2019	2020	2021
Home	1,947.1	2,070.1	2,331.7	2,541.2
Thermomix	1,079.5	1,268.4	1,583.8	1,696.3
Kobold	756.5	708.4	703.2	819.0
Vorwerk flooring*	48.7	41.3	17.5	0.0
Neato Robotics	62.4	52.0	27.2	25.9
Diversification	785.6	824.0	814.6	806.9
JAFRA Cosmetics	336.0	351.7	319.0	313.0
akf group	449.6	472.3	495.6	493.9
Others	57.8	33.9	34.3	34.7
Group sales	**2,790.5**	**2,928.0**	**3,180.6**	**3,382.8**

*Vorwerk flooring included till July 31, 2020

Thermomix

Today, more than 78,000 Guided Cooking-enabled recipes are available for the Thermomix® TM6 worldwide.

Since its invention in 1971, the Thermomix® has matured from a multifunctional kitchen machine to a digital all-rounder that brings millions of people together worldwide around the theme of cooking. Fifty years ago, the former French sales manager, the Swiss national Hans-Jörg Gerber, had the idea of adding a heating element to the Vorwerk VKM5 kitchen mixer – the birth of the Thermomix. This anniversary was celebrated throughout the year with various activities. One highlight was certainly the setting of a new world record. At the end of November 2021, numerous Thermomix® users got together and uploaded a total of 1,206 cooking videos to a Facebook community set up especially for this purpose within one hour. The record was confirmed by the Guinness Book of Records.

The Thermomix® TM6 is easy and intuitive to use. 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 78,000 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 40 distributors. The multifunctional kitchen appliance is sold worldwide in a direct selling system. Advisors demonstrate the Thermomix® at potential customers' homes by providing a cooking experience. They also benefit after purchase from the individual, personal service available locally. In some countries, the advisors also have “MySites“, which they can use to contact customers online, make appointments and sell appliances. Moreover, 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, the division once again achieved record sales and at EUR 1.7 billion - an increase of 7.1 percent - performed substantially above the previous year and the original plan, due in particular to the renewed distinct addition of new advisors since the end of 2020. There was a further minor rise in operating earnings compared with the already very good previous year, significantly exceeding the original plan.

The number of advisors increased by 23.7 percent compared with the previous year. Average productivity was considerably and activity substantially below the previous year's level. This was due to the incorporation of the high number of newcomers. On average, more than 74,000 self-employed advisors were working for the division in 2021.

2021 was an extremely successful year for most Thermomix markets: Germany was once again the strongest sales country with the company achieving revenue of EUR 466 million, an increase of 7.4 percent. The Polish sales company achieved a significant increase, with revenue up 42.8 percent to EUR 231 million. Developments in Italy were also clearly positive (EUR 170 million in sales, up 16.6 percent). There, as in Portugal, the Thermomix® is sold under the brand name Bimby.

The picture was also positive in the other larger national companies: Austria (revenue EUR 54 million, up 45.3 percent), Portugal (revenue EUR 52 million, up 8.4 percent), Switzerland (revenue EUR 35 million, up 22.8 percent) and Great Britain and Northern Ireland (revenue EUR 46 million, up 28.5 percent). The export business - i.e. sales through so-called distributors - was able to significantly increase revenue to EUR 110 million.

In contrast, Thermomix suffered a decline in sales in France (revenue EUR 217 million, down 2.0 percent), Spain (revenue EUR 143 million, down 15.9 percent), China (revenue EUR 88 million, down 39.3 percent), Mexico (revenue EUR 27 million, down 2.1 percent) and the USA (EUR 21 million, down 3.6 percent) due to the impact of the COVID-19 pandemic. This was partly due to strict lockdown measures. In China, there was a persistent reluctance on the part of customers to visit shopping malls and Thermomix cooking studios throughout the year.

Kobold

Systematic work: six attachments for the deep cleaning of various surfaces.

They combine over 90 years of experience in the development of powerful vacuum cleaners with ergonomically elegant design, innovation, quality and durability - the high-quality room care and cleaning solutions from Kobold. The modular Kobold cleaning system consists of 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 independently navigates through the entire home and cleans hard and carpeted floors in logical paths. Moreover, no-go areas can be defined with the help of the app. With the Kobold SP600, Vorwerk has developed an attachment 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 a highly innovative way. Kobold sells its products through direct sales, Vorwerk stores and online.

The Kobold Division is represented with its own subsidiaries in a total of twelve countries in Europe and Asia. In addition, more than 25 distributors are engaged in selling the products.

In the year under review, the Kobold division achieved sales of EUR 819 million, a distinct increase of 16.5 percent over the previous year. The original plan was substantially surpassed. Operating earnings significantly exceeded both those of the previous year as well as the original plan.

On average, just under 11,400 self-employed advisors worked for the division in the year under review, a clear increase against the previous year. Activity improved negligibly, with productivity moderately above the previous year‘s level.

Kobold can look back on a very successful year in almost all sales countries. In this particular year direct selling could reveal its strength: even though customer visits were not always feasible, advisors could be reached, maintaining contact by phone or via virtual tools. In addition, customers made use of the Kobold online platform.

The Italian Kobold company achieved revenue of EUR 374 million, an increase of 13.0 percent. In Italy, the Kobold is sold under the brand name Folletto.

The German Kobold company also achieved double-digit growth, with an increase of 14.7 percent, to sales now totaling EUR 274 million.

Of the larger Kobold countries, Vorwerk France also increased its revenue (EUR 55 million, up 71.0 percent), as did the Chinese Kobold company (EUR 33 million, up 15.4 percent), the company in Austria (EUR 25 million, up 16.4 percent), Kobold in Spain (EUR 18 million, up 1.2 percent) as well as the distributor business (EUR 16 million, up 38.4 percent) and the company in the Czech Republic (EUR 9 million in sales, up 25.4 percent).

Vorwerk Engineering

In the company's own global network of plants, the company produces according to uniform specifications and strict quality standards.

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.

In the company's own global network of plants with locations in Germany (Wuppertal), France (Cloyes-sur-les-trois-Rivières) and China (Shanghai), the company produces according to uniform specifications and strict quality standards.

The largest production site is in Wuppertal with more than 1,150 employees. The research & development department is also primarily located there.

Towards the end of the year under review, the division implemented a limited edition model of the Thermomix® – the "Black Edition". This article was extremely well received internationally at the start of 2022. At the same time, the high global demand for the Thermomix® TM6 led to longer delivery times, especially as there was a shortage of certain product components such as semiconductors on the global market due to the ongoing COVID-19 situation. Vorwerk intends to improve the availability of components and speed up processes. It will also ensure that deliveries are made in the order in which they are received.

The sales development of the Vorwerk Engineering division in 2021 was in line with revenue development at the sales divisions. Operating earnings were considerably below the level of the previous year, but only slightly below the original plan. This is related to the distinct increase in expense for materials and transportation throughout the course of the year.

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 for robotic cleaners.

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 is represented on the American market for intelligent robot vacuum cleaners and intends to further expand its position as a supplier of innovative and high-quality products worldwide. At the same time, the two companies cooperate with each other, particularly in the areas of R&D and manufacturing. Neato Robotics operates as an independent unit within the Vorwerk Group and has its own brand identity. The products are available both online and through retail partners in North and South America, Europe and, in some cases, Asia.

Three new products were launched during the year under review and were developed using a next-generation software platform. The Neato D8 was launched in March, and the D9 and D10 models finally went on sale at the end of October.

The consequences of the COVID-19 pandemic continued to cause major problems for the stationary retail sector in 2021, with repeated store closures. As a result, Neato Robotics experienced a slight decline in sales of 4.6 percent to EUR 26 million, which was significantly below the original plan. Due to the decline in revenue and a delay in the launch of new products, operating earnings were distinctly below the previous year's level and significantly below the original plan.

During the year under review three new products, the Neato D8, D9 and D10 were launched, which were developed using a next-generation software platform.

JAFRA Cosmetics

The JAFRA range comprises skin and body care, fragrances, decorative color cosmetics, spa and anti-aging products.

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 491,000 self-employed consultants were working for JAFRA, of which some 407,000 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, even though the economy was able to develop slightly positively overall.

In the year under review, JAFRA Cosmetics achieved sales of EUR 313 million, negligibly below the previous year's level but negligibly above the original plan. Operating earnings were significantly above both the previous year's and the original plan's figures, partly due to the implementation of cost-cutting measures.

Mexico, traditionally the strongest performer, reported a decline in revenue of 3.6 percent to EUR 224 million.

In the USA, sales were EUR 63 million, the same as in the previous year. The sales company in Indonesia suffered a drop in revenue (EUR 14 million, minus 24.3 percent).

The European sales companies (Germany, the Netherlands, Austria and Switzerland), on the other hand, were able to increase sales and generated EUR 11 million (plus 11.8 percent).

In the year under review, the Executive Board of the Vorwerk Group decided to transfer JAFRA Cosmetics International in Mexico and the USA to Betterware de Mexico, a Nasdaq listed company. This decision is to be seen against the background of the Strategy 2025. The aim is to optimize the structure of the Group, create more synergies and thereby improve efficiency in the global Vorwerk organization.

In order to strengthen the further development of JAFRA Cosmetics and the strong community of consultants outside Europe, strategic options were therefore examined and corresponding discussions held. These discussions have led to the signing in the 2022 financial year of a binding share purchase agreement for the acquisition of JAFRA Cosmetics in Mexico and the USA by Betterware de Mexico.

With this acquisition, Betterware expands its growth potential by extending its geographic reach to North America, strengthening its positioning in Mexico and adding beauty and personal care products to its portfolio. The Vorwerk entrepreneurial family and the Executive Board are confident that they have found a partner who will continue and further expand the ongoing and sustainably successful development of JAFRA Cosmetics. At the same time, the entrepreneurial family is duly underlining its commitment to the strategy of the Vorwerk Group.

The rights to the JAFRA business in Indonesia will remain with Vorwerk. The business will be continued there with the help of the new owner.

JAFRA Cosmetics had previously decided to withdraw from the European markets in Germany, Austria, Switzerland and the Netherlands, which had fallen short of the strategic requirements. Accordingly, JAFRA Cosmetics‘ activities in Europe will be discontinued in mid-2022. The expenses for the discontinuation of operations have significantly impaired the annual result.

In addition, non-scheduled depreciation in an amount of EUR 30 million was recognized on the goodwill value of the JAFRA Group.

Vorwerk Ventures

Some portfolio companies are already among the leading providers in their specific markets and offer great opportunities for an increase in value.

The Vorwerk Group, through Vorwerk Ventures, makes use of various investment vehicles to participate in companies pursuing novel and promising sales models. The venture capital entity makes its investment decisions without any direct connection to the strategy of the Vorwerk Group and so has freedom to invest in completely new areas that have the potential for strong growth and high profitability.

Some portfolio companies are already among the leading providers in their specific markets and offer great opportunities for an increase in value. The investment portfolio is managed with a view to the exit potential.

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.

Vorwerk Ventures has invested in this fund for instance in the manufacturer of sustainable cleaning products everdrop and the producer of meat substitute products Planted Foods. Headquartered in Berlin, the fund currently manages assets of more than EUR 300 million and invests from seed/series A-level investments of EUR 1 to 10 million, providing continuous support of up to EUR 15 million.

In the financial year just closed, some substantial follow-up financing transactions were carried out in the portfolio with the participation of other investors.

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 five decades, akf bank, akf leasing as well as 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.

Some sales areas of akf group were affected in the financial year by the massive disruption to supply chains caused by the pandemic, with drastically extended delivery times for the financed asset categories. Moreover, new business activities in the Spanish market were discontinued during the year under review. Against this backdrop, new business in the banking and leasing sector declined distinctly to EUR 1,026 million (previous year: EUR 1,239 million), a drop of 17.1 percent on the previous year.

The share of vehicle financing in the auto and marine finance sales areas, with a volume of EUR 292 million (previous year EUR 461 million), amounted to 37.2 percent (previous year 28.5 percent) of total business and thus continues to occupy a notable position despite the lower share.

In the fleet finance (flottenfinanz) segment, which primarily offers full-service leasing and short to medium-term rental of passenger cars, the volume increased significantly from EUR 76 million to EUR 113 million.

Finance is also available for private clients wishing to purchase a car or other consumer goods such as camping caravans.

Funding of machinery and other equipment in the industrial finance sales unit was maintained at virtually the same level as the previous year, with a volume of EUR 226 million (previous year: EUR 228 million) and accounted for 22.1 percent of total business (previous year: 18.4 percent).

Financing of agricultural vehicles and mobile agricultural equipment in the agrarfinanz sales unit declined by 8.5 percent to EUR 178 million, accounting for 17.4 percent of the total volume (previous year: 15.7 percent).

The product finance sales area was down by EUR 63 million to EUR 216 million. Some EUR 153 million (previous year: EUR 221 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, which declined due to the discontinuation of new business in Spain.

The volume of purchased receivables in the factoring business segment increased from EUR 852 million to EUR 1,124 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. At EUR 494 million (previous year: EUR 496 million), akf group‘s revenue was almost on a par with the previous year.

New business developed below and operating earnings above expectations. Revenue in the financial year developed within expectations. 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 increase in the interest rate margin of eight basis points on a year-on-year comparison, interest income at akf bank could only be improved moderately by 0.7 percent. The reason for this was the lower than expected development of the average business volume.

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. Due to the low interest rate environment and the high level of savings by households during the corona crisis, the total volume in the deposit business increased slightly in the past finanical year, contrary to expectations and planning. A total of around 22,400 investors (previous year: some 22,000) had entrusted deposits of EUR 1,488 million (previous year: EUR 1,437 million) at the end of the year. As in past years, business was only transacted on an online basis. Despite the challenging circumstances in the deposit-taking business, akf group fundamentally handles all private investors in the same manner with regard to interest payments for the various products and refrains from making any special offers or promotions to attract new clients. The need for any introduction of a safekeeping fee or negative interest rate was also waived.

Against the backdrop of current economic expectations, akf bank assumes that there will be a distinct increase in new business and therefore a moderate rise in business volume, so that net interest income is expected to increase even with an unchanged interest margin. The development of risk provisions will depend very much on how the pandemic evolves and its consequences for future economic development. Against the background of an expected positive development of the overall economic situation, it is assumed that risk provisions will be below the level of the 2021 financial year.

The annual surplus for the 2022 finanical year is expected to be significantly above the level of the year under review. However, given the prevailing conditions, especially with regard to the development of the economic environment following the fourth wave of the corona pandemic, any forecast as to the future development of business is associated with great uncertainty. In addition, the impact of the war in Ukraine on the overall economic situation is currently difficult to assess. As a result, akf bank's business development could also fall significantly short of expectations. In this case, the expected earnings situation could also be adversely affected by the fact that net interest income is below forecast and, at the same time, provisions for losses on loans and advances increase appreciably.

The akf group's annual surplus for the 2022 finanical year is expected to be significantly above the level of the year under review.

Personnel Development/ People & Culture

The strategic priorities in the area of “People & Culture” were already defined in 2020 and are part of the implementation of the Strategy 2025.

A particular focus is on attracting, retaining and developing talent, as well as strong succession planning to ensure stability and provide opportunities.

Parallel to this, the focus is on building leadership skills and developing management - with the aim of combining the growth of the Group with the continuous advancement of employees.

In 2021, an average of 588,790 people worked for the Vorwerk Group worldwide. The number of employed staff was 11,698, the number of self-employed sales advisors 577,092.

Staff (Annual Average)

	2018	2019	2020	2021
Home				
Thermomix*	4,694	5,665	5,914	5,256
Kobold*	1,808	1,963	1,881	1,908
Vorwerk flooring**	366	313	180	0
Vorwerk Engineering	1,602	1,615	1,603	1,748
Neato Robotics	129	115	125	151
Diversification				
JAFRA Cosmetics	1,955	1,806	1,696	1,760
akf group	485	499	504	512
Others	1,933	343	357	363
Total*	**12,972**	**12,319**	**12,260**	**11,698**

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

Self-Employed Sales Advisors (Annual Average)

	2018	2019	2020	2021
Thermomix	44,574	48,231	59,890	74,066
Kobold	12,004	9,623	9,581	11,365
Others	593	180	236	510
Self-employed sales advisors “Home”	57,171	58,034	69,707	85,941
Self-employed sales advisors JAFRA Cosmetics	553,748	541,038	508,286	491,151
Self-employed sales advisors in total	**610,919**	**599,072**	**577,993**	**577,092**
Total Vorwerk workforce	**623,891**	**611,391**	**590,253**	**588,790**
of which sales advisors*	615,219	603,977	583,044	581,202

* Including employed sales advisors

Assets and Earnings Situation

The consolidated balance sheet total of the Vorwerk Group had fallen by EUR 20.9 million to EUR 5,485.6 million as of balance sheet date on December 31, 2021, caused, among other things, by the decline in receivables from customers from the banking and leasing business with a simultaneous increase in financial assets on the assets side and the lower level of liabilities to banks on the liabilities side.

Fixed assets increased by EUR 44.6 million overall. This mainly related to financial assets at EUR 122.9 million, mostly participations (+ EUR 57.4 million) and financial investments (+ EUR 80.8 million).

Intangible assets showed a decline of EUR 57.7 million, which was due in particular to a special write-down on goodwill to anticipate the impact of the JAFRA Group leaving the Vorwerk Group in the 2022 financial year. Tangible assets also decreased by EUR 20.5 million, specifically related to rental assets at EUR 24.7 million. The investment ratio increased by 1.3 percentage points to 17.3 percent with a lower opening balance and higher investments compared to the previous year. The fixed assets ratio of 25.7 percent was 1.3 percentage points below the level of the previous year with a minor decrease in the total capital amount.

Under the financial assets item, participations increased by EUR 57.4 million, mainly due to the first-time inclusion of a venture capital fund in the Group figures. Shares in affiliated companies decreased accordingly. Long-term securities were substantially higher than in the previous year by EUR 80.8 million due to purchases.

Current assets showed a negligible decrease of 2.5 percent, mainly due to a distinctly lower level of receivables.

Inventories increased by EUR 79.9 million, primarily to counter supply bottlenecks. The frequency of inventory rotation increased by 13.0 percent to 2.56 due to the significant rise in the cost of materials.

Overall, trade accounts receivable decreased substantially by 6.1 percent. This was mainly due to the year-on-year decline in sales in the month of December in the countries of France and Germany. Write-downs were adapted to reflect the payment behavior of customers. The value adjustment ratio increased slightly year-on-year to 40.8 percent.

The decline in akf group's installment, investment credit and forfeiting business due to pandemic-related, massively disrupted supply chains with drastically extended delivery times led to a reduction of EUR 234.2 million in net receivables from customers in the banking and leasing business. All discernible risks in the financing business are adequately accounted for by the formation of valuation adjustments.

The ratio of current assets to total assets of 48.7 percent was negligibly below the level of the previous year.

The cash ratio – defined as the cash resources available at short notice against current liabilities – amounted to 42.2 percent in the year under review (previous year: 36.3 percent).

The liabilities side reflected partners' equity of EUR 1,474.6 million. The partners' equity capital ratio was running at 26.9 percent (previous year: 26.7 percent). The equity to fixed assets ratio was 54.1 percent, negligibly down on the previous year (54.9 percent) due to the minor increase in fixed assets.

Accruals were some 0.7 percent higher than in the previous year. Provisions for pensions and similar obligations remained at approximately the same level as the previous year. Accruals to cover tax risks decreased by 9.3 percent. The moderate increase in the other accruals item related in particular to accruals in connection with the sale or closure of companies and for outstanding supplier invoices. By contrast, there was a decrease in provisions, in particular to cover litigation risks and for product development.

Overall, liabilities decreased negligibly by 1.4 percent. However, the individual items developed in various directions.

Liabilities to banks could mainly be attributed to akf group and fell by EUR 123.7 million. Liabilities from the deposit business exclusively related to akf group. akf bank's online-based deposit business increased by EUR 51.4 million in the year under review, in particular due to the low interest rate environment and household savings. Other investor deposits decreased by EUR 3.2 million.

Due to the fact that partners' equity remained at approximately the same level as in the previous year, the overall reduction in borrowed capital of EUR 35.1 million had the effect of reducing the level of indebtedness, which fell by 2.7 percentage points compared with the previous year to 257.7 percent.

The deferred income item on the liabilities side of the balance sheet in an amount of EUR 211.5 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 12.3 million resulted in an increase in this item in the year under review.

The Vorwerk Group achieved sales of EUR 3,382.8 million in the 2021 financial year, an increase of 6.4 percent. In terms of operating earnings, the return on sales showed an increase of 0.6 percentage points compared to the previous year, excluding the special effects in the Vorwerk Ventures business unit. The increase in revenue was equally attributable to the Thermomix and Kobold divisions. Reference is made to the respective comments on the divisions for detailed explanations on revenue development.

The significant increase within the inventories item is directly related to the build-up of stocks to ensure delivery capability.

The considerable decline in the other operating income item is mainly due to the one-off effect from the sale of participations by Vorwerk Direct Selling Ventures in the 2020 financial year.

The cost of materials (without the bank and leasing operations) rose by 25.8 percent in comparison to the previous year. The increase is particularly related to price increases. In addition, the restructuring of digital development processes within the Vorwerk Group led to a shift from other operating expense to cost of materials. Overall, the cost-of-materials ratio was 3.9 percentage points higher than in the previous year.

The drastically extended delivery times due to the pandemic resulted in a decrease of EUR 4.9 million in costs related to the credit and leasing business.

In addition to general wage and salary increases, the EUR 19.5 million rise in personnel expenses was due in particular to higher wage costs in connection with increased inventories to ensure delivery capability, as well as to higher employee numbers at some companies. In China, on the other hand, personnel expenses for permanent sales staff decreased due to lower sales.

Scheduled depreciation was negligibly below the level of the previous year at minus 1.4 percent. In addition, non-scheduled depreciation of EUR 37.9 million (previous year: EUR 1.7 million) was recognized, mainly in connection with the divestment of JAFRA companies.

The other operating expense item rose negligibly by EUR 20.6 million overall compared with the previous year, although the various expense items developed in different directions. Essentially, the commission paid to self-employed sales advisors rose given the associated increase in sales in the Kobold and Thermomix divisions. Expenses for sales support and motivation were also affected. Expenses in the IT area developed in the opposite direction. In addition, a one-off effect from the sale of the flooring business had been recorded in the previous year.

The EUR 0.9 million decrease in the financial result was primarily due to a EUR 4.5 million reduction in income from financial investments. By contrast, however, write-downs on participations held as fixed assets also decreased.

The operative result and the development of earnings were above the original plan in most divisions. However, the forecasts at the beginning of the fiscal year could not be achieved due to the unforeseeable development of the COVID-19 pandemic. Overall, however, the positive earnings situation for Vorwerk developed in a pleasing manner.

Financial Situation and Development of Financial Assets

Following 2020, a year that was already heavily impaired by the challenges associated with COVID-19, the second corona year also turned out differently than expected. As new virus variants emerged, the global economic recovery was not as robust as predicted. Contributing to this were global supply chain issues, which had a sharp impact on the development of prices and product availability. Inflation rates climbed globally to heights unseen for many years. However, central banks remained faithful to their relaxed monetary policy, which contributed to record highs on the stock markets as a result of the associated low real interest rates. Not to forget geopolitical upheavals in 2021, which were already factored in by the capital markets particularly in the second half of the year.

Overall, the stock markets showed a positive development in 2021. Shares in the developed markets gained around 22 percent year-on-year in euro. Shares from the emerging markets were distinctly weaker, gaining just under five percent in currency-adjusted terms over the same period. The development of interest rates for European government bonds showed a differentiated picture. While maturities of up to one year remained largely unchanged or even fell slightly in line with central bank policy, interest rates for longer maturities increased distinctly. At - 0.18 percent, 10-year German government bonds were 39 basis points higher at the end of the year than a year earlier.

The strategic alignment of Vorwerk's investment policy remained virtually unchanged in 2021. The asymmetric instruments to avoid tail risks were also retained, but capital market developments meant that these were not needed to limit fluctuations in value in negative territory. The broadly diversified portfolio enabled the expected contributions to the Group's earnings to be achieved.

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 remained in place and no money market facilities needed to be drawn down in 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. There was also no change to this fundamental principle.

Gross liquidity in the Group (excluding akf) hardly changed in a comparison of the balance sheet dates 2020 and 2021. We refer to the section on akf group regarding the financial report for this company.

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 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)**		• Sustainability; • Environment (competition); • Legal (sales)	• Information security & information technology; • Pandemic (sales)	• Supply chain
Moderate **(> EUR 20-30 million)**	• Legal (data protection)	• Product	• Personnel; • Finance; • Legislation and requirements	
Insignificant **(EUR 10-20 million)**				

As in 2020, Vorwerk was again able to benefit from the challenges presented by COVID-19 in 2021 by taking advantage of the sales opportunities offered by a direct sales company. Nevertheless, across almost all relevant markets, there was increased uncertainty and a cautious assessment of future business development, caused either directly or indirectly by the pandemic. This related both to the market side (customer behavior, possible contact restrictions) as well as to further possible distortions on the procurement side (material prices and supply chains). Due to local lockdown phases and bottlenecks on global procurement markets, there continues to be a high risk in our own supply chain with regard to our ability to deliver and the price level of sub-supplier parts. As an example, a great deal of attention was paid to availability of battery cells for cordless products in 2021. However, even comprehensive measures on the part of Engineering cannot always prevent or offset the occurrence of these risks.

Economic risks fundamentally result from the armed conflict in Ukraine, the further development of which cannot be foreseen at present, from and with regard to consumer behavior, disruptions in the supply chains, rises in energy and material costs, an increased risk of inflation and an enhanced risk of cyberattacks. The Vorwerk Group has no economic activities of its own in Ukraine and Russia. In both countries, only smaller trading partners act as independent distributors of our products. We stopped supplying products to the independent Russian distributor immediately after the start of the war. However, risks with regard to changes in consumer behavior due to external influences, such as a possible acute energy crisis, a sharply changing political or security situation, or high inflation, cannot be assessed at present. In addition, there could be a notable potential risk, particularly in the area of energy and materials procurement. These risks cannot be quantified specifically at present and have therefore not been included in the risk matrix.

The topic of information security, in particular the areas of employee sensitization and security operations, received increased attention at the Vorwerk Group last year. In cooperation with the newly created Group Information Security department, significant risks were identified, documented and measures introduced. In order to improve the future risk position in the group, risk-reducing measures such as a "Global Information Security Month", anti-phishing campaigns and the evaluation of an online training tool for the Vorwerk Group were implemented step by step.

Personnel risks continue to be assessed as a medium level risk and reflect the need for further development of qualified employees and succession planning for specialist and management staff in the Group. The focus here is particularly on international talent, mobility and the implementation of long-term personnel planning and development. Personnel risks remain stable compared with previous periods. Thanks to new internal impetus and resources as well as strategic initiatives, several measures have already been initiated.

Following the adoption of the Paris Climate Agreement, governments worldwide are pursuing the goal of transitioning to a low-carbon and more circular economy. The EU is committed to carbon neutrality by 2050 and regulating markets to decarbonize them in the medium and long term. Regulatory measures such as CO_2 pricing can lead to significant additional costs. Vorwerk has been accounting for its own CO_2 emissions since 2016 and set itself a new climate protection target in 2021, i.e. two-thirds reduction by 2025 (base year 2016). This long-standing, active CO_2 management approach explains the low probability of occurrence in our risk matrix. Overall, the sustainability topics of the Vorwerk Group, such as human rights due diligence and sustainability requirements for products, are gaining great importance as a result of their increased strategic and regulatory relevance and are now also clearly visible in the risk matrix.

Data protection risks are seen at Vorwerk with a very low probability and moderate impact. The measures taken in 2020 and 2021 have reduced the risk to an acceptable level.

The effects of product risks are to be classified as moderate with a low probability of occurrence. They are associated with statutory product safety regulations and with warranty or guarantee claims.

The Group faces constant challenges from ongoing changes in the legal framework, particularly with regard to EU outsourcing and taxation. The measures taken and preparations made keep the risk at a moderate level.

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 effects on the earnings and financial situation arise from legal risks that are assessed as having a very low probability of occurrence and related mainly to sales of an old product generation and associated product liability. These risks are actively dealt with by means of internal guidelines and accompanying measures, and efforts are made to limit them in advance.

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 in accordance with treasury guidelines and in agreement with the individual companies. The risks from investments and foreign currencies are expressed in terms of the “conditional value at risk” (CVaR) and “cash flow at risk” (CFaR). The CVaR for investment management was EUR 30.0 million and the CFaR for foreign exchange management was EUR 14.9 million (without the akf group) at the close of the financial 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. From a risk perspective, 2021 was characterized by economic recovery (gross domestic product of the Federal Republic of Germany in 2021: +2.7 percent) despite the ongoing corona pandemic. Following the rise in risk provisions to the level of the long-term average in 2020 as a result of the corona crisis, contrary to the downward trend observed since 2010, there was a slight year-on-year decrease in risk costs once again in 2021. In addition, a distinct reduction in the number of non-performing loans was achieved in the course of 2021.

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. The risk management project to introduce new state-of-the-art software for the overall management of the bank is running according to plan and will be completed in the course of 2022. 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 liquid funds 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 loan, 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.

Outlook Report

The Vorwerk Group has already defined its future corporate alignment as part of its Strategy 2025. The aim: to become more powerful and modern and to further optimize efficiency in the global Vorwerk organization as well as the successful direct sales approach with continuous growth in the number of advisors. In particular, distinct growth and earnings targets are essential aspects of this. The strategic focus will continue to be on the area of consumer households.

As a family-owned company that thinks and acts long-term, 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 armed conflicts in Ukraine, any outlook is subject to considerable risk and a valid statement is only possible to a limited extent. The overall uncertain economic situation and the ongoing COVID-19 pandemic make it even more difficult to plan the development of revenue and earnings.

For the purpose of better comparability, the forecast for the 2022 financial year does not consider the companies affected by sale or closure that have not been included in the comparative figures for either 2021 or 2022. Accordingly, the Vorwerk Group currently expects a minor increase in revenue overall, taking into account a certain reluctance on the part of consumers to buy and an increase in costs. This will be mainly driven by the “Home” business divisions. New business at akf group is budgeted at EUR 1.1 billion. Overall, operating earnings will be substantially lower than in the year under review.

Sales at the previous year's level are planned for the Thermomix division. This is to be achieved in particular by increasing the number of advisors, accompanied by a slight increase in activity albeit with a moderate decrease in productivity, and further expansion of the omnichannel strategy in line with the direct sales business model, with advisors at the center of activities. Operating earnings will be moderately below those of the year under review. The Kobold division anticipates a slight increase in revenue in 2022, assuming an increasing number of sales advisors. A negligible increase in activity and a moderate decline in productivity are also presumed here. Operating earnings will be significantly lower. For the current financial year, Neato Robotics is looking forward to a significant increase in revenue and an equally significant improvement in operating earnings. The new products in particular are expected to contribute to this.

Consolidated Financial Statements 2021

Consolidated Balance Sheet

As at December 31, 2021

Assets

€ 000	12/31/2021	12/31/2020
A. Fixed assets		
I. Intangible assets		
1. Purchased concessions, industrial property and similar rights and assets and licenses in such rights and assets	75,268	89,139
2. Goodwill	110,649	152,805
3. Prepayments	1,133	2,804
	187,050	**244,748**
II. Tangible assets		
1. Land, similar rights, and buildings, including buildings on leasehold land	187,382	191,222
2. Technical equipment and machinery	99,264	89,780
3. Other equipment, factory and office equipment	40,162	43,077
4. Rental assets	774,487	799,230
5. Prepayments and construction in progress	66,327	64,859
	1,167,622	**1,188,168**
III. Financial assets		
1. Shares in affiliated companies	22,291	41,461
2. Participations in associated companies	35	35
3. Other participations	122,767	65,390
4. Loans to companies in which the company has a participating interest	11,691	10,660
5. Long-term securities	1,149,109	1,068,342
6. Other loans and other financial assets	65,924	63,055
	1,371,817	**1,248,943**
Fixed assets	**2,726,489**	**2,681,859**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	88,976	73,616
2. Work in progress	10,042	6,843
3. Finished goods and merchandise	247,704	186,738
4. Prepayments	499	142
	347,221	**267,339**
II. Receivables and other assets		
1. Trade receivables	368,442	392,494
2. Receivables form customers from banking and leasing business;	1,160,623	1,394,803
of which with a remaining term of more than 1 year	(751,337)	(996,611)
3. Receivables from companies in which the company has a participating interest	372	1,254
4. Other assets;	165,114	156,058
of which with a remaining term of more than 1 year	(4,549)	(7,753)
	1,694,551	**1,944,609**
III. Other securities	**76,578**	**75,043**
IV. Checks, cash on hand, bank balances	**550,747**	**450,102**
Current assets	**2,669,097**	**2,737,093**
C. Prepaid expenses and deferred charges	**24,546**	**25,743**
D. Deferred tax assets	**65,421**	**61,846**
	5,485,553	**5,506,541**

Equity and Liabilities

€ 000	12/31/2021	12/31/2020
A. Partners' equity		
1. Capital shares, reserves, capital contributions of silent partners, net profit share of parent company,	1,462,170	1,468,909
2. Noncontrolling interests		
in capital and reserves	10,063	0
in profits	2,373	3,800
	12,436	**3,800**
	1,474,606	**1,472,709**
B. Accruals		
1. Accruals for pensions and similar obligations	180,047	179,027
2. Tax accruals	67,807	74,735
3. Other accruals	367,038	356,594
	614,892	**610,356**
C. Liabilities		
1. Bank loans and overdrafts	684,572	808,224
2. Liabilities form the deposit-taking business	1,534,302	1,486,076
3. Customer advances	11,940	10,019
4. Trade payables	166,373	152,726
5. Drafts and notes payable	0	9
6. Liabilities towards companies in which the company has a participating interest	6,918	0
7. Other liabilities;	780,481	767,205
of which taxes	(47,234)	(73,559)
of which social security payables	(20,834)	(20,848)
	3,184,586	**3,224,259**
D. Deferred income	**211,469**	**199,217**
	5,485,553	**5,506,541**

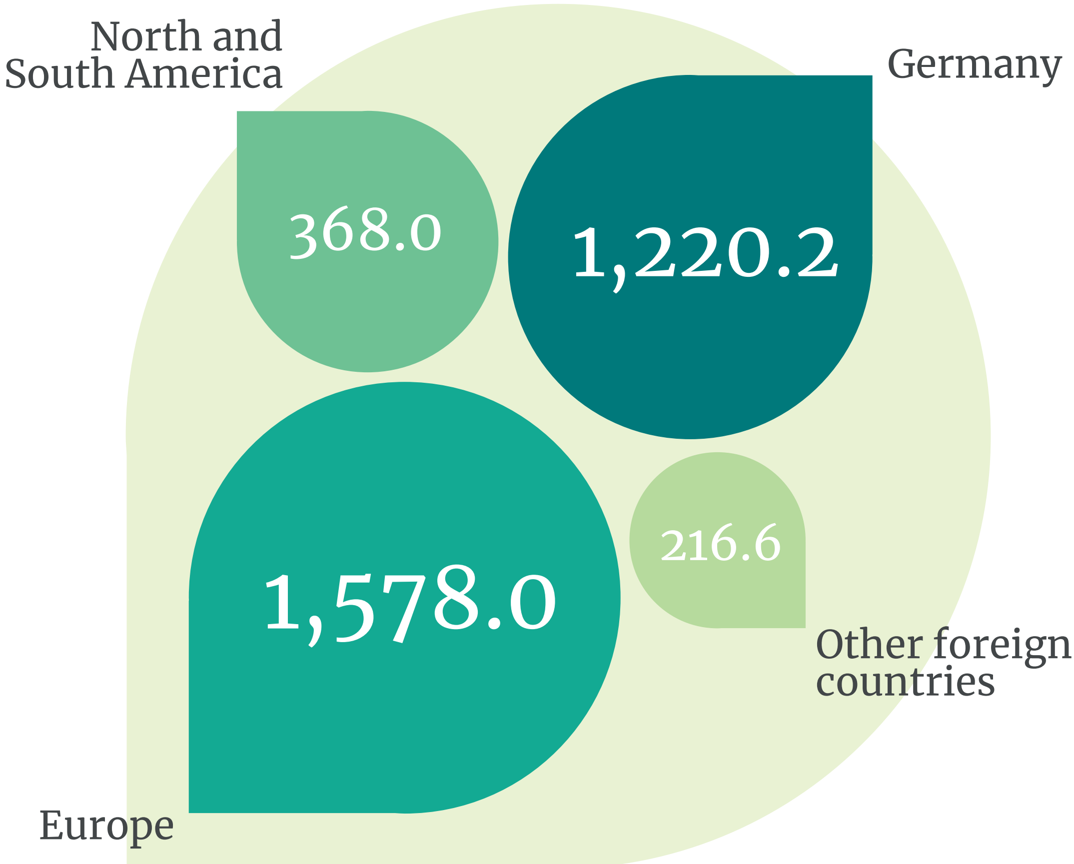
Consolidated Profit and Loss Account

For the period January 1 to December 31, 2021

€ 000	2021	2020
1. Sales:		
a) External sales	2,888,936	2,684,965
b) Income from loan and leasing transactions	493,861	495,589
	3,382,797	**3,180,554**
2. Change in finished goods and work in progress inventories	69,135	8,069
3. Other own work capitalized	1,345	758
	3,453,277	**3,189,381**
4. Other operating income;	148,996	171,129
of which income form currency translation	(12,930)	(14,597)
5. Cost of materials:		
a) Cost of raw materials, supplies and merchandise	701,890	591,691
b) Cost of purchased services	83,715	32,606
	785,605	**624,297**
6. Cost of loan and leasing transactions	188,914	193,772
	2,627,754	**2,542,441**
7. Personnel expenses:		
a) Wages and salaries	525,546	518,285
b) Social security, pension and other benefits;	130,410	118,191
of which relating to pensions	(29,089)	(28,810)
	655,956	**636,476**
8. Amortization and depreciation of fixed intangible and tangible assets	335,554	303,524
9. Income from participating interest	2,048	1,408
10. Income from other long-term securities and loans/financial assets	11,955	16,420
11. Other interest and similar income	10,380	9,910
12. Write-down of long-term financial assets and current securities	6,351	9,014
13. Interest and similar expenses;	22,720	22,517
of which expenditure from accrued interest of provisions	(11,443)	(12,307)
14. Collective heading;	1,631,556	1,598,648
of which expenditure from currency translation	(14,301)	(17,535)
Other items not shown separately (other operating expense, taxes, net profit for the year)		

Group Sales by Region

in million EUR



Total
EUR 3,382.8 million

Consolidated Fixed-Asset Movement Schedule

From January 1 to December 31, 2021

€ 000

	GROSS VALUES					
	As at 1/1/21	Foreign currency differences and consolidated entity effects	Additions	Disposals	Transfers	As at 12/31/21
I. Intangible assets						
1. Purchased concessions, industrial property and similar rights and assets, and licenses in such rights and assets	180,394	3,797	17,751	1,498	4,539	204,983
2. Goodwill	342,388	0	1	0	0	342,389
3. Prepayments for intangible assets	2,804	20	917	0	-2,608	1,133
	525,586	**3,817**	**18,669**	**1,498**	**1,931**	**548,505**
II. Tangible assets						
1. Land, similar rights, and buildings, including buildings on leasehold land	278,530	2,988	3,817	2,655	1,403	284,083
2. Technical equipment and machinery	433,713	2,360	28,661	7,167	14,567	472,134
3. Other equipment, factory and office equipment	150,166	1,389	10,857	8,014	3,176	157,574
4. Rental assets	1,246,759	-36	304,442	322,259	6,080	1,234,986
5. Prepayments and construction in progress	67,325	1,658	28,373	1,056	-27,157	69,143
	2,176,493	**8,359**	**376,150**	**341,151**	**-1,931**	**2,217,920**
III. Financial assets						
1. Shares in affiliated companies	41,461	0	0	19,170	0	22,291
2. Participations in associated companies	35	0	0	0	0	35
3. Other participations	86,161	0	56,158	22,849	12,052	131,522
4. Loans to companies in which the company has a participating interest	11,469	0	13,855	2,663	-10,036	12,625
5. Long-term securities	1,068,806	0	188,759	107,389	0	1,150,176
6. Other loans and other financial assets	63,268	0	7,085	2,200	-2,016	66,137
	1,271,200	**0**	**265,857**	**154,271**	**0**	**1,382,786**
	3,973,279	**12,176**	**660,676**	**496,920**	**0**	**4,149,211**

ACCUMULATED DEPRECIATION/AMORTIZATION					NET VALUES	
As at 1/1/21	Foreign currency differences and consolidated entity effects	Additions	Disposals	As at 12/31/21	As at 12/31/21	As at 12/31/20
91,255	1,951	37,826	1,317	129,715	75,268	89,139
189,583	0	42,157	0	231,740	110,649	152,805
0	0	0	0	0	1,133	2,804
280,838	**1,951**	**79,983**	**1,317**	**361,455**	**187,050**	**244,748**
87,308	1,207	10,537	2,351	96,701	187,382	191,222
343,933	1,576	33,472	6,092	372,870	99,264	89,780
107,089	1,104	15,336	6,136	117,412	40,162	43,077
447,529	-19	195,962	182,973	460,499	774,487	799,230
2,466	96	264	10	2,816	66,327	64,859
988,325	**3,964**	**255,571**	**197,562**	**1,050,298**	**1,167,622**	**1,188,168**
0	0	0	0	0	22,291	41,461
0	0	0	0	0	35	35
20,771	0	4,520	16,536	8,755	122,767	65,390
809	0	933	808	934	11,691	10,660
464	0	898	295	1,067	1,149,109	1,068,342
213	0	0	0	213	65,924	63,055
22,257	**0**	**6,351**	**17,639**	**10,969**	**1,371,817**	**1,248,943**
1,291,420	**5,915**	**341,905**	**216,518**	**1,422,722**	**2,726,489**	**2,681,859**

Notes to Consolidated Financial Statements

as at December 31, 2021

I. Introductory Remarks

Vorwerk & Co. KG was renamed Vorwerk SE & Co. KG with effect from July 1, 2021 on account of the resolution dated May 20, 2021 and entry into the commercial register. Vorwerk SE & Co. KG has prepared consolidated financial statements and a group management report for the financial year 2021 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. The shortened consolidated financial statements will be published in the Bundesanzeiger (Federal Gazette).

II. Consolidated Group

The parent company is Vorwerk SE & Co. KG (holding company), Wuppertal. 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 as well as banking and leasing.

Four companies, not consolidated in the financial statements in the previous year pursuant to § 296 (2) HGB, were included in the consolidated financial statements for the first time in the financial year 2021. One company was newly founded in the year under review and included in the consolidated financial statements for the first time. One company that was liquidated in the reporting year and two that were merged with their 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.

Nine (previous year ten) companies have not been included in the consolidated financial statements because of their minor importance 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 seqq., 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 SE & 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 of 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.

Prepayments made for intangible and tangible assets are stated at nominal value.

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. Prepayments made for inventories are stated at nominal value.

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, 2021.

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 dependents' 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 2021 came to 1.87 percent (previous year: 2.30 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 9.0 million as at December 31, 2021.

The calculation is based on expected pension increases of 1.80 percent (previous year 1.65 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 2.50 percent and 3.50 percent, as well as taking the average market interest rate of the last seven years of 1.35 percent as a basis. Term specific interest rates of between 0.30 percent and 0.49 percent are also used for semi-retirement obligations under semi-retirement 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 financial 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. Prepayments received for orders are stated at nominal value

Deferred income mainly includes special rent payments and rent prepayments attributable to future financial 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 Consolidation 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 euro zone, 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 2021 (average of daily mid-market rates from January 1, 2021, to December 31, 2021, 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 2.1 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 an increase through other comprehensive income of EUR 37.7 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, 2021, 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 carry-forwards. When calculating taxes for consolidation entries affecting profit pursuant to § 306 HGB, a uniform group-wide aver- age 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 33 percent.

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

1. 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, 2021, of EUR 15.3 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	12/31/2021	12/31/2020
Repayment amount from time accounts	-15,254.13	-11,980.77
Fair value of cover asset	15,254.13	11,980.77
Net value of obligations from time accounts	0.00	0.00
Acquisition costs of the cover asset	15,254.13	11,980.77

2. Liabilities

Remaining Terms for Liabilities (RTL)

€ 000				12/31/2021				12/31/2020
	RLZ < 1 Y	RLZ > 1 Y	of which RLZ > 5 Y	Total	RLZ < 1 Y	RLZ > 1 Y	of which RLZ > 5 Y	Total
Bank loans and overdrafts	198,054	486,518	19,274	684,572	423,109	385,115	37,005	808,224
Liabilities form deposit-taking business	1,526,527	7,775	2,873	1,534,302	986,427	499,649	11,580	1,486,076
Customer advances	10,622	1,318	0	11,940	8,952	1,067	0	10,019
Trade payables	166,373	0	0	166,373	152,620	106	0	152,726
Drafts and notes payable	0	0	0	0	9	0	0	9
Liabilities towards companies in which the company has a participating interest	6,918	0	0	6,918	0	0	0	0
Other liabilities	757,911	22,569	3,782	780,480	754,576	12,629	11	767,205
Liabilities	**2,666,405**	**518,180**	**25,929**	**3,184,585**	**2,325,693**	**898,566**	**48,596**	**3,224,259**

3. Contingent Liabilities, Other Financial Commitments, and Of-Balance-Sheet Transactions

Contingent Liabilities

The following contingent liabilities existed on the balance sheet date:

€ 000	Total 2021	Total 2020
Contingent liabilities for sureties;	6,104.8	5,361.2
of which in favor of affiliated companies	0.0	355.0
Secondary liability for pension obligations transferred to provident fund	38,026.4	33,407.7

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 96.4 million for the following years, of which EUR 25.9 million falls due in 2022. Purchase commitments for investments and repairs of tangible as- sets amount to EUR 23.6 million (previous year: EUR 19.7 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 225.9 million (previous year: EUR 211.6 million).

Of-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 apart from EUR 24.7 million.

4. Profit and Loss Account

Group Sales Including Revenue from the Credit and Leasing Business

Breakdown by region in EUR m	2021	2020
Germany	1,220.2	1,174.3
Europe	1,578.0	1,391.6
North and South America	368.0	358.1
Other foreign countries	216.6	256.6
Total	**3,382.8**	**3,180.6**

Breakdown by division in EUR m	2021	2020
Home	2,541.2	2,331.7
Thermomix	1,696.3	1,583.8
Kobold	819.0	703.2
Vorwerk flooring*	0.0	17.5
Neato Robotics	25.9	27.2
Diversification	806.9	814.6
JAFRA Cosmetics	313.0	319.0
akf group	493.9	495.6
Others	34.7	34.3
Total	**3,382.8**	**3,180.6**

* 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 75.5 million and the disposal of assets and additions to fixed assets in the amount of EUR 10.0 million.

Cost of Materials

In the previous year, EUR 12.7 million and in the reporting period EUR 12.7 million was attributable to the Vorwerk flooring division,

Income from Participating Interests

Income from participating interests includes EUR 1.2 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 37.9 million to the lower fair value. Of this, EUR 30.0 million was attributable to the goodwill value of the Jafra Group.

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 6.4 million to the lower fair value during the reporting year.

5. 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, 2021.

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 flows 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 11.7 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 3.1 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 78 forward currency exchange transactions with six banks in a total nominal volume of EUR 152.9 million. The net total of the fair values of forward currency exchange transactions was calculated using the mark-to-market method and totaled EUR 3.7 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 5.3 million.

The carrying value of the hedged assets and debts in foreign currencies totals EUR 23.3 million and breaks down as shown below:

Trade receivables	EUR 15.1 million
Trade payables	EUR 8.2 million

The scope of the transactions anticipated as highly likely in foreign currencies amounts to EUR 129.6 million. The hedged anticipated Value of the Units and Carrying Value Differences 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 2022. 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 three interest rate swaps with three banks with a total nominal volume of EUR 200.0 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 2.4 million. The total fair values for these derivative financial instruments were calculated using the mark-to-market method and total EUR -0.3 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.

6. 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.

Vorwerk Group's investment policy primarily aims at securing asset values long-term. The VWUC Fund and its investments serve this purpose. To achieve the investment objective of spreading risk, the assets are invested directly or in investment funds in the areas of shares, fixed-interest securities as well as liquid funds. Moreover, the fund can invest in securities on the stock market and in units of open and closed investment funds "alternative investments" can also be acquired. They include: real estate, infrastructure, absolute return and commodities. To secure, invest, and efficiently manage the assets, the fund may, in addition, also deploy derivatives and other currency instruments. as well as securities lending.

Value of the Units and Carrying Value Differences

€ 000	Carrying value	Market value	Difference
VWUC-Fund	733,153	771,525	38,372

Vorwerk received a gross disbursement of EUR 5,194k (EUR 0.80 per share unit) for the fund's financial year (December 1, 2020 to November 30, 2021).

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	5,229	5,229	0

The improvement in the valuation of the fund that we were looking forward to last year has failed to materialize. On the one hand this has been due to the continued impact of the COVID-19 pandemic, but on the other hand to the fact that the existing suspension of the redemption of units of the fund pursuant to section 257 (2) KAGB has been further extended. As a significant recovery of the unit price is not foreseeable against this background, we have written down the fund unit value to the market value.

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	11,055	7,649	-3,406

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

The GF Capital Private Equity Fund is specialized in the media, consumer and sport sectors. Essentially, marketing and the staging of high-profile events are covered by corporate investments (sport/theatre/television). The investments held in the fund were and are particularly affected by the burdens of the pandemic, which are still being felt. We therefore assume that the valuations of the investments will return to normal as the pandemic subsides over the course of the fund's life and that there will therefore be no sustained impairment.

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	7,762	9,832	2,070

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	8,350	1,350

Income of EUR 233k 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.

7. Other Disclosures

The Group's expense for auditor's fees amounted to EUR 3,748k. In the financial year, EUR 1,470k was charged for audit services, EUR 30k for tax advisory services and EUR 2,248k for other services.

Due to the armed conflicts in Ukraine, a forecast for the 2022 financial year is subject to considerable risk and a valid statement is only possible to a limited extent. The overall uncertain economic situation and the ongoing COVID-19 pandemic make it even more difficult to plan the development of revenue and earnings.

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

	2021	2020
Employees*	11,698	12,260
Advisors in Direct Sales	577,092	577,993
Thermomix	74,066	59,890
Kobold	11,365	9,581
JAFRA Cosmetics	491,151	508,286
Others	510	236

* Including employed sales advisors

The members of the Executive Board of the parent company Vorwerk SE & Co. KG, which are entitled and obliged to manage the parent company Vorwerk Verwaltung SE, are:

Dr. Thomas Stoffmehl, Düsseldorf, Chief Sales Officer and Speaker of the Executive Board,

Hauke Paasch, Wuppertal, Chief Financial Officer,

Dr. Thomas Rodemann, Essen, Chief Operating Officer, (from Jan. 11, 2022)

Another member of the Executive Board of the parent company Vorwerk SE & Co. KG in the year under review was the managing partner Reiner Strecker, Wuppertal (until Jan. 12, 2022) .

Wuppertal, April 1, 2022

Dr. Thomas Stoffmehl

Hauke Paasch

Dr. Thomas Rodemann

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

"Independent Auditor's Report

To Vorwerk SE & Co. KG, Wuppertal (formerly Vorwerk & Co. KG)

Audit Opinions

We have audited the consolidated financial statements of Vorwerk SE & Co. KG, Wuppertal, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2021, and the consolidated profit and loss account for the financial year from January 1 to December 31, 2021, 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 SE & Co. KG for the financial year from January 1 to December 31, 2021.

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, 2021 and of its financial performance for the financial year from January 1 to December 31, 2021 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 138th 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 disclosures audited in terms of content or with 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."

Essen, April 1, 2022

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