

Group Management Report 2023

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General Section on Business Development

On its 140th anniversary, Vorwerk SE & Co. KG can look back on a positive financial year in 2023. Founded in 1883, the family-owned company based in Wuppertal, Germany, is the number one direct sales company in Europe in terms of sales and the world's leading direct seller of high-quality household appliances.

Vorwerk adopted its Strategy 2025 back in 2019. One of the main elements of the strategy is an active and rapidly growing community of advisors, customers and employees. Within this community, Vorwerk is shaping modern direct sales as part of the strategy via the three associated channels of personalized direct sales, online advisor stores and local stores – always with a focus on the advisors. Its high-quality products and services are the foundation for the company's long-term successful development. The services include the Cookidoo® digital recipe platform as part of the Thermomix®/Bimby® ecosystem.

Sales in the core business of the "Cleaning" and "Culinary" divisions have increased by more than EUR 620 million since 2019.

The Vorwerk Group was thus able to increase its sales in the core business of the "Cleaning" and "Culinary" divisions by more than EUR 620 million between 2019 and 2023; including akf group, sales even rose by nearly EUR 720 million in the same period.

The development and production units of the Vorwerk Group pursue the goal of manufacturing high-quality products that are recognized by consumers. The core of the Vorwerk Group's strategy is to ensure that these products generate enthusiasm, arouse passion and thus help make people in the Vorwerk Community successful and offer a performance culture that is based on meaning,

creative freedom and trust. Vorwerk's most important products are cleaning appliances ranging from squeegees to robot vacuum cleaners, which Vorwerk manufactures and sells under the Kobold/Folletto brand, and, on the other, the Thermomix®/Bimby® with its digital recipe platform Cookidoo®, on which nearly 4.7 million customers had already taken out a recipe subscription by the end of 2023.

The diversified product and service portfolio also includes financing solutions from akf group and the venture capital company Vorwerk Ventures.

Financial year 2023 was also characterized by many challenges and difficult economic conditions. Economic growth in the eurozone weakened in the second half of 2023. Overall, average annual growth in real GDP is expected to slow from 3.4 percent in 2022 to 0.6 percent in 2023. On the demand side, private consumer spending stagnated in the face of high inflation and restrictive financing conditions, while the business climate for consumer goods production deteriorated. Leading companies in the direct sales sector also suffered declines in sales.

The Vorwerk Group, on the other hand, has once again proven that it can counter these exceptional situations by achieving growth in sales, above all thanks to its special direct sales model.

In the 140th year of its existence, the Vorwerk Group achieved total sales of EUR 3.2 billion and was thus slightly above the level of the previous year and in the lower third of the planning corridor of the forecast.

By comparison with the previous year, the Vorwerk Group achieved organic sales growth of EUR 135 million, an increase of 4.4 percent, based solely on revenue from continuing operations (i.e. excluding JAFRA Cosmetics, which was sold in the course of 2022, and Neato Robotics).

Consolidated net profit for the year amounted to EUR 133.1 million, while the Group's operating result* for the year was EUR 291.9 million and thus 50.1 percent higher than in the previous year. The improvement compared to the previous year is due to the absence of non-recurring effects. The operating result for the year is in the upper third of the forecast corridor.

The business volume** of the Vorwerk Group – which takes the new business*** of akf group into account instead of revenue – amounted to EUR 3.9 billion and was thus moderately above the level of the previous year (excluding the discontinued JAFRA Cosmetics and Neato Robotics divisions) and slightly below expectations.

Summary of the Development of the Individual Divisions

The "Culinary" division (Thermomix®/Bimby®/Cookidoo®) remains the division with the highest revenue at the Vorwerk Group. At EUR 1.7 billion and an increase of 0.8 percent, "Culinary" once again achieved record sales – as it has consistently done since 2019.

The "Cleaning" division increased its revenue by 7.1 percent and thus achieved a volume of EUR 860 million. This is the second-highest revenue figure for the division in the history of the Vorwerk Group since 2015.

The overall business volume of the Vorwerk Group amounted to EUR 3.9 billion.

The akf group's revenue amounted to EUR 570 million, an increase of 14.8 percent and a new record figure for akf. New business at the akf group – i.e. the volume of new financing and rental contracts concluded in the year under review – rose by 6.4 percent to EUR 1.3 billion.

The individual divisions are discussed in detail in the following chapters.

The equity ratio of the Vorwerk Group amounted to 26.8 percent. This equity ratio for the Group as a whole includes the fully consolidated akf group, which operates in the financial services sector and therefore has a lower equity ratio typical of the business model.

Cash and cash equivalents are mainly invested in securities held as fixed assets, special funds, cash and cash equivalents and short-term marketable securities and amounted to EUR 1,405 million as of the reporting date.

As announced, the activities of Neato Robotics were finally discontinued in the 2023 reporting year. The remaining sales activities in Indonesia following the sale of JAFRA Cosmetics in 2022 were sold at the beginning of 2023.

* In order to arrive at the operating result, the financial result, management results not directly related to sales or production activities and costs attributable to holding tasks were essentially deducted from the consolidated net profit for the year.

** Business volume: sales of Vorwerk Group less revenue of akf plus the new business of akf group

***New business: volume of new financing and rental agreements concluded in the financial year

In order to better classify the company's development, percentage changes compared to the previous year are described in parts of this report using the following adjectives: insignificant/minor (1–2 percent), moderate/slight (3–5 percent), substantial/grave (6–10 percent), significant/notable (11–15 percent), clear/considerable (16–24 percent), significant (over 25 percent).

The strategic management of the Vorwerk Group is the responsibility of Vorwerk SE & Co. KG in Wuppertal. The Group's Executive Board consists of Dr. Thomas Stoffmehl (Speaker of the Executive Board), Hauke Paasch (member of the Executive Board) and Dr. Thomas Rodemann (member of the Executive Board).

The Supervisory Board of the Vorwerk Group consists of half members of the entrepreneurial Mittelsten Scheid family and half external experts. The Supervisory Board is chaired by Dr. Rainer Hillebrand. Members of the Supervisory Board from the entrepreneurial family are Daniel Klüser (Deputy Chairman of the Supervisory Board), Wolfgang Kölker, Dr. Jörg Mittelsten Scheid (Honorary Chairman) and Dr. Timm Mittelsten Scheid. Dr. Hildegard Bison, Frank Losem and Dr. Stefan Nöken are other external members.

The Vorwerk Group has remained loyal to its site in Wuppertal for 140 years. In 2023, the foundation stone was laid for the construction of a new office building in Wuppertal that meets modern requirements. Vorwerk is investing a total of EUR 47 million there by 2025.

The Vorwerk Group will be investing another EUR 57 million by the end of the current year in the construction of a new Thermomix® production building close to the existing French production facility. The goal is to expand capacity and thus meet the expectation of increasing demand for Thermomix®. The topping-out ceremony was held here in September 2023.

Today, the Vorwerk Group is active in direct sales in 61 countries with a focus on Europe, but also in Asia and North and South America. The strong international orientation of the Wuppertal-based family-owned company can also be seen in the distribution of sales: The share of sales generated outside the domestic market of Germany reached 58.5 percent (previous year: 61.5 percent). In direct sales, this share was 70.8 percent (previous year: 71.9 percent).

Sustainability

Vorwerk places great importance on the considerate and sustainable use of natural resources. As a 140-year-old family-owned company, it has always thought across generations.

Vorwerk has been systematically addressing the topic of sustainability since 2016. The sustainability organization created in the same year identified the key sustainability topics across the Group, summarized current programs and developed additional projects.

The Vorwerk Group is a participant in the UN Global Compact (UNGC), the world's largest and most important initiative for sustainable and responsible corporate governance and was nominated for the "German Sustainability Award" for the first time in the year under review.

Vorwerk has been systematically addressing the aspect of sustainability since 2016.

One of the Vorwerk Group's goals is to reduce CO₂ in relation to its own emissions. The company's own CO₂ emissions are being continuously reduced and any remaining emissions are being offset. The proportion required for offsetting is to be gradually reduced; by 2025, 2/3 of emissions are to be saved compared to the reference year 2016. Indirect emissions in the area of materials purchasing for the main products are to be reduced by a total of 20 percent by 2030.

The switch to renewable energies is one of the most important levers in implementing the climate protection target. Photovoltaic systems are being installed on properties where this is structurally possible. Vorwerk is also

investing in electromobility when it comes to the company car fleet. The Vorwerk Group pays close attention to durability and reparability in developing and manufacturing its products.

The Group is on the way to making products more sustainable in all phases of its value chain. This includes low energy consumption in production and the subsequent use phase as well as the use of recyclable materials. Durable technology and workmanship are equally important.

The Vorwerk Group is involved in the arts, culture, education and sports. In the year under review, a partnership was agreed with the women's national team of the German Football Association. In the area of art sponsorship, there is a partnership with the renowned Von der Heydt Museum in Wuppertal, among other partners. One focus of social projects is on supporting families and children in need. Together with the RTL "Wir helfen Kindern" foundation as a partner, the Vorwerk Community was the largest donor of emergency aid to the earthquake victims in Turkey and Morocco with a total of EUR 700,000.

The strategic priorities in the area of "People & Culture" were already defined in 2020 and are part of the implementation of Strategy 2025. Particular attention is being paid to the recruitment and development of talented young people and strong succession planning in order to

ensure stability and offer opportunities. One main focus here is on the targeted establishment and further development of leadership qualities.

Vorwerk uses non-financial, specific performance indicators for the business divisions in direct sales for company management purposes. These relate to productivity (= sales per active advisor) and activity – i.e. the percentage of active advisors in relation to the total number of advisors. Information on this can be found in the respective detailed chapter of the business areas. The most important key figure in this context is the number of advisors in the "Culinary" and "Cleaning" divisions. This has been rising continuously since 2019, as viewed at the end of the year.

The management of the Vorwerk Group is based on detailed annual planning, regular reporting and variance analyses. For this purpose, sales revenue at the divisional level and the operating result are used as key financial performance indicators.

Economic and social conditions are currently changing rapidly. Vorwerk continues to operate from a strong financial position in an increasingly volatile environment. The Vorwerk Group has successfully launched a program to continuously improve the factors influencing cash flow in the company.

Sales by Divisions

in EUR million	2020	2021	2022	2023
Home	2,331.7	2,541.2	2,535.4	2,601.6
Thermomix	1,583.8	1,696.3	1,723.5	1,737.3
Kobold	703.2	819.0	803.4	860.5
Vorwerk flooring*	17.5	0.0	0.0	0.0
Neato Robotics	27.2	25.9	8.5	3.8
Diversification	814.6	806.9	585.9	570.0
JAFRA Cosmetics**	319.0	313.0	89.2	
akf group	495.6	493.9	496.7	570.0
Other	34.3	34.7	50.0	36.7
Group sales	3,180.6	3,382.8	3,171.3	3,208.3

* Vorwerk flooring included until July 31, 2020

** JAFRA Mexico and USA included until March 31, 2022

Thermomix®/Bimby®

Since it was invented in 1971, the Thermomix® has matured from a multifunctional kitchen appliance to a digital all-rounder that brings millions of people around the world together with the topic of cooking. The Thermomix® TM6 is easy and intuitive to operate via a touch display. The integrated recipe portal Cookidoo® as part of the Thermomix® Ecosystem had nearly 4.7 million subscribers at the end of 2023 and offers direct access to carefully developed and tested Thermomix® recipes.

The Guided Cooking function guides users through the recipes step by step. A Cookidoo® recipe is started twelve times a second worldwide. More than 90,000 Guided Cooking-enabled recipes are already available for the Thermomix®. This makes it a fully digitalized kitchen machine. Thermomix® is the best-known brand in the category of cooking food processors.

To mark the 140th anniversary of the Vorwerk Group, the Thermomix Division launched the "Sparkling Black Edition," a special limited edition of the appliance, on the market in the reporting year.

The Thermomix® Sensor, which enables precise temperature measurement of dough, meat and fish in conjunction with the Thermomix® is a real product innovation. For the first time, the Guided Cooking function can now also be used outside the Thermomix®. A wide range of accessories is also available. For example, the Thermomix® Vegetable Styler has been a very popular product since its launch.

The Thermomix division is active in a total of 16 countries in Europe, Asia and North America with its own national subsidiaries; Thermomix also has more than 40 distributors. The multifunctional kitchen appliance is sold worldwide via direct sales: advisors demonstrate the Thermomix® at customers' homes in the form of a cooking experience. Customers also benefit from individual, personal service on site after the purchase or are given the opportunity to take part in cooking courses in the company's own cooking studios.

As part of the omnichannel strategy, advisors in some countries also have so-called "MySites," which they can use to contact customers online, make appointments and sell appliances. In addition, the Thermomix® is presented and in some cases also sold in stationary stores in some countries. Thermomix® accessories are also available worldwide via country-specific online stores.

In the reporting year, the division once again achieved record sales and, at EUR 1.7 billion – an increase of 0.8 percent – was above the previous year and exactly in the middle of the planning corridor of expectations. The operating result was 16.6 percent below the previous year, but in the middle of the planning corridor of expectations.

Thermomix sales remain at a high level, with well over one million appliances sold once again. The Cookidoo® digital recipe platform with its growing number of subscribers also contributed to the increase in sales. Nearly 370 million recipes were prepared worldwide using Guided Cooking.

The recipe portal Cookidoo® had nearly 4.7 million subscribers at the end of 2023.

Although the average number of advisors declined by 2.1 percent compared to the previous year, more than 9,200 new advisors were recruited in the last three months of the financial year as part of a recruiting challenge. This means that the number of advisors at the end of 2023 is higher than the comparable figure for 2022. In a direct sales company, it is a key task of management to always make the advisor role attractive, to offer opportunities, make people successful and thereby make progress. The transition from an enthusiastic customer to a committed advisor is often a smooth one.



Average productivity fell slightly compared to the previous year, with activity down 1.8 percent on the previous year. On average, more than 81,500 self-employed advisors worked for the division in 2023.

2023 was also a successful year for most Thermomix markets: Germany was the strongest sales country, with the company achieving sales of EUR 493 million, an increase of 2.7 percent. The Polish sales company once again achieved a significant increase of 9.4 percent and sales of EUR 287 million. The trend in Italy was also positive (sales of EUR 207 million, up 2.2 percent). There, as in Portugal, the Thermomix® is sold under the brand name Bimby®.

The picture was also positive in the other larger national subsidiaries Austria (sales of EUR 71 million, up 9.9 percent), Portugal (sales of EUR 61 million, up 12.5 percent), Switzerland (sales of EUR 46 million, up 16.4 percent), the Czech Republic (sales of EUR 17 million, up 1.2 percent) and Turkey (sales of EUR 11 million, up 132.9 percent).

Sales declined at Thermomix France (EUR 191 million, down 2.5 percent), Spain (sales of EUR 116 million, down 3.4 percent), the United Kingdom of Great Britain and Northern Ireland (sales of EUR 43 million, down 2.3 percent), Mexico (EUR 30 million, down 0.5 percent), the US (EUR 25 million, down 8.0 percent), Canada (EUR 13 million, down 5.5 percent) and Taiwan (EUR 4 million, down 42.3 percent).

Our national subsidiary in China (sales of EUR 43 million, down 21.9 percent) suffered a decline in sales. Even after the lifting of most restrictions due to the coronavirus pandemic, it became apparent that the number of advisors could not be rebuilt to a sufficient extent. There was also a noticeable reluctance to buy. Changes to the sales system had already led to a significant improvement in the sales situation by the end of the year.

The export business – i.e. sales via distributors – recorded a 25.1 percent drop in sales to EUR 79 million.



Kobold/Folletto

The first full financial year with the newly launched Kobold VK7 cordless vacuum cleaner system (marketed in Italy under the brand name Folletto) was a success. The Kobold VK7 offers up to 19 cleaning functions with one main unit and various attachments and nozzles. Whether vacuuming with the EB7 electric brush, vacuuming and mopping with the SP7 vacuum wiper attachment, dusting or cleaning upholstery and mattresses: The VK7 can be transformed into a new appliance to suit individual needs. In the year under review, the new VR7 robot vacuum cleaner complemented the system – more than 90 years after the invention of the first Kobold vacuum cleaner. The Kobold VK7 cordless vacuum cleaner was named test winner by Stiftung Warentest. In total, more than 682,000 units had already been sold since its launch by the end of the year under review. The Kobold VR7 robot vacuum cleaner was also recently named test winner by Stiftung Warentest.

Kobold sells its products through direct sales, in some countries also in conjunction with Vorwerk stores and online. This form of distribution enables potential customers to try out the appliances in their own homes and compare them directly with their current products.

The Kobold division is represented in a total of 11 countries in Europe and Asia with its own national subsidiaries. In addition, 19 distributors sell the products.

In the reporting year, the Kobold division recorded sales of EUR 860 million, an increase of 7.1 percent compared to the previous year. This is the second highest turnover in the division's history since 2015. Despite the considerable increase, sales were below the planning corridor. The operating result was significantly higher than in the previous year and in the middle of the planning corridor. The increase in sales is partly due to the first full financial year of the new Kobold product generation.

On average, over 11,600 self-employed advisors worked for the division in the reporting year, an increase of 5.0 percent compared to the previous year. Activity was 3.5 percent below the previous year, while productivity was 15.3 percent higher than in the previous year.

The Italian Kobold company achieved sales of EUR 428 million, an increase of 9.6 percent. The Kobold is marketed under the brand name Folletto in Italy. Vorwerk Folletto was the first foreign company of the Vorwerk Group in the vacuum cleaner sector, is the most important vacuum cleaner market for Vorwerk and celebrated its 85th birthday in the year under review. In Italian, the word "Folletto" is synonymous with the vacuum cleaner category. In terms of sales, Vorwerk Folletto is the market leader for vacuum cleaners in Italy.

Kobold VK7 and Kobold VR7 are the test winners at Stiftung Warentest

The German Kobold company was also able to increase its sales and achieved EUR 266 million, an increase of 4.5 percent. The companies in France (EUR 61 million, up 18.2 percent), Austria (EUR 25 million, up 5.7 percent), Spain (EUR 19 million, up 10.5 percent), Switzerland (EUR 7 million, up 23.6 percent) and Poland (EUR 5 million, up 211.2 percent) also recorded growth in the reporting year.

The national subsidiaries in the Czech Republic (EUR 9 million, minus 0.9 percent), Taiwan (EUR 7 million, minus 5.1 percent) and the distributor business (EUR 12 million, minus 8.6 percent) recorded declines in sales. Kobold China also suffered a decline in sales (EUR 22 million in sales, minus 25.1 percent). The declining number of active advisors is the reason for this.

Vorwerk Engineering

The Vorwerk Engineering division manufactures its products on behalf of the "Culinary" and "Cleaning" divisions, which manage the development process and – by incorporating the experience gained from sales and direct customer contact – have been successfully designing the products for many years with the goal of achieving market maturity. The Vorwerk Engineering division is therefore highly dependent on and controlled by the Vorwerk sales companies and their business development.

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

The Vorwerk Group is investing EUR 57 million in the construction of a new Thermomix® production building close to the existing French production facility. The goal is to expand capacity and thus meet the expectation of increasing demand for Thermomix®. The topping-out ceremony was celebrated in September 2023.

The largest production site is in Wuppertal with more than 1,250 employees. The Research & Development department is also mainly based there. The connection with Vorwerk's direct sales is also present in production. Guided tours of the plant and information events for groups of advisors from our national and international sales companies are regularly held in the newly created visitor center at the site in Laaken. In the reporting year alone, more than 1,500 advisors from Germany and the international sales companies were able to see the performance and quality standards of the Engineering division for themselves.

With the new modular Kobold VK7 vacuum cleaner system, the Engineering division successfully made a cordless vacuum cleaner system available to the sales companies in the reporting year. The Kobold VK7 cordless vacuum cleaner and the VR7 robot vacuum cleaner were the winners of the Stiftung Warentest test. The high quality of the new product generation is also reflected in the quality indicators. Measured in terms of the defect rates of the products in use by customers, this is the best Vorwerk product quality of all time.



The sales development of the Vorwerk Engineering division in 2023 was in line with the sales development of the sales divisions. Cost-cutting measures were implemented in order to counter further rising costs in the areas of energy and the supply chain.

The operating result was significantly higher than expected.

The Vorwerk Group has bundled its robotics expertise in Wuppertal Laaken. The intention is to further strengthen the commitment at the German site and the competitive position in the growth market of vacuum cleaner robotics in both the consumer and B2B sectors. In the reporting year, a robotics competence center was established at the largest plant location in Laaken for the central development of commercial and consumer robotics systems.

The Kobold VR7 robot vacuum cleaner, the latest product in the Vorwerk vacuum cleaner family, celebrated its market launch in 2023.

akf group

As a medium-sized company, the Wuppertal-based akf group is a competent financing partner for German SMEs. The akf group is independent, flexible and has been working successfully for its customers in various sectors for more than 55 years. These include the medium-sized metal and plastics industry, printing and paper processing as well as manufacturers and dealers of cars, commercial vehicles, yachts and agricultural technology. The financial product portfolio of akf bank GmbH & Co KG (akf bank) and akf leasing GmbH & Co KG (akf leasing) for the areas of investment, sales and purchase financing includes innovative forms of credit, capital-saving leasing options, a flexible installment plan and factoring to optimize operational liquidity. Full-service leasing and the short and medium-term leasing of vehicles are also offered via akf servicelease GmbH. In addition, akf servicelease acts as a fleet manager and as a partner for bike leasing. Furthermore, akf bank offers private customers attractive, secure and easily available investment products via a purely online-based deposit business. The decades of product specialization, the high level of property know-how, the expert personal support and advice as well as close customer communication on site by the akf sales staff operating throughout Germany have always been highly appreciated by the market players.

Due to the varying development of customers' propensity to invest in the individual sales areas of akf group, the areas also developed unevenly. Overall, however, new business in the banking and leasing sector increased considerably and amounted to EUR 1,253 million (previous year: EUR 1,178 million), which corresponds to an increase of 6.4 percent compared to the previous year.

The sales divisions of akf bank and akf leasing developed as follows:

With a volume of EUR 319 million (previous year: EUR 312 million), vehicle financing in the auto and marine finance sales areas accounted for 25.4 percent (previous year: 26.5 percent) of total business and thus continues to play an important role despite the slight decline in its share.

Financing of machinery and other equipment in the industrial finance sales division and the new robotics finance sales division created in 2023 recorded a significant decline compared to the previous year with a volume of EUR 246 million (previous year: EUR 282 million), accounting for 19.6 percent (previous year: 23.9 percent) of total business.

With a volume of EUR 222 million, the financing volume in the product finance sales division changed only slightly compared to the previous year (EUR 217 million). At EUR 149 million (previous year: EUR 154 million), this includes consumer financing as part of the sales financing of high-quality household appliances of the Vorwerk Group.

Financing of agricultural vehicles and mobile agricultural equipment in the agriculture finance sales area fell significantly to a volume of EUR 188 million in the financial year, accounting for 15.0 percent (previous year: 18.1 percent) of the total volume.

The fleet finance sales division of akf servicelease was able to significantly increase its volume from EUR 153 million to EUR 278 million, mainly due to the bike leasing business segment.



In akf bank's factoring sales division, the purchasing volume increased considerably from EUR 1,166 million to EUR 1,344 million.

At EUR 570 million (previous year: EUR 497 million), akf group's sales increased significantly and were therefore well above expectations. In the case of financing services, sales are calculated on the basis of interest and leasing income as well as other services received as remuneration for the provision of capital or property.

The volume of new business developed significantly compared to the previous year and slightly above expectations. The operating result was moderately up on the previous year and well above expectations.

The interest margin as the difference between the lending and refinancing interest rates is decisive for the akf group's earning power. Due to a slight increase in the interest margin of 23 basis points compared to the previous year, akf bank's net interest income also increased moderately by 5.0 percent.

As in previous years, the akf group's refinancing is mainly carried out with matching maturities through interbank transactions, two revolving ABCP programs and the deposit business. In the deposit business, around 27,000 customers (previous year: around 20,700 customers) with deposits of EUR 1,839 million (previous year: EUR 1,368 million) were managed at the end of the year. As in previous years, the business is operated purely online. Despite the difficult environment caused by the massive rise in interest rates, akf bank treats all customers in the deposit business equally with regard to the interest rates on the various products and refrains from making special offers to new customers or other enticing offers.

Vorwerk Ventures

With its Vorwerk Ventures unit, the Vorwerk Group invests via various investment vehicles in companies that pursue innovative sales concepts with a promising future. The Venture Capital unit makes its investment decisions without any mandatory reference to the strategy of the Vorwerk Group and therefore has the freedom to invest in completely new areas that promise strong growth and high profitability. Some portfolio companies are already among the leading providers in their respective markets and offer a high potential for value growth. The investment portfolio is managed with a view to exit potential.

Since the activity was founded in 2007, the investment vehicle Vorwerk Direct Selling Ventures has invested in a total of 23 companies. Of these, five companies were still in the portfolio at the end of 2023. The Vorwerk Direct Selling Ventures portfolio includes the companies Dinner-for-Dogs, LILLYDOO, OTTONova, smartfrog and Thermondo. In 2023, three follow-up investments were made in the existing portfolio as part of larger external financing consortia. In the past financial year, two investments in the Vorwerk Direct Selling Ventures investment vehicle were sold or written off at a loss.

As part of implementing the growth strategy, the Venture Capital unit also adopted a market-standard, asset-managing organizational structure at the end of 2019 and launched a new investment fund called Vorwerk Ventures III with a volume of EUR 150 million. The initial investment period of Vorwerk Ventures III has ended. From now on, the investment fund will only make follow-on investments in companies already in the portfolio. Since its launch, the Vorwerk Ventures III investment vehicle has invested in a total of 20 companies. In the past financial year, some substantial follow-up financing took place in the Fund III portfolio with investments from other external investors. In 2023, two investments in the Vorwerk Ventures III investment vehicle were sold or written off at a loss. As Fund III is still in the maturity phase, no major exits have been recorded yet.

To continue investment activities, a further investment fund called Vorwerk Ventures IV was launched in mid-2022. This fund had its final closing in the past financial year with a volume of EUR 150 million. Six investments were made from this investment vehicle in 2023. The Vorwerk Ventures IV investment vehicle has invested in a total of seven companies since its launch. As Fund IV is also still in the development or maturity phase, no exits have been recorded yet.

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 Strategy 2025.

Particular attention is paid to the recruitment and development of talent and strong succession planning in order to ensure stability and offer opportunities. A key aspect of this is the targeted development and enhancement of leadership skills, which combines the growth of the Group with the continuous development of its employees. One example of this approach and the further

expansion of digital offerings is the "VORyou" training platform. The system enables the People & Culture department to provide internally created learning content and link it to external content in order to make learning exciting, relevant and available to all employees anytime, anywhere.

In 2023, an average of 103,358 people worked for the Vorwerk Group worldwide. The number of salaried employees was 9,127 and the number of self-employed advisors was 94,231.

Average annual number of employees

	2020	2021	2022	2023
Home				
Thermomix*	5,914	5,256	4,210	4,505
Kobold*	1,881	1,908	1,884	1,806
Vorwerk flooring**	180	0	0	0
Vorwerk Engineering	1,603	1,748	1,791	1,836
Neato Robotics	125	151	148	38
Diversification				
JAFRA Cosmetics***	1,696	1,760	465	4
akf group	504	512	507	517
Other	357	363	389	421
Total employees*	12,260	11,698	9,394	9,127

* Including employed advisors

** Vorwerk flooring included until July 31, 2020

*** JAFRA US and Mexico included until March 31, 2022

Average annual number of self-employed advisors

	2020	2021	2022	2023
Thermomix	59,890	74,066	83,267	81,501
Kobold	9,581	11,365	11,116	11,673
Other	236	510	171	0
Independent advisors "Home"	69,707	85,941	94,554	93,174
Independent advisors JAFRA Cosmetics**	508,286	491,151	118,893	1,057
Total number of independent advisors	577,993	577,092	213,447	94,231
Total number of Vorwerk employees	590,253	588,790	222,841	103,358
Thereof advisors*	583,044	581,202	216,511	98,027

* Including employed advisors

** JAFRA US and Mexico included until March 31, 2022

Assets and Earnings Situation

The consolidated balance sheet total of the Vorwerk Group increased by EUR 251.3 million to EUR 5,564.7 million as of the balance sheet date on December 31, 2023, due in part to the increase in receivables from the banking and leasing business and bank balances on the assets side and the increase in liabilities from the deposit business on the liabilities side.

Fixed assets increased by a total of EUR 18.9 million.

Intangible assets fell moderately compared to the previous year, with additions and reclassifications being slightly lower than depreciation and amortization. Property, plant and equipment increased by EUR 136.7 million, of which EUR 119.7 million related to rental assets. The investment ratio (ratio of investments in 2023 to the gross carrying amount of property, plant and equipment in 2022) in property, plant and equipment rose by 5.1 percentage points to 24.8 percent, with the opening balance remaining virtually unchanged compared to the previous year and a significant increase in investments. At 25.0 percent, the property, plant and equipment ratio (ratio of the carrying amount of property, plant and equipment to borrowed capital) was 0.7 percentage points higher than in the previous year with a slight increase in total capital.

In the area of financial assets, securities held as fixed assets fell by EUR 124.5 million, mainly due to sales. Additions to other investments were offset by write-downs and disposals in the same amount.

Current assets recorded a significant increase overall, which is mainly due to a considerable increase in receivables from customers in the banking and leasing business as well as a significant increase in cash and cash equivalents, which include bank balances and marketable securities.

Inventories decreased by EUR 71.0 million or 20.3 percent. The high risk of supply bottlenecks estimated in the previous year due to several global crises was classified as lower due to the flexible management of inventories in advance of demand. The inventory turnover rate (ratio of cost of materials to average inventories from 2023 and 2022) decreased by 3.0 percent to 2.00 due to the significant reduction in the cost of materials – excluding the banking and leasing business – accompanied by a considerable decrease in average inventories.

Trade receivables increased by 18.0 percent overall. Trade receivables in the Home business division rose by EUR 64.1 million, partly due to the increase in installment contracts. The valuation allowances were adjusted to the payment behavior of customers. The value adjustment ratio (ratio of value adjustments on receivables to gross receivables) fell considerably compared to the previous year to 32.0 percent.

Receivables from the banking and leasing business increased by EUR 126.4 million, as fewer receivables were sold off-balance sheet in the banking business and leasing receivables rose sharply due to the high level of new business.

Sufficient allowance is made for all identifiable risks in the financing business by recognizing valuation allowances.

At 51.4 percent, the ratio of current assets including all cash and cash equivalents to total assets was slightly above the previous year's level.

First-degree liquidity, defined as cash available at short notice/current liabilities, amounted to 42.6 percent in the reporting year (previous year: 41.2 percent).

On the liabilities side, equity amounted to EUR 1,491.4 million. The equity ratio (ratio of equity to total assets) was 26.8 percent (previous year: 26.4 percent). The asset coverage ratio (ratio of equity to fixed assets) amounted to 56.7 percent and was slightly above the previous year's level (53.8 percent), as equity increased significantly while fixed assets increased slightly.

Provisions fell by 4.0 percent compared to the previous year. The decrease in provisions for pensions and similar obligations amounted to 4.3 percent and was mainly due to payments and reversals. Provisions to cover tax risks remained nearly at the previous year's level. The moderate decrease in other provisions was mainly due to the utilization and reversal of provisions in connection with the closure of the Neato Robotics division and provisions for outstanding supplier invoices.

Liabilities increased moderately by 4.7 percent overall. The individual items developed differently.

Liabilities to banks declined by a total of EUR 369.8 million, of which EUR 345.2 million was attributable to akf group, while loans from companies in other divisions of the Vorwerk Group were repaid in the amount of EUR 24.5 million. As of the balance sheet date, 93.2 percent of the credit liabilities were attributable to akf group.

The liabilities from the deposit business related exclusively to akf group. The online-based deposit business of akf bank increased by EUR 471.1 million in the year under review due to the inflow of funds from new and existing customers. The inflow of funds was used to refinance the repayment of liabilities to banks on the one hand and led to an increase in the liquidity position with banks on the other. Other deposits from customers increased by EUR 10.7 million.

Due to the slight overall increase in borrowed capital of EUR 121.8 million and a significant increase in equity, the gearing ratio (ratio of borrowed capital to equity) was 6.9 percentage points lower than in the previous year at 253.0 percent.

Deferred income in the amount of EUR 300.8 million includes deferred cash values of lease receivables sold to third-party banks, which are reversed as scheduled, in addition to income deferrals as of the reporting date. In the reporting year, the present value of lease receivables sold led to an increase in this item of EUR 20.9 million and deferred income of EUR 18.8 million.

In financial year 2023, the Vorwerk Group achieved a 1.2 percent increase in Group sales to EUR 3,208.3 million; the return on sales (ratio of consolidated net profit to revenue) showed an increase of 2.7 percentage points compared to the previous year. The increase in sales is mainly attributable to akf group and the "Culinary" and, above all, "Cleaning" divisions with a combined increase of EUR 144.2 million. This was offset by a decline in sales due to the sale of the companies in Mexico and the US in the JAFRA division in April 2022 and the withdrawal from the Neato Robotics division.

For detailed explanations of the sales trend, please refer to the respective comments on the business divisions.

The significant decrease in changes in inventories is directly related to the reduction in inventories of finished goods built up in the previous year to ensure delivery capability.

Other operating income fell considerably, mainly due to lower income from the sale of property, plant and equipment and shares in the JAFRA companies in the US and Mexico compared to the previous year.

Compared to the previous year, the total cost of materials (excluding the banking and leasing business) fell by 12.6 percent. The decline is mainly due to the sale or discontinuation of the business activities of JAFRA and Neato Robotics. Sales in the Culinary and Cleaning divisions were also generated from inventories from the previous year. At 23.8 percent, the cost of materials ratio (ratio of cost of materials to sales) was considerably lower than in the previous year.

Expenses from the lending and leasing business increased due to higher sales and were significantly higher than in the previous year.

Despite general wage and salary increases, the EUR 19.7 million decrease in personnel expenses is mainly due to the departure of key companies at JAFRA Cosmetics and Neato Robotics.

At 1.8 percent, depreciation and amortization was slightly above the previous year's level. In addition, impairment losses fell significantly by EUR 10.7 million, mainly due to the one-time effect of the discontinuation of the Neato Robotics division in the previous year.

Other operating expenses fell slightly by a total of EUR 34.7 million compared to the previous year, which is primarily due to the sale of the main JAFRA companies and the closure of Neato Robotics. The decline in additions to provisions and various expenses, primarily consulting costs, advertising and sales motivation and delivery costs, is offset by an increase in losses from forward exchange transactions and from value adjustments on current loan receivables.

The EUR 7.5 million decline in the financial result is due in particular to the EUR 11.7 million fall in income from financial investments. Net interest income, on the other hand, increased by EUR 9.8 million, while write-downs on investments also increased by EUR 6.2 million.

Overall, the operating result and earnings performance were in the upper third of the forecast corridor. While akf group and the Engineering division exceeded planning, the Thermomix and Kobold divisions were in the middle of the planning corridor. The Nexaro division was below the planning corridor due to the postponed market launch. Overall, the earnings situation of the Vorwerk Group developed well.

Financial Position and Development of Financial Assets

The capital markets were very volatile in 2023. This was due to the various issues of the past year: geopolitical uncertainties, changing but rather gloomy economic prospects and central banks that pursued a restrictive monetary policy. The ECB (European Central Bank) raised its key interest rate in six further steps to 4.5 percent in 2023. The US Federal Reserve also raised its key interest rate to 5.5 percent. On the positive side, inflation rates on both sides of the Atlantic fell again over the course of the year. On the negative side, economic indicators continued to deteriorate over the course of the year. This development in particular led to falling interest rates on the capital market at the end of the year.

In this environment, the stock markets performed very positively in 2023. Shares in developed markets gained around 23.5 percent in euro terms compared to the previous year. Emerging market equities gained around 9.6 percent in currency-adjusted terms over the same period. The yield curve changed significantly this year. Euro swaps with one-year maturities rose by 18 basis points under the influence of the ECB's interest rate measures, while ten-year maturities fell by 71 basis points over the course of the year. At the end of the year, 10-year German government bonds stood at +2.02 percent, 55 basis points below the previous year's figure (+2.57 percent).

The strategic orientation of Vorwerk's investment policy was adapted to the capital market situation in 2023. Equity risks were partially reduced, while the "strategic liquidity" asset class was added to the portfolio. This made it possible to reduce the asymmetrical instruments for avoiding tail risks in the portfolio. Impairments in the area of real estate investments had to be recognized

in the income statement. As a result, the expectations for the investment portfolio were not met. In the non-income statement-effective, unrealized area, value recoveries were achieved in the expected volume.

The investments and other operating activities of the Vorwerk Group (excluding akf group) were financed by the cash flows from the operating business. All medium-term financing of EUR 30 million taken out in 2020 was repaid on schedule at the beginning of 2023; we only drew on money market lines temporarily over the course of the year.

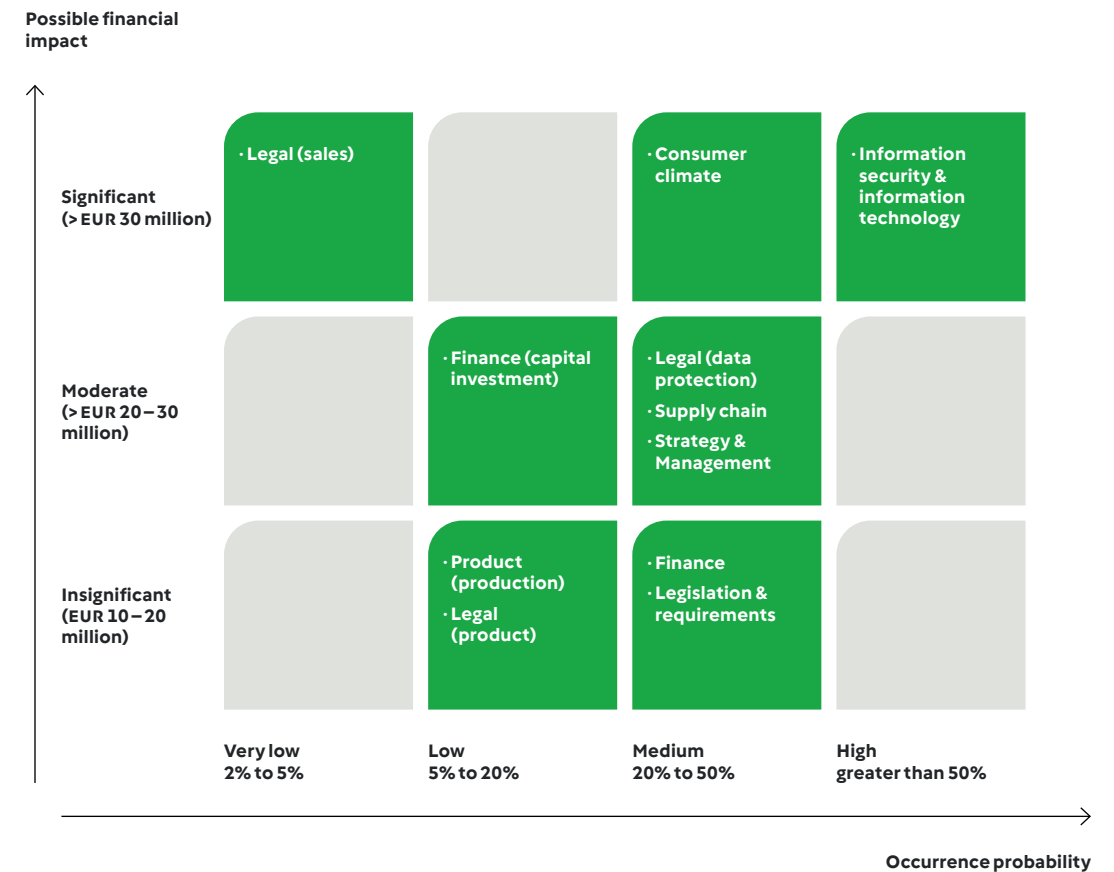
As part of our investment policy, we have decided to structure investments in highly liquid instruments, such as equities and bonds, and investments with a longer investment horizon, such as real estate, infrastructure and private equity, in separate portfolios. The proportion of liquid assets was over 70 percent at the end of the year.

Gross liquidity in the Group (excluding akf) increased in 2023 by approx. EUR 73 million. The majority of this is attributable to the inflow from the Group's operating activities.

Risk Management System, Opportunities and Risks

The risk management process includes the identification, assessment, communication, management and control of risks. Risk management is a continuous process in which risks are identified and quantified at least twice a year. A risk is defined as a deviation from an expected planned state.

Risk management matrix



The year 2023 continued to be characterized by many global challenges and uncertainties, such as the ongoing Ukraine-Russia conflict, the continuing uncertainties regarding energy supply and the associated temporary rise in energy prices in Europe, inflation and the rapid rise in interest rates. This had an impact on the business activities of the Vorwerk Group in 2023, in particular due to the noticeable consumer restraint.

Under these conditions, the Vorwerk Group continued to focus on the further development of direct sales and production. At the end of 2023, the Vorwerk Group once again achieved an increase in sales thanks to the consistently high quality of its products and the loyalty of its advisors and customers as well as the commitment of its employees. In this respect, the structure of the top risks is unchanged compared to the previous year, although the assessments regarding the probability of occurrence and the financial impact have changed in some cases. Consumer restraint remains a highly significant risk for the business success of the Vorwerk Group. The risk in connection with information security is assessed as more relevant, while the risk of supply chain disruptions has become less significant.

The effects of the negative consumer climate have been of great significance since 2022 and are assessed as having a medium probability of occurrence and a high impact on the Vorwerk Group. The main component of this risk is the possible decline in the attractiveness of Vorwerk for new advisors. The attractiveness of working as an advisor for Vorwerk could decline as a result of alternative, higher income opportunities, changes in personal and professional priorities and expectations or a less attractive product portfolio. In addition, lower consumer disposable incomes due to energy price increases, inflation and interest rate rises, as well as fears of recession and uncertainty due to geopolitical uncertainties, could lead to a reprioritization or reduction in consumption. It is therefore important to continuously monitor this risk and react in good time. Measures to ensure that Vorwerk's offering remains attractive for advisors and consumers are continuously reviewed and developed further.

The risk of being affected by a cyberattack is increasing worldwide, and Vorwerk is also continuously registering attacks on its own IT systems. Ransomware and other types of cyberattacks continue to be of very high relevance, while potential risks and challenges also arise from the ongoing digitalization and the rapid increase in the use of artificial intelligence. The risk is therefore now assessed as having a high probability of occurrence. Measures to reduce the information security risk and defend against threats will continue to be implemented with high priority at the Vorwerk Group. Internal structures and processes are being expanded further and external technical expertise is also being called in. Effective measures to minimize risk in terms of prevention are implemented by the Chief Information Security Officer (CISO) at the Vorwerk Group. These include, for example, strengthening the security awareness of employees, numerous awareness-raising campaigns, publications, recorded podcasts, videos and a training platform. Furthermore, technical protection and defense measures for the early detection and effective containment of cyber attacks are being improved.

After three consecutive years as the top risk for the Vorwerk Group, the risks relating to the supply chain have become less significant. Drastic price increases or the unavailability of critical components and logistical capacity problems (e.g. bottlenecks in container shipping) are becoming less significant, although the risk has increased again in the recent past due to the events in the Red Sea. Effective measures such as a multi-sourcing strategy and other measures have reduced both the probability of occurrence and the potential impact.

Other risks were also reassessed and therefore repositioned in the matrix.

The risks relating to data protection and strategy & management have been reclassified. In the area of data protection, the risk is now assessed as having a medium probability of occurrence and a moderate financial impact. The risk in the Strategy & Management area is now included in the matrix, describes unexpected effects on the business model and is also classified as having a medium probability of occurrence and a moderate financial impact.

The legal risks relating to Product & Sales were split. The risk in the area of sales is assessed as unchanged. The risks in the product area are classified as having a low probability of occurrence and insignificant financial impact.

The impact of risks in the areas of finance and legislation & requirements is classified as insignificant compared to the previous year.

The effects of other risks such as finance (capital investment) and product have not changed in comparison and the positioning in the matrix remains stable.

As part of its financial investment strategy, the Vorwerk Group primarily pursues the goal of long-term asset protection. The established Risk Committee regularly reviews the investment strategy with the goal of optimizing the opportunity/risk profile. Risks from changes in exchange rates are also determined and hedged in accordance with the specifications in the treasury guideline and in coordination with the companies. The risks arising from the investment and the currencies are expressed via the conditional value at risk (CVaR, conditional shortfall risk measure) and cash flow at risk (CFaR, risk measure for determining the lowest cash flow in a planning period). At the end of the financial year, the CVaR for investment management was EUR 18.5 million and the CFaR for foreign exchange management was EUR 5.98 million (excluding akf group). Derivative financial instruments are used exclusively to hedge underlying transactions in the areas of foreign exchange and commodity management. Their use is based on the exposures to be systematically determined and monitored as well as the resulting financial risks. The goal of using financial derivatives is to reduce the risks identified.

In Vorwerk's business environment, it is necessary to anticipate the risks that occur worldwide and have a negative impact on the company. These risks generally include natural disasters, shortages of skilled labor and new, disruptive competitors. We are countering a tougher competitive environment with a clear innovation Strategy 2025, in particular our continuous product and service innovations.

In addition, other risk-minimizing measures are constantly evaluated by dedicated experts in order to minimize the impact of these risks in advance and keep their probability of occurrence as low as possible.

akf group operates a predominantly asset-backed and therefore generally low-risk business. In addition to property collateral, there are also take-back guarantees from dealers and manufacturers to reduce the default risk for some of the financing.

Risk-taking is an inherent part of the banking business and a key performance factor. The professional management of these risks enables a balance to be struck between opportunity and risk. From a risk perspective, 2023 was characterized by a slight economic downturn due to the ongoing Russia-Ukraine conflict, the Middle East conflict and rising inflation (gross domestic product of the Federal Republic of Germany in 2023: -0.3 percent). The "Interest Rate Management Jour Fixe" was held regularly to discuss the implications of the extreme changes on the interest rate markets. After risk costs rose again to the level of the long-term average in 2020 due to the coronavirus crisis, contrary to the downward trend observed since 2010, there was a slight increase in risk costs in 2023 compared to the previous year. In addition, a reduction in the portfolio of non-performing loans was achieved in the course of 2023.

akf group meets the high demands placed on the management of these risks by continuously developing its systems, which are used to identify, measure, monitor and manage expected and unexpected risks. The risk management project to introduce new state-of-the-art software for overall bank management was completed on schedule at the end of 2023.

The separation of functions based on a clear organization ensures regulatory conformity and effectiveness of the risk management process.

As part of the annual risk inventory, counterparty default risks, market price risks, operational risks, liquidity risks and business risks were identified as significant risks.

The counterparty default risk of akf group essentially comprises the credit risk that a customer is unable to meet its contractual obligations or can only meet them to a limited extent. As part of the annually reviewed risk strategy, a broad diversification of borrowers and sectors with high creditworthiness requirements is taken into account. The current credit risk management system includes a detailed lending process with creditworthiness analysis, an effective dunning process and an escalation process.

Market price risks are defined as potential losses due to adverse changes in market prices or price-influencing parameters. The relevant market risks are broken down by influencing factors into interest rate risk and residual value risk (akf leasing group). Neither currency risks nor market price risks from shares and precious metals exist at akf group as a non-trading book institution. Interest rate derivatives are only concluded to manage the interest rate risk.

Interest rate risk describes the risk of having to accept a reduction in the planned or expected interest result or interest margin due to changes in market interest rates. Positions that cannot be adjusted to changes in market interest rates at any time are subject to this risk. The fixed-interest period and the amount of the tied interest rate position are decisive for the level of risk.

Residual value risk describes the risk of having to accept reduced income or even a loss from the sale of used leased assets due to future changes in the calculated prices for used leased assets. In the full-service segment, these risks are managed by constantly monitoring the used vehicle market and implementing any necessary adjustments to the residual value calculation. A reduction in the residual value risk is generally ensured at akf leasing GmbH & Co KG and additionally at akf service-lease GmbH by concluding take-back or residual value guarantees by the dealer or manufacturer.

At akf group, the liquidity risk consists of the insolvency risk and the refinancing cost risk. The insolvency risk is understood as the risk of not being able to meet current or future payment obligations in full or on time. The refinancing cost risk is an earnings risk resulting from maturity transformation. It is defined as the risk of a negative deviation from the expected value of refinancing costs. It arises if the costs for refinancing have increased significantly at the time of prolongation and cannot be fully passed on to customers.

Refinancing is mainly carried out via the deposit business, loans from third-party banks and the revolving sale of receivables as part of an ABCP program (Opusalpha). The main objective is to achieve predominantly congruent refinancing of the lending and leasing business.

Like every company, akf group is also exposed to operational risks. Significant operational risks were identified through a self-assessment as part of the risk inventory, whereby these take the form of legal, operational, technology and personnel risks. In addition, external events (such as fraud) are also relevant.

With the software in use and hardware adapted to ongoing technical developments, the conditions for flexible and secure workflows have been created in the area of IT. A complete back-up data center is operated with organizational and spatial separation from the in-house data center, so that there is the greatest possible protection against the effects of force majeure.

To reduce the risk of other criminal acts, a working group deals with cases involving customers and dealers in order to prevent further criminal acts. In principle, early warning systems are in place for the general avoidance of operational risks, which determine how information indicating a risk of fraud is passed on within the bank and what measures are to be initiated. All departments in the process chains in the vehicle sales business and the movables business are involved.

To monitor operational risks, loss events are reported to Risk Management on a monthly basis and documented in a loss event database.

Business risk is a negative impact on business success that results from unexpected changes in the business environment – e.g. in economic, political, social or technological terms – and is not already covered by other types of risk. It primarily affects the earnings position; a negative impact on the financial position only arises if the business risk exceeds the planned income in the period under review. Business risk is quantified using a VaR calculation based on historical plan/actual differences.

Stress tests are carried out regularly for all material risk types. Stress tests are carried out each month for counterparty default risk, market price risk, liquidity risk and operational risk.

The entire risk management process of akf group, including the methods used and the responsibilities, is documented in the risk manual and reviewed regularly by the internal audit department and by the auditors as part of the Annual Financial Statements.

The opportunities arising from the strategies of the Vorwerk Group companies are described in detail in the individual chapters and in the General Section.

Outlook Report

The Vorwerk Group has defined its future company orientation as part of its Strategy 2025. The goal is to further optimize the successful direct sales approach, to constantly make it more attractive for the community, to become more powerful and modern and to increase efficiency in the global Vorwerk organization. In particular, clear growth and earnings targets, combined with a clear focus on direct sales, are a key component.

As a family-owned company that thinks and acts long-term, the Vorwerk Group intends to master the future challenges with self-financed, organic growth and will also consider acquisitions, should the right opportunity present itself.

In its current economic outlook, the EU Commission assumes that, after already very weak growth figures for 2023, Europe as a whole will see a later and weaker recovery than initially expected. Overall, average annual growth in real GDP is expected to slow from 3.4 percent in 2022 to 0.6 percent in 2023. In 2024, it is likely to recover only slightly to 0.8 percent, supported by the job markets and the decline in inflation, before stabilizing at 1.5 percent in 2025 and 2026.

The highly uncertain geopolitical conditions make planning sales and earnings performance extremely difficult. The current economic conditions, particularly with regard to the further development of consumer and investment propensity as well as the effects of the further development of inflation and the associated development of interest rates, also mean that a forecast for the further business development is subject to considerable uncertainty. Accordingly, the Vorwerk Group has again defined both sales and operating earnings within a planning corridor for the forecast for financial year 2024.

In the Thermomix segment, we expect sales to remain unchanged or to decline moderately. Although the number of advisors will increase considerably, productivity and activity are expected to be slightly below the previous year's level. Due to the planned expenses for the further strategically planned expansion of our sales structure, the planned entry into new countries and increased process and product innovations, the operating result is expected to be significantly lower than in the previous year.

The Kobold division anticipates a slight to significant increase in sales in 2024. The number of advisors is expected to increase significantly in financial year 2024. Activity will slightly exceed the previous year, while productivity is expected to be slightly below the previous year's level. The operating result is expected to be significantly higher than in the previous year.

Against the backdrop of current economic expectations, akf bank anticipates a slight increase in new business and thus a slight increase in business volume, so that a slight increase in net interest income is expected with a constant interest margin. New business at akf group is planned at EUR 1.3 billion.

The development of akf bank's risk provisioning is heavily dependent on further economic developments. Against this backdrop, it is assumed that risk provisioning will be slightly above the level of financial year 2023. Overall, net income for financial year 2024 is expected to be slightly below the previous year's level.

However, due to the uncertainties described above, akf bank's business development could fall significantly short of expectations. For example, the expected earnings situation could be negatively impacted by the fact that net interest income remains below budget and at the same time loan loss provisions increase significantly.

Within this planning corridor, the Vorwerk Group expects a slight decline to a slight increase in sales overall for financial year 2024, mainly driven by the Culinary and Cleaning divisions. The operating result is expected to be in a corridor between a clear and a significant decline. Accordingly, consolidated net income for the year is expected to decline significantly.

Wuppertal, March 15, 2024

Dr. Thomas Stoffmehl
Speaker of the
Executive Board

Hauke Paasch
Member of the
Executive Board

Dr. Thomas Rodemann
Member of the
Executive Board