

REPORT
ON THE
134TH
BUSINESS
YEAR

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134 years of business

645,461

2,906,099

persons working for Vorwerk

7,069

€ Group revenue

A REVIEW OF VORWERK

FAMILY BUSINESS WITH TRADITION AND VISION

The courage to implement innovations and the demand for the very highest quality has made Vorwerk into an internationally successful company with a long tradition. Vorwerk was founded in Wuppertal in 1883 and has developed throughout its more than 130-year corporate history from a carpet producer to a diversified, international group of companies. Yet Vorwerk still remains a family-owned business. Vorwerk stands for continuity, change and a nearness to people. Vorwerk's business model comprises the development, manufacture and sale of high-quality products and services.

REGISTERED OFFICES AND MANAGEMENT

HEADQUARTERS OF THE VORWERK GROUP

(Holding Company)

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EXECUTIVE BOARD

(Managing Partners)

Rainer Christian Genes
Reiner Strecker
Frank van Oers

SUPERVISORY BOARD

Dr. Jörg Mittelsten Scheid
(Honorary Chairman)
Rainer Baule
(Chairman)
Prof. Dr. Ing. Pius Baschera
(Vice Chairman)
Dr. Axel Epe
(2nd Vice Chairman)
Dr. Rainer Hillebrand
Daniel Klüser (since 1 January 2018)
Verena Klüser (till 31 December 2017)
Dr. Timm Mittelsten Scheid
Sabine Schmidt

THANKS TO THE STAFF

In recent years the Vorwerk Group has launched a host of new, innovative products onto the market and has continued to invest in shaping future developments. The challenges presented by digitization are being addressed by the company at all levels. This applies not only to the more than 630,000 people working for the company worldwide, either as self-employed advisors or trading partners, but also to the more than 12,000 permanent staff at the production locations as well as in the administrations of the individual divisions and subsidiaries. The Executive Board and owner family would like to thank all “Vorwerkers” throughout the world for their outstanding commitment, their creativity and their willingness to continue to take on and meet the challenges arising.

INTERNATIONAL PRESENCE

SUBSIDIARIES

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

SIGNIFICANT DISTRIBUTORS AND EXPORT COUNTRIES

Algeria	Romania
Argentina	Slovak Republic
Australia	Slovenia
Belgium	South Africa
Canada	South Korea
Chile	Ukraine
Croatia	United Arab Emirates
Cyprus	
Denmark	
Dominican Republic	
Finland	
Greece	
Hong Kong	
Hungary	
India	
Israel	
Kazakhstan	
Latvia	
Lebanon	
Malaysia	
Morocco	
New Zealand	
Norway	
Panama	
Paraguay	

THE VORWERK GROUP COMPRISED THE FOLLOWING BUSINESS SEGMENTS IN 2017:

Thermomix / Kobold / JAFRA Cosmetics / Lux Asia Pacific / Tweracs / Vorwerk Engineering / akf group / Neato Robotics / Vorwerk flooring / Vorwerk Direct Selling Ventures

KEY FIGURES OF THE VORWERK GROUP

in million EUR	2014	2015	2016	2017
Group sales*	2,376	2,938	3,058	2,906
New business, akf group	925	1,073	1,167	1,248
Balance sheet total	4,159	4,509	4,924	5,060
Partners' equity	1,575	1,747	1,840	1,702
Partners' equity in % (akf at equity)	65	64	63	59
Partners' equity in % (akf fully consolidated)	38	39	37	34
Financial assets	1,147	1,298	1,440	1,409
Other fixed assets	1,066	1,196	1,293	1,383
Current assets	1,841	1,936	2,107	2,207
Cash and cash equivalents**	1,003	1,113	1,184	1,178
Capital expenditure***	383	483	476	460
Depreciation***	205	225	248	270
Personnel costs	454	517	540	574
Number of employees	12,771	12,612	11,949	12,333
Self-employed advisors	591,156	612,884	637,126	633,128

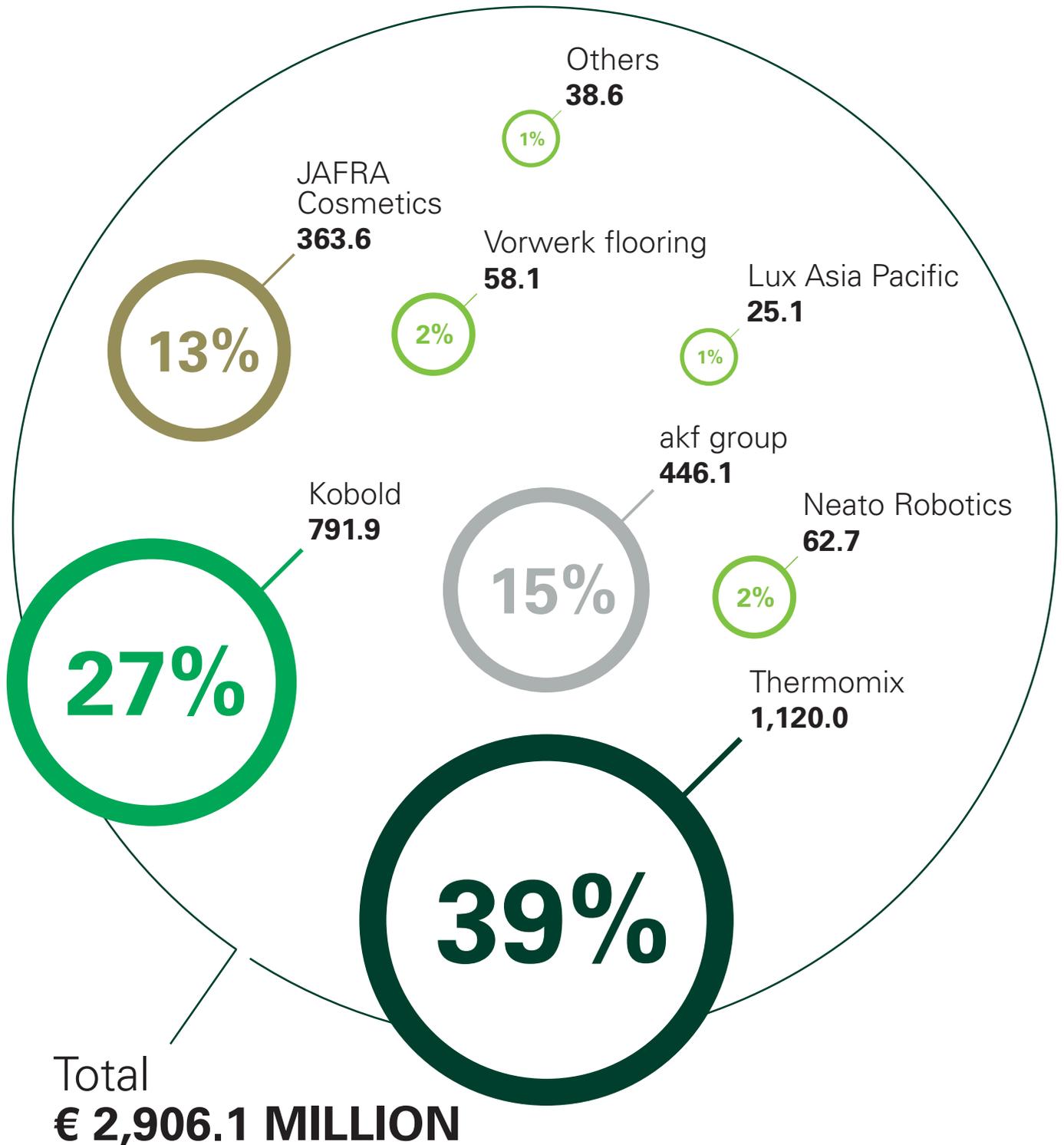
* Sales figures given are net values. The years 2014 and 2015 have been correspondingly adjusted.

** Including short-term realizable assets

*** Excluding financial assets

SALES BY DIVISION 2017

in million EUR



MILESTONES 2017

JAN

CONSTRUCTION PROJECTS: After a two-year building phase, Hall G at the production facility in Wuppertal is completed. Three floors offer space for injection molding operations, logistics areas and offices. Other building work completions are to follow: Vorwerk Semco in France officially opens an extension facility in February and an enlarged plant in Shanghai is opened in June. One month later, Vorwerk Elektrowerke lays the foundations for its new research and administration center in Wuppertal.

FEB

PRACTICAL FILTER: Lux Asia Pacific launches its new FONTUS water purifier in Indonesia, a product that can now be fitted outside the home. This means that it is an ideal product for detached, single-family houses in South-East Asia. Another specific feature: FONTUS cleans the water using filter cartridges that can be simply replaced.

MAR

THE TRADE'S DARLING: Vorwerk flooring receives the "Stein im Brett Award" from the building information service ibau. In the preceding surveys some 2,500 craftspeople from all over Germany chose Vorwerk floor coverings as best-in-class in this specific product category.



APR

HAPPY BIRTHDAY: Thermomix in China commemorates its fifth anniversary. At the three-day Thermomix Festival around 1,200 customers participate in cooking courses and see stage shows featuring top chefs. A gala dinner with about 300 Thermomix representatives and a press conference round off the celebrations. Thermomix started in China in 2012 with ten representatives, today there are some 1,000.



MAY

A ROOM FOR EVERYONE: The Vorwerk Group opens a so-called "brand space" at its corporate headquarters in Wuppertal. Visitors can now experience 134 years of company history on an area of 650 square meters – from the first carpets up to today's current products. Various brand islands and multimedia elements reflect Vorwerk's product diversity.



JUN

THREE TIMES DIGITAL: Dr. Jörg Mittelsten Scheid is awarded the special prize for digitization (Digitalisierungsmacher) at the "Digital Champions Awards 2017" in Berlin. The "Digital Leader Award" in the main category "Shape Experience" is then conferred on Vorwerk only a few days later for the Thermomix Digital Ecosystem. In the same month Vorwerk International becomes part of Connected Living, the German innovation center.

JUL

TRÈS CHIC: Vorwerk's first outlet in France opens in Paris. The "Vorwerk Boutique" is located in the best shopping area, just two minutes away from the Opéra Garnier. Kobold products and the Thermomix TM5 can be experienced over an area covering two floors.



AUG

NEW LOOK: The finishing touches are just being applied to akf group's new corporate design in August. It is to be gradually introduced from 1 September. The core elements are a new logo and an advertising campaign in which the akf group promotes itself.

SEP

GROWTH: Vorwerk takes over the US company Neato Robotics, Inc. It ranks among the leading manufacturers of intelligent vacuum cleaner robots and is located in Silicon Valley. Vorwerk had already had a participation in Neato Robotics since 2010 and had consistently enlarged its shareholding. This takeover means that Vorwerk has now acquired additional expertise in the fields of navigation and software and is enlarging its presence in the rapidly growing US market for robotic vacuums.





NOV

TAKEN AT YOUR WORD: The Kobold VR200 Robot Vacuum Cleaner becomes “Alexa-capable” in Germany, a feature that can be steered by voice command via the Amazon cloud-based service. This smart interaction makes the handling of the Kobold VR200 Robot Vacuum Cleaner even simpler and more convenient.



DEC

SUSTAINABILITY: The first cross-divisional sustainability report provides internal qualitative and quantitative information and serves as a benchmark for future reporting on sustainability. Vorwerk established a sustainability organization in 2016 to identify the essential issues associated with ecological, economic and social responsibility and to prepare some initial programs.

OCT

IPO: HelloFresh, the leading online delivery service for recipes and ingredients in Europe and the USA goes public and is listed on the Frankfurt Stock Exchange. The offer period began on 24 October. Vorwerk Ventures had already invested growth capital in this Berlin-based company as early as 2012. The Thermomix Division has been cooperating with the meal-in-a-box provider in Germany and Austria since 2016.

GROUP MANAGEMENT REPORT 2017

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GENERAL SECTION ON BUSINESS DEVELOPMENT

The Vorwerk Group closed the 2017 financial year with a business volume of EUR 3.7 billion and was thereby negligibly below the level of the previous year. The volume of business figure considers the new business achieved at akf group in an amount of EUR 1.2 billion.

Revenue at the Vorwerk Group was running at EUR 2.9 billion, a moderate decline of 5.0 percent as against the previous year.

Operating earnings were significantly below the previous year due mainly to sales targets not being achieved to the full. Revenue development was considerably lower than budgeted.

The Vorwerk Group was operational in the following divisions at the close of 2017: Thermomix, Kobold, JAFRA Cosmetics, Lux Asia Pacific, Vorwerk Engineering, akf group as well as Vorwerk flooring. Additionally, the takeover of the US company Neato Robotics, Inc. was concluded in the year under review. Vorwerk Direct Selling Ventures is the Vorwerk Group's venture capital entity. Moreover, the Tweracs business unit is operational in the market for high quality DIY power tools.

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

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 will be 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).

Vorwerk is operational in more than 70 countries across Europe, Asia, North and South America as well as in Australia and parts of Africa, either through export activities or with its own subsidiaries or trading partners. The strong international alignment of the Wuppertal-based, family-owned company can readily be seen from the distribution of sales. The proportion of sales generated outside the company's domestic market, Germany, reached 64.1 percent. This share amounted to 76.0 percent in the direct sales segment.

The partners' equity capital ratio at the Vorwerk Group amounted to 33.6 percent when akf group, operational in the area of financial services, is fully consolidated. Cash and cash equivalents are mainly invested in special funds and other short-term realizable assets and totaled EUR 1,178 million as of the balance sheet date.

Each division at the Vorwerk Group is run by its own responsible management board. The Group's strategic leadership is the responsibility of the Executive Board in Wuppertal. The members of the Executive Board are the Managing Partners Rainer Christian Genes, Reiner Strecker and Frank van Oers. One half of the Vorwerk Group's Supervisory Board comprises members from the owner family Mittelsten Scheid and the other half comprises external experts. Dr. Jörg Mittelsten Scheid, the head of the Vorwerk owner family, acts as Honorary Chairman of the Supervisory Board. Rainer Baule is Chairman of the Supervisory Board.

The Vorwerk Group redefined its strategic alignment in the year under review. The new corporate vision is: "Our superior products and services elevate the quality of life everywhere you call home." Vorwerk is thereby focusing even more on end consumers' households with its products and services. The implementation of this strategic alignment necessitates enhanced investments in IT technology, infrastructure and CRM measures.

Therefore, the work on business and IT projects continued to progress in the year under review. In the "VORward" program, new, harmonized business processes and IT solutions are being created and introduced internationally at the Thermomix and Kobold divisions. The "ACE" project at JAFRA Cosmetics is also aimed at establishing a uniform IT landscape across an international basis and at enabling new digital interfaces between the company, the self-employed consultants and the customers.

Vorwerk established a sustainability organization in 2016 to identify the significant group-wide sustainability themes associated with ecological, economic and social responsibility and to setup some initial, corresponding programs. The first cross-divisional Sustainability Report providing both quantitative and qualitative data was implemented in the year under review. The parameters recorded in this respect will be deemed the "reference benchmark" for future sustainability reports.

SUMMARY OF THE DEVELOPMENT OF THE INDIVIDUAL DIVISIONS

Thermomix remained the division within the Vorwerk Group with the highest revenue but lost ground compared with the previous year (revenue EUR 1.1 billion, minus 12.9 percent).

The Kobold Division suffered a moderate decline in revenue, falling by 5.3 percent to a level of EUR 792 million.

JAFRA Cosmetics was negligibly below the level of the previous year, recording revenue of EUR 364 million, but with the largest sales organization in Mexico reporting a slight increase in business volume.

Vorwerk flooring was unable to escape the negative trend prevailing throughout the industry and suffered a decline in revenue of 17.5 percent to EUR 58 million.

The akf group (EUR 446 million) was slightly above the revenue level achieved in the previous year and increased the new business volume substantially to EUR 1.2 billion.

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

SALES BY DIVISION

in million EUR	2014	2015	2016	2017
Direct sales	1,922.1	2,449.8	2,514.6	2,300.6
Thermomix	776.9	1,158.1	1,285.6	1,120.0
Kobold	746.7	869.7	835.8	791.9
JAFRA Cosmetics	372.5	396.8	369.1	363.6
Lux Asia Pacific	26.0	25.2	24.1	25.1
akf group	350.8	384.9	430.7	446.1
Neato Robotics	–	–	–	62.7
Vorwerk flooring	77.4	77.1	70.4	58.1
Others	26.1	26.3	42.5	38.6
Group sales	2,376.4	2,938.1	3,058.2	2,906.1

THERMOMIX

Thermomix combines twelve functions in one and cannot only mix, grind, chop, blend, whisk, grate and knead, but it can also cook, steam, weigh, emulsify and heat in a controlled manner for meals prepared in water – and all this without any need to refit or reconfigure. Its Guided Cooking function takes users through the recipes step-by-step. This simple, fast alternative supplements manual cooking with the kitchen appliance.

Revenue fell by 12.9 percent in the year under review with EUR 1.1 billion being reported. On account of the sales targets not being met, operating earnings were significantly and revenue distinctly below expectations. The decline was partially due to a special effect in 2016 when customer orders from 2015 could only be supplied in 2016 because of limited production capacities. This special effect had no further impact in the year under review.

**OVERALL, THE SALES
OF THERMOMIX
WORLDWIDE REMAIN
AT A HIGH LEVEL.**

Overall, sales of Thermomix remained at a high level worldwide. Vorwerk thereby continues to sell distinctly more Thermomix appliances each year than before the launch of the current TM5 model in 2014. A Thermomix was sold every 29 seconds in 2017. Today, the majority of appliances sold are equipped with the Cook-Key – a Thermomix accessory introduced in 2016 that enables recipes to be sent by Wi-Fi from the Recipe Platform Cookidoo directly to the TM5 display and then to be made available there by means of the Guided Cooking function.

To push this digital business model forward, investment continued throughout the year under review in the development of a digital unit. The Division sees a substantial competitive advantage in further strengthening its digital offerings. Today, there are already more than 30,000 Guided Cooking-capable recipes available for the Thermomix TM5 worldwide.

Subsidiaries are operational for the Thermomix Division in a total of 14 countries in Europe, Asia and North America and Thermomix also has a number of distributors.

The strongest sales country was once again Germany with the company achieving revenue of almost EUR 300 million (minus 22.1 percent). The development was also negative in France (revenue EUR 241 million, minus 15.2 percent) and Italy (revenue EUR 152 million, minus 33.6 percent). By contrast, things were different in Spain (revenue EUR 164 million, plus 3.7 percent), Poland (revenue EUR 70 million, plus 18.7 percent) and Portugal (revenue EUR 44 million, plus 5.4 percent).

The export business – i.e. the sale of Thermomix TM5 through so-called distributors – achieved revenue of EUR 48 million and thereby reported a clear decline.

The USA and China, two still relatively new markets, developed most promisingly. China could already report revenue levels of EUR 47 million and had thereby already caught up with the established European markets. The USA achieved sales of EUR 6 million in its first full business year after market launch. Both subsidiaries were therefore able to more than double their revenue.

The number of active advisors fell. On average, more than 45,000 self-employed advisors were working for the Division in 2017, a decline of 1.4 percent. The average productivity fell substantially. Activity was slightly below the level of the previous year.

The Division is looking forward to a moderately positive development in revenue for the current year albeit with a distinct drop in operating earnings due to investments in IT projects, digitization and business premises infrastructure.

A THERMOMIX
APPLIANCE WAS
DELIVERED EVERY

29

SECONDS THROUGH-
OUT 2017.



KOBOLD

The Kobold Division sells high-quality room care and cleaning solutions for private households. The product portfolio comprises the Kobold VK200 Upright Vacuum Cleaner that – similar to the VT300 Canister-Type Vacuum Cleaner – can clean all types of flooring with its six variable attachment options. The Kobold SP600, launched in February 2018, is among the attachments and it turns the Kobold vacuum cleaner into an appliance that is able to vacuum and wet-clean at the same time. Another highlight is the Kobold VR200 Robot Vacuum Cleaner, an appliance that can now be steered via Amazon’s voice service “Alexa” and which was once again “best in class” in a test conducted by the consumer watchdog “Stiftung Warentest”. Moreover, the product was honored with the “German Design Award”.

The Kobold Division is operational with its own subsidiaries in a total of ten countries in Europe and Asia. In addition, numerous distributors are engaged in selling the products. Kobold is active worldwide with a direct sales approach as well as with online shops and company-own stores in a growing number of countries. In the year under review, for instance, a Vorwerk shop was opened in Paris.

However, the clear strategic focus continues to be on direct selling and the individual consultation provided to customers in their own homes by self-employed advisors. Additionally, there is the support of customers after purchase when accessories are delivered, for example.

The Kobold Division concluded the year under review moderately below the level of the previous year with revenue of EUR 792 million. Operating earnings were distinctly below expectations. On average, more than 14,700 self-employed advisors were working for the Division, an increase of 7.5 percent. Average activity fell substantially with productivity being slightly below the level of the previous year.

Revenue in Italy was slightly below the level of the previous year at EUR 421 million. The German sales organization was unable to maintain its positive trend from the previous few years: revenue of EUR 244 million meant that the subsidiary reported a drop of 2.9 percent. Direct selling continues to be the most important pillar, but the online shop as well as the company’s own Vorwerk stores in good inner-city locations are growing in significance – not least of all as an important contact point for customers. The number of stores in Germany has been increased and now encompasses 53 locations.

**THE NUMBER OF
SHOPS IN GERMANY
HAS NOW GROWN TO**

53

LOCATIONS.

Vorwerk France achieved revenue of EUR 32 million, an increase of 10.6 percent. By contrast, the Kobold sales organization in China reported a lower level of revenue (minus 37.1 percent at EUR 29 million). The Kobold business in Austria was substantially below the level of the previous year with revenue of EUR 23 million being achieved. The sales organization in Spain was distinctly below the previous year's figure with revenue of EUR 21 million.

Sales in the Czech Republic were substantially below the previous year's level (revenue of EUR 7 million). Sales through distributors were running at just under the 10-million mark (revenue EUR 9 million, minus 9.4 percent).

The Kobold Division anticipates a sizeable increase in revenue in 2018. Operating earnings will be distinctly lower due to investments in IT infrastructure. Higher revenue levels are expected to be achieved in the coming years from the opening of new markets, the launch of new products as well as the continued extension of the omnichannel system combined with a higher number of advisors.

**THE KOBOLD SP600
WAS LAUNCHED IN
FEBRUARY 2018.**



JAFRA COSMETICS

JAFRA Cosmetics, with its headquarters in the USA (Westlake Village/California), operates in a total of ten countries with its own subsidiaries and is additionally active through distributors. The largest market by far is Mexico with more than 473,800 self-employed consultants. Other sales companies are to be found in the homeland of JAFRA Cosmetics, the USA, as well as in Indonesia, Brazil and parts of Europe. JAFRA Cosmetics produces and sells high-quality cosmetics and can look back on more than 60 years' experience in direct selling. Overall, more than 572,600 self-employed consultants are working for JAFRA.

THE RANGE AT JAFRA COSMETICS ALSO COMPRISES ANTI-AGING PRODUCTS.



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

On a euro basis, JAFRA Cosmetics lost revenue in the year under review with a volume of EUR 364 million being reported – a minus of 1.5 percent. Consequently, the Division did not satisfy its own expectations although this was mainly the result of unfavorable exchange rate developments. By contrast, operating earnings were substantially above forecast due to cost-saving measures.

Mexico, traditionally the strongest market, achieved higher revenue of 4.2 percent in local currency. Converted into euros, there still remained an increase of 1.0 percent with EUR 261 million being reported.

In the second largest JAFRA market, the USA, sales revenue was running at EUR 55 million and was thereby substantially below the level of the previous year.

Indonesia, the third largest market, was able to stabilize business at the same level as the previous year with revenue of EUR 20 million.

JAFRA Brazil was distinctly below the level of the previous year with revenue of EUR 9 million. The European sales companies (Austria, the Netherlands, Switzerland, Italy and Germany) suffered a decline in revenue. The total revenue of the European sales organizations amounted to approximately EUR 17 million, some 12.0 percent below the previous year.

JAFRA Cosmetics expects a sizeable decrease in revenue for the current year mainly for currency-related reasons. This decline will have a corresponding impact on operating earnings. Extensive investments and expenditures continue to be planned for the future: a standardized and sustainable penetration of new markets should, for example, be made possible through the harmonization of IT systems within the scope of the "ACE" project and the digital services and systems available to consultants and customers are to be extended.

LUX ASIA PACIFIC

Healthy water, healthy air: Lux Asia Pacific focuses on the sale of high-quality water purifiers and air cleaners under the Lux brand name in the countries of Southeast Asia. In this respect the company numbers among the few direct selling companies in this region that have specialized in high-ticket household products.

Some of the articles originate from Vorwerk's own manufacturing facilities in Shanghai. Lux Asia Pacific regards itself as a company that offers products such as water purifiers mainly with reference to the health benefits they provide for customers. The strategic alignment still provides for a concentration on the themes of "water purification" and "air cleaning".

The modifications to the product ranges and the changes to the sales systems implemented in recent years have now shown first signs of success with an increase in revenue in the year under review. The total revenue achieved by Lux Asia Pacific of EUR 25 million was 4.1 percent above the previous year, but is still significantly below expectations. Operating earnings were considerably below those achieved in the previous year and significantly below forecast. This development was due to the still ongoing product portfolio restructuring process.

Thailand, the largest market, was able to grow revenue negligibly and reached EUR 11 million. Lux Taiwan enhanced revenue as against the previous year by 9.6 percent to EUR 7.5 million and thereby confirmed the development of recent years. Lux Indonesia increased revenue moderately to EUR 6 million.

Given the new alignment of the brand and the focus on water purification, Lux Asia Pacific will successfully conclude the restructuring process and is looking forward to a significant improvement in revenue. The distinct improvement in sales efficiency will be an essential driver in this respect. Operating earnings will clearly improve, but will continue to be dissatisfactory.

**LUX ASIA PACIFIC
FOCUSES ON WATER
PURIFIERS AND AIR
CLEANERS.**



VORWERK ENGINEERING

VORWERK ENGINEERING HAS CREATED CAPACITIES FOR PRODUCT LAUNCHES.



The Vorwerk Engineering Division is represented at three sites: Wuppertal (Germany), Cloyes-sur-le-Loir (France) and Shanghai (China). The largest facilities in the network are in Wuppertal with almost 1,000 staff. The Research & Development complex is also located in Wuppertal. The Division manufactures its products as commissioned by the sales divisions that have successfully conceptualized them over many years now by applying the experience they have gained from direct customer contacts.

The Engineering Division is therefore very dependent on the development of business at the Vorwerk sales companies. Revenue in 2017 developed in line with the sales trends reported at the sales divisions. The appropriate capacities for the scheduled 2018 launch of new products were created.

The innovative strength of the Division is clearly reflected in the number of patent registrations. Vorwerk registered a total of 2,957 national and international patents or patent applications worldwide in 2017.

Purchasing at the Division was partially confronted with increasing prices in significant areas in 2017. Plastics and metals were particularly affected by this. This development was to a certain extent expected and so the price of copper e.g. was safeguarded at an early point in time. Both hedging activities and the search for alternative suppliers combined with intensive negotiations contributed to material prices being kept at a more or less consistent level. The risk management measures currently installed meant that the Division was not affected by insolvencies or other failures of key suppliers.

There was continued investment in infrastructure at all facilities in the year under review. The main measures for Wuppertal include the building of a new motor manufacturing plant as well as the construction of a new administrative center that will also house R&D. The measures are scheduled to be completed by the end of 2018. The construction of a new production building was successfully completed at the location in Shanghai.

The Executive Board has again approved capital expenditure of more than EUR 100 million over the next two years for the infrastructure measures described above, particularly at the German locations, as well as for product launches and capacity extensions.

Overall, the Division is looking forward to a moderately positive business development in 2018. This will be correspondingly reflected in the revenues achieved. Operating earnings will increase significantly as one-off expenditure for infrastructure measures will no longer be required.

AKF GROUP

The Wuppertal-based akf group is positioned as a traditional finance partner of small and medium-sized companies. On the market now for more than four decades, the akf bank with its subsidiary ERNST Factoring as well as akf leasing with its foreign subsidiaries and akf servicelease have been offering a product portfolio tailored to the funding requirements of these clients. This comprises various types of loan models, leasing alternatives, flexibly structured hire purchase arrangements as well as factoring options to optimize operational liquidity. Investment products for private investors round off the range of offerings. Customers come from the metal, plastics and wood-processing areas as well as the graphics industry. Further, manufacturers, dealers and buyers of cars, commercial vehicles, yachts and agricultural technology number among the clients.

All sectors of the akf group developed pleasingly. The new business volume in the banking and leasing segments were substantially increased with EUR 1.2 billion being reported, a rise of 6.9 percent as against the previous year.

Business with vehicle finance could be improved by EUR 23 million and continues to play a prominent role with a volume of EUR 581 million but with a negligibly lower share of total business, namely 46.6 percent (previous year: 47.8 percent).

Business stemming from the financing of machinery and other equipment for the mainly small and mid-market segment amounted to EUR 382 million (previous year: EUR 363 million) and accounted for 30.6 percent (previous year: 31.1 percent) of overall business.

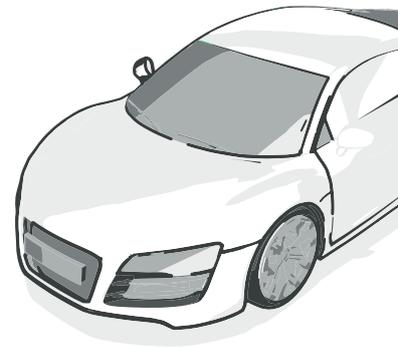
The level of funding for mobile agricultural and construction technology was unchanged as against the previous year with a business volume of EUR 102 million being reported, a figure which represents 8.1 percent (previous year 8.7 percent) of total business.

Consumer finance for vendor funding of high-quality household appliances from the Vorwerk Group was 26.7 percent above the level of the previous year at EUR 183 million (previous year EUR 145 million).

In the factoring business, the volume of purchased receivables grew from EUR 609 million to EUR 672 million.

In the case of financial services, revenue is calculated on the basis of the interest and leasing income as well as the payments for other services that are received as compensation for the relinquishment of capital or assets. Revenue at akf group increased by 3.6 percent to EUR 446 million.

NEW BUSINESS AT THE BANK AND LEASING SEGMENTS WAS SOME 6.9 PERCENT HIGHER THAN THE PREVIOUS YEAR.



The development of new business, revenue and operating earnings exceeded expectations. The interest rate margin – the gap between the lending and refinancing rates – is of decisive importance for the earnings situation of the akf group. Despite a slight decrease in interest margins by 13 basis points on a year-on-year comparison, interest income could be increased by 6.4 percent. The reason for this development was the overall portfolio volume that was in line with expectations due to the substantial increase in the level of new business.

As in previous years, the refinancing of the akf group was implemented – mainly with matching maturities – through interbank transactions, a revolving ABCP program, one open-ended ABS bond as well as the deposit-taking arm of the business. The ABS bonds were increased in 2017 from EUR 250 million to EUR 400 million. The deposit-taking business again developed in line with expectations in the business year just closed. In total, some 21,800 private investors (previous year: around 20,600) had entrusted deposits of EUR 1,325 million (previous year: EUR 1,235 million). As in previous years, business was only transacted on an online basis. In terms of interest payments for the various products, akf group handles all private investors in the same manner as a matter of principle and refrains from making any special offers or promotions to attract new clients. In addition, the market-driven interest rate cuts that were again necessary in 2017 were implemented with a time lag to the advantage of our portfolio investors.

In accordance with the company's strategic alignment, the akf group has a highly diversified business operation both in terms of sectors and asset categories. The akf group will continue to present itself as a reliable and competent partner to potential end customers for funding solutions as well as to manufacturers and dealers and therefore sees additional opportunities for the planned level of new business.

Given a slight increase overall in the level of new business in 2018 in comparison to the year under review, a growth in business volume may also be assumed and thereby a slightly higher interest rate income can be expected despite an interest rate margin that will be somewhat lower, but still at a quite healthy level. The akf bank expects that costs for risk provisions will rise moderately in relation to the business portfolio and thereby also be higher in absolute terms than in the year under review.

NEATO ROBOTICS

Vorwerk increased its shareholding in the US company Neato Robotics, Inc. to 100 percent in the year under review. This participation in one of the leading manufacturers of intelligent robot vacuum cleaners with registered offices in Silicon Valley began as early as 2010 and was successively enhanced over the years. Consequently, the Vorwerk Group now has a presence in the rapidly growing American market for intelligent robot vacuum cleaners. Moreover, Neato Robotics is also operational in some European and Asian markets. The acquisition supports the newly-approved strategy of the Vorwerk Group: to focus on products and services for end consumers' households. Neato Robotics was founded in Silicon Valley in 2005 and it launched its first product series of robot vacuum cleaners in 2010. The company employed 106 staff on average in the year under review and has great competence in the fields of navigation and laser control.

This acquisition will further strengthen the Vorwerk Group's position as a provider of innovative and high-quality products for the household and home, particularly in the USA, and also improve its strategic position on the worldwide growth market for robot vacuum cleaners.

At the same time, there are considerable synergy effects between the two companies, especially in the areas of R&D and manufacturing. Neato Robotics will act as an independent entity within the Vorwerk Group and have its own brand identity.

Neato Robotics achieved revenue of EUR 63 million in the year under review. A distinct increase in revenue and a substantial improvement in operating earnings are planned for 2018.

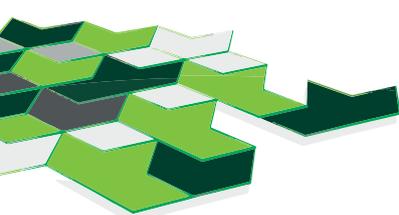
**VORWERK HAS
INCREASED ITS
SHAREHOLDING IN
NEATO ROBOTICS,
INC. TO**

100

PERCENT.



VORWERK FLOORING



VORWERK FLOORING HAS REDESIGNED ITS RANGE.

The Vorwerk flooring Division enhanced its current collections in the residential and contract-business segments in the year under review with some targeted marketing activities. In this respect there was investment in additional product sample cards to reflect the widened range on offer as well as in online marketing campaigns aimed at generating more end customer contacts. Moreover, all the conceptual work for the realignment of the ranges and marketing for the planned relaunch at the beginning of 2018 went ahead as scheduled.

Therefore, thanks for example to the approach of “3 product lines, 3 style trends, millions of possibilities”; communication of the ranges has become far simpler. This should enable resolute and effective marketing with the full utilizing of the Vorwerk brand in all sales channels, both national as well as international.

Despite these measures Vorwerk flooring was unable to avoid the negative trend prevailing throughout the industry and contrary to forecast reported a decline in revenue of EUR 58 million (minus 17.5 percent). Operating earnings were significantly below expectations.

Generally, the Division assumes that the market situation for textile floor coverings will remain difficult.

The management team together with all the staff have worked on enormously reducing complexity since the beginning of 2016, an aspect that had a tremendous impact on the efficiency. In addition, the products bearing the “Nordpfeil” brand have all been integrated and now comply with the Vorwerk standards.

Vorwerk flooring is looking forward to a considerable growth in revenue in the 2018 business year on account of the new marketing approach. Operating earnings will decline significantly due to the investments in the new marketing and portfolio concept. However, these investments are aimed at meeting the objective of making the company economically viable in the mid-term.

VORWERK DIRECT SELLING VENTURES

Vorwerk gains access to innovations in direct selling by investing in young companies and this fosters the process of change and renewal. The Vorwerk Group has been investing since 2007 in companies pursuing novel and promising sales concepts through its Vorwerk Direct Selling Ventures unit. The venture capital entity makes its investment decisions without any direct relationship to the strategy of the Vorwerk Group and thereby has the scope to invest in completely new segments that have the potential for strong growth and high profitability.

Basically, Vorwerk Ventures invests throughout the world and participated in 14 companies in Europe at the end of 2017. The portfolio of the investment arm includes the entities Dinner-for-Dogs Group, CrossEngage, flaschenpost, HelloFresh, Horizn Studios, JUNIQE, Lesara, LILLYDOO, Mädchenflohmarkt, ottonova, Pippa&Jean, STOWA, Thermondo and VANIDAY. The companies are mostly positioned internationally and have entrepreneurial management. The investment portfolio is managed with a view to the exit potential.

The participations in Gestigon and MeinAuto were successfully sold in 2017. In addition to investments in the existing portfolio as part of a wider, external financial consortia commitment, new participations in LILLYDOO, ottonova and Thermondo were entered into in the year under review. Vorwerk Ventures once again contributed positively to the Group's earnings.

VORWERK VENTURES HAS PARTICIPATIONS IN

14

ENTITIES IN EUROPE AT THE END OF 2017 E.G. IN HELLOFRESH.



PERSONNEL DEVELOPMENT

The focus of HR activities at the Vorwerk Group in the year under review was on further developing organizational and leadership competence so as to be able to support the long-term growth strategy and to meet the present and future entrepreneurial challenges.

Vorwerk implements the management training sessions on a global level. The target is to qualify leaders so that they can lead, bring forward and support the strategic change process. These training programs will be continued over the next few years to ensure that all management levels across the organization are reached. To further improve the leadership culture throughout the Group, all managers have been trained systematically with regard to their feedback and coaching skills.

VORWERK HAS TRAINED ITS MANAGEMENT STAFF THROUGHOUT THE WORLD.

The strategic human resources systems “Succession Management” and “Career Management” have been redesigned with a view to meeting current and future business needs. Succession and career plans have been determined for all key corporate positions in order to create transparency and to offer staff interesting personal and career development opportunities in leadership roles and projects in various countries and divisions.

The recruitment processes and procedures have been standardized across the entire Group so as to ensure a strategic, systematic approach to acquiring and committing the talent required by the organization. The activities aimed at promoting the Vorwerk brand as an employer are being implemented across a number of channels, they will help in making the brand even stronger in the market as an attractive employer.

Needs-oriented childcare, particularly for children of preschool age, is a fundamental precondition to allow parents to work. As part of the family-friendly corporate policy to support staff and thereby to help reconcile work and family life, measures were agreed with employee representatives from the German-based companies in the second half of 2017 to provide financial support for childcare. The target from applying an anticipatory HR approach is to help in making work and family life compatible with each other.

Flexible types of work and employment are elements of a modern-day working environment. Vorwerk is addressing these challenges and is working on ideas surrounding mobile working concepts, ideas that have already been implemented to some extent. Both issues are important components for binding and committing staff to the company.

645,461 people, on average, worked for the companies of the Vorwerk Group either as self-employed sales advisors or as permanent staff members in 2017. The number of permanent employed staff was 12,333; the number of self-employed sales advisors was 633,128.

STAFF (ANNUAL AVERAGE)

	2014	2015	2016	2017
Direct sales				
Thermomix*	1,944	2,264	2,762	3,481
Kobold*	3,115	3,336	2,238	1,964
JAFRA Cosmetics	2,251	2,103	2,153	2,046
Lux Asia Pacific*	3,200	2,380	2,075	2,041
Vorwerk Engineering	1,307	1,519	1,699	1,596
akf group	386	418	430	451
Neato Robotics	–	–	–	106
Vorwerk flooring	400	422	414	381
Others	168	170	178	267
Total*	12,771	12,612	11,949	12,333

* Including employed sales advisors

SELF-EMPLOYED SALES ADVISORS (ANNUAL AVERAGE)

	2014	2015	2016	2017
Thermomix	34,417	41,884	45,672	45,047
Kobold	9,900	10,739	13,712	14,734
Others	259	324	422	740
Self-employed sales advisors "household appliances"	44,576	52,947	59,806	60,521
Self-employed sales advisors JAFRA Cosmetics	546,580	559,937	577,320	572,607
Self-employed sales advisors in total	591,156	612,884	637,126	633,128
Total Vorwerk workforce	603,927	625,496	649,075	645,461
of which sales advisors*	596,014	617,514	640,615	637,044

* Including employed sales advisors

ASSETS AND EARNINGS SITUATION

The consolidated balance sheet total of the Vorwerk Group had increased by EUR 136.2 million to EUR 5,060.2 as of balance sheet date on 31 December 2017. This increase was mainly attributable to the continued positive development of business at the akf group.

Fixed assets increased by EUR 59.1 million overall. Additions to tangible fixed assets were 2.8 per cent lower than in the previous year, whereas investments in leasing assets remained approximately at the level of the previous year. Consequently, the investment ratio fell moderately to 24.1 percentage points. Cash flow from investment activities was again correspondingly impaired despite the decline in capital expenditure. The fixed assets ratio of 27.7 percent exceeded that of the previous year despite the slightly increased total capital amount.

The items concerning affiliated and associated companies in the financial assets were some EUR 49.2 million lower. This was mainly due to the first-time inclusion of three subsidiaries that were fully consolidated, companies that had not previously been included in the Vorwerk Group consolidation as they were deemed as having minor importance pursuant to § 296 (2) HGB. Participations increased on account of investments in existing as well as new shareholdings.

The addition of purchased concessions, industrial property and similar rights and assets was associated with the first-time inclusion of affiliated companies in the Vorwerk Group consolidation. Moreover, there was also investment in IT infrastructure. These projects were, however, not completed in the year under review.

There was a slight increase of 4.7 percent in current assets with varying intensities in the separate items.

Inventory assets decreased by EUR 27.0 million, primarily due to a distinct reduction in stocks of production material and a considerable decline in finished goods on account of the sales-related modifications to the numbers needed to ensure the delivery capability. Despite the drop in inventory levels, the frequency of stock rotation was 8.0 percent below that of the previous year.

The value of the trade receivables was moderately lower overall by 3.1 percent. This was mainly attributable to the decline in revenue. By contrast, the receivables increased by EUR 19.8 million as a result of the companies consolidated in the Vorwerk Group for the first-time. Value adjustments were adapted to be in line with the payment conduct of customers. The value adjustment ratio remained almost unaltered as against the previous year (plus 0.2 percentage points).

Despite consistently falling interest rates, the expansion in the installment loan, investment credit and forfeiting business at the akf group resulted in an increase in the level of receivables from customers in the banking and leasing sector by EUR 117.7 million. The value adjustment ratio fell by 0.7 percentage points in this area.

Receivables from affiliated companies have been more or less eliminated due to the first-time Group consolidation of the subsidiaries.

The other assets item essentially increased on account of the establishment of a security reserve and from purchase price claims from the sale of financial assets.

The 43.6 percent ratio of current assets to total assets was negligibly above the level of the previous year.

The cash ratio – defined as the cash resources available at short notice against current liabilities – amounted to 43.3 percent in the year under review (previous year: 47.4 percent).

The liabilities side was characterized by partners' equity of EUR 1,701.6 million. This also expressed the partners' equity capital ratio of 33.6 percent (previous year: 37.4 percent). Given an assumed consolidation of the akf group at equity, the partners' equity capital ratio would be lower than previous year at 58.5 percent (previous year: 62.6 percent). The equity to fixed assets ratio amounted to 61.0 percent and was thereby lower than in the previous year (67.3 percent).

Generally-speaking, accruals were approximately at the level of the previous year (minus 0.3 percent). Provisions for pensions and similar obligations increased by 3.8 percent on account of the continued drop in interest rates. By contrast, the accruals to cover tax risks were distinctly lower by 17.4 percent. The moderate increase in other accruals was related to sales promotions and some special effects from financing measures.

The increase of EUR 272.3 million in liabilities was – just like on the assets side of the balance sheet – attributable to the consistent expansion of business at akf group.

Liabilities to banks were mainly attributable to akf group. Liabilities from the deposit business exclusively related to akf group. They rose by EUR 90.0 million in the year under review despite the declining interest rate level and were used to refinance the expansion of business across the entire Vorwerk Group.

Trade payables fell by EUR 81.8 million, mainly due to the full repayment of an ABS transaction by akf group.

The generally higher level of liabilities also had an impact on the degree of indebtedness which increased by 29.3 percentage points to 193.1 percent as against the previous year. Given an assumed consolidation of akf group at equity, the degree of indebtedness would amount to 69.3 percent (previous year 58.6 percent).

The deferred income item included besides year-end-related income accruals, accrued net present values for the leasing receivables sold to third party banks which were subject to scheduled reversal. It was mainly the income accruals that resulted in an increase of EUR 3.6 million in the year under review.

The Vorwerk Group achieved sales of EUR 2,906.1 million in the 2017 business year, a decrease of 5.0 percent. The return on sales was 5.2 percentage points lower. The decline in revenue mainly impacted the Thermomix Division. Reference is made to the respective comments on the divisions for detailed explanations on revenue development.

The cost of materials (without the bank and leasing operations) fell by 3.9 percent in comparison to the previous year. The cost-of-materials ratio was 0.6 percent higher than in the previous year, mainly due to the first-time inclusion of the subsidiaries in the Vorwerk Group consolidation.

The decline in the costs for loan and leasing transactions of EUR 0.8 million was primarily attributable to the continued fall in interest rate levels for refinancing obligations which had, in turn, to be set against the renewed higher residual book values for leasing asset disposals.

Besides the general increase in wages and salaries and the first-time full consolidation of subsidiaries, the increase in personnel expenses by EUR 34.0 million was also due to an increase in the number of staff working for the Vorwerk Group (plus 3.2 percent).

As a consequence of the high levels of investment in the last three years, depreciation rose by 9.1 percent. The write-downs mainly concerned the leasing assets of akf group as well as the extension of capacities at the manufacturing locations of the Vorwerk Engineering Division. In addition, there was depreciation of the intangible assets associated with the first-time full consolidation of subsidiaries.

The other operating expense item fell by 4.0 percent in the year under review. This mainly concerned sales-related expenses for commission payments made in the direct sales area for high-ticket items.

The EUR 10.7 million decrease in the financial result was primarily attributable to the discounting of provisions for pensions. The interest expense for provisions for pensions increased by EUR 6.8 million in the year under review, mainly due to the continued decline in capital market interest rates throughout 2017.

The operating result and the development of earnings were below expectations across almost all divisions. The negative result situation at Vorwerk flooring and Lux Asia Pacific continue to be dissatisfactory.

FINANCIAL SITUATION AND DEVELOPMENT OF FINANCIAL ASSETS

Contrary to the previous year, significant political events and issues surrounding quantitative easing receded more into the background in 2017. The election of Macron as French President and the political stability after the – albeit long government formation process – German elections distinctly countered the growing fears about a precarious level of populism and a weakening of Europe. Along with this, the global economic upswing became even more dynamic. For the first time in many years, the large and medium-sized economies all developed positively and were thereby able to mutually strengthen one another.

The positive development and the only moderate increase in inflation enabled the U.S. Federal Reserve to continue its clearly communicated approach of raising interest rates. By contrast, the European Central Bank only made slight adjustments to its monetary policy and intends to halve its monthly bond purchases to EUR 30 billion from 2018.

It had therefore not been expected that the euro would come back so strongly. The euro gained about 14.1 percent against the dollar in the year under review. It was also able to make distinct gains against sterling and the Japanese yen.

The strategic asset allocation was, as usual, subject to review with hardly any adjustments needing to be made in the light of the overall situation. On account of the absolutely positive underlying sentiment, risk parameters were once again not excessively strained. The widely diversified portfolio achieved another positive result in the business year under review and thereby contributed to Group earnings. As in past years, Vorwerk (without the akf group) financed itself almost exclusively from operative cash flow.

As a part of the policy relating to the investment of the freely available capital, the Vorwerk Group ensures that 60 percent of the liquidity portfolio can be realized within a three-month period and made available for operational business if need be.

In the year just closed, liquidity at the Vorwerk Group was slightly lower due to the successful takeover of Neato Robotics, Inc. as well as on account of investments in the extension of production capacities and the IT landscape.

As in previous years, lending operations were mainly refinanced with matching maturities using the deposits from investors, interbank transactions, a revolving asset-backed commercial paper (ABCP) program and one open-ended ABS bond. The securitization programs had been taken up to an extent of EUR 784 million as of balance sheet date, leaving a free line of EUR 63 million.

The deposit-taking operations also developed satisfactorily in the business year just closed. Overall, 21,800 private investors had entrusted deposits of some EUR 1,325 million at the end of the year. As in previous years, business was only conducted on an online basis.

Liabilities of the akf group towards banks amounted to EUR 695 million as of the balance sheet date compared with EUR 530 million in the previous year.

The parameters pursuant to the Liquidity Regulation (LiqV) were satisfied at the akf bank in the maturity band 1 with 3.7 percent as of December 31, 2017. The lowest figure in the 2017 business year was 2.2 percent. The Liquidity Coverage Ratio (LCR) amounted to 567.0 percent as of 31 December 2017.

The akf group can always cover its short-term liquidity needs from third-party banks and by taking up credit lines made available by the German Central Bank within the scope of open market transactions.

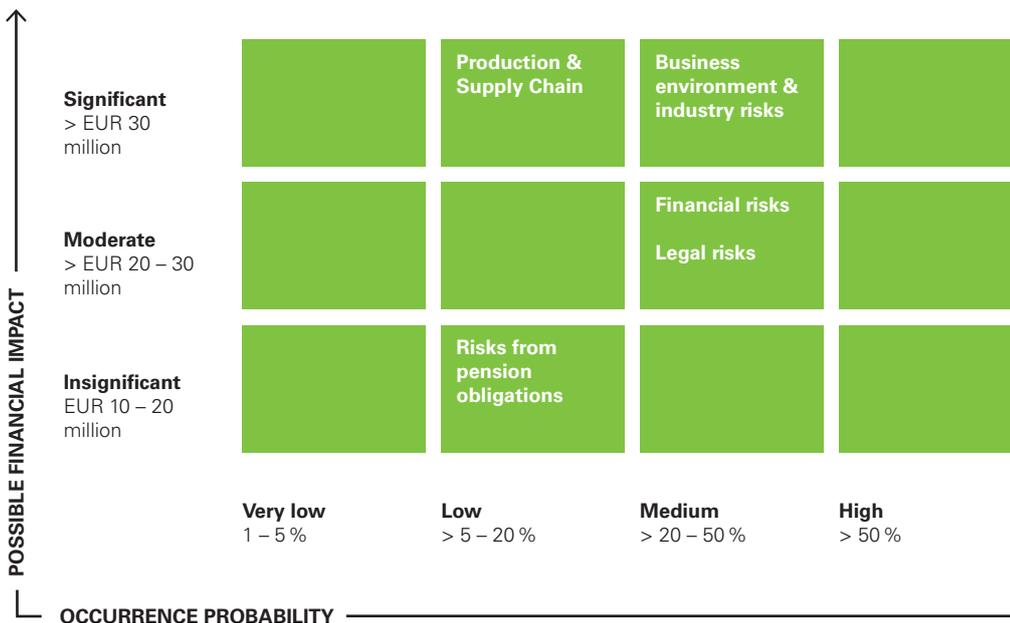
RISK MANAGEMENT SYSTEM, OPPORTUNITIES AND RISKS



Handling the opportunities and risks of probable developments is a constituent element of the entrepreneurial leadership function at the Vorwerk Group. The principles relating to risk management have been defined and approved by the Executive Board of Vorwerk & Co. KG. The structure and assessment of the risks have only changed marginally in comparison to the previous year.

The Vorwerk risk management process forms an integral part of the controlling and management processes. The risk situation is represented in a risk matrix and evaluated regularly. The process comprises the identification, assessment, communication as well as the steering and control of risks. The overall performance as well as the opportunities and risks associated with current business are discussed in Executive Board and Supervisory Board meetings. In principle, uniform guidelines apply across all divisions. They are defined by the Executive Board of Vorwerk & Co. KG and monitored in the form of a reporting process by the Executive Board to ensure they are adhered to.

RISK ASSESSMENT MATRIX



Risk management is a continuous process with risks being quantified at least twice a year within the scope of a risk analysis, which comprises an assessment of the expected level of damage from a risk and the probability of it occurring. Irrespective of this, the risk situation in the individual divisions is closely monitored during the year.

Within the scope of business activities, some risks with a low occurrence probability and only a moderate effect on the earnings and financial situation may emerge from legal disputes, particularly with regard to competition, patent, taxation or contractual law or product liability. Internal guidelines and, if need be, legal counselling actively address such risks and attempt to limit them from the very outset. The risks from pension obligations are mainly interest rate risks. They have been considered in the planning to the greatest possible extent and would only have negligible impact on the earnings outlook anyway.

Some risks emerge from the manufacturing operations, particularly when production equipment breaks down or a lead production facility is incapacitated. This would have direct consequences on the capability to supply the products and thereby have a material impact on incoming revenue and consequently on the earnings and liquidity situation as well. Engineering addresses these risks with the mechanisms already in place, targeted investments in preventive measures and the continual establishment of back-up solutions.

The risk of losing strategically important suppliers is counteracted by Vorwerk with a sustainable supplier management approach. In this respect Vorwerk maintains long-term strategic partnerships with its most important suppliers to stabilize purchase prices as well as to obtain competitive conditions for 2018, too.

The individual divisions operate in markets that are characterized by ever-changing customer requirements and by the possible entry of competitors. To meet the needs of customers in these areas and to set ourselves apart from potential competitors, new products and services are continually being developed, existing products and services improved and investments made in the development of new technologies. The launch of new, innovative products calls for a strong commitment to R&D, for which the investment of extensive financial resources is necessary, but which may not always produce the desired results. Sales revenues and earnings could be negatively impacted by investments in such products should they not be accepted by the market as expected. A medium risk of a material impact on the results situation prevails in this area.

The investment strategy at the Vorwerk Group primarily pursues the target of securing assets long-term. The instituted Internal Financial Committee regularly scrutinizes the strategy with the aim of optimizing the opportunity/risk profile. Risks ensuing from exchange rate fluctuations are also taken into consideration and hedged as far as possible. The risk from investments and foreign currencies is indicated in terms of the "value at risk" (VaR), which is in turn expressed as the ratio of currency risks to the cash flow at risk (CfaR). This value was EUR 45.2 million for investment management and EUR 8.2 million (without the akf group) for foreign exchange management at the close of the business year under review.

Vorwerk pursues a fundamental policy of further internationalizing its business segments so as to reduce the risks resulting from an unbalanced dependency on individual products and on the development of single subsidiaries. The target is to minimize any impact on sales revenues and earnings. On the other hand, the continued internationalization of the divisions as well as the development and launch of new products provide considerable opportunities for the company. A main focus in the upcoming years will be on further developing digital offers and services – a segment which offers substantial growth opportunities for the Vorwerk Group. With this in mind, product development is already working on new innovations.

Derivative financial instruments are only 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.

A critical examination of the risk portfolio allows the conclusion that there were no risks that might have jeopardized the existence of the company in the year just closed and that based on current knowledge, such are not identifiable for the 2018 business year.

The opportunities and risks as well as the risk management system installed at the akf group are represented below. Since the akf bank is closely tied to its sister companies and subsidiaries, 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-covered 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. A restrictive approval policy combined with a good economic situation meant that in 2017 the institute was able to keep the costs for risks at the previous year's low level.

The akf group meets the high requirements demanded for the management of these risks by permanently further developing its systems. They help in identifying, measuring, controlling and steering expected and unexpected risks. 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, liquidity and operational risks as being significant.

The default risk of the 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 (the akf leasing group). The akf group is not subject to any market price risks from currency risks nor any market price risks from shares, foreign exchange and precious metals or from their corresponding derivatives as a non-trading book institute. The interest rate change risk describes the danger of having to accept a lower than planned or expected level of interest rate earnings or narrower interest rate margins due to fluctuations in market interest rates. 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 basically 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.

Stress tests are carried out for the default and market price risks on the basis of hypothetical and historical scenarios.

The liquidity risk refers to the risk that present or future payment obligations cannot be met on time or in their entirety.

The liquidity risk comprises the maturity transformation risk and the refinancing risk. The maturity transformation risk is understood as meaning the risk that ensues when the commitment period of the capital made available is different to the commitment period of the invested capital. In such cases there is the risk that payment obligations in terms of amount and maturity date cannot be met to the full or punctually. The maturity transformation risk is deemed an insolvency risk and is thereby, strictly speaking, a liquidity risk. The refinancing risk is 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 an ABCP program. Moreover, the akf group refinances itself through the open-ended sale of credit and hire purchase receivables as well as leasing receivables within the framework of the KMU ABS bond. Besides this, the deposit-taking activities serve as a significant refinancing instrument. The main purpose is to have a more or less congruent refinancing of the lending and leasing business.

The liquidity risks are subject to quarterly stress tests.

Like any other company, the akf group is also exposed to operational risks. The significant operational risks were identified in a risk inventory on the basis of a risk catalogue using a self-assessment approach. They exist in the form of legal, working, 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 risk of fraud, 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. A fraud indicator report system is designed to help in identifying possible cases at an early point in time.

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 occurring from risks identified in the risk inventory are reported to Risk Management quarterly and documented in a loss database.

Stress tests are carried out for operational 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.

From today's point of view, there are no risks for the individual divisions that could prejudice the continuation of business at the Vorwerk Group. The high equity capital ratio of recent years and the enhanced worldwide strategic positioning have led to the creation of higher, risk-covering volumes. At the same time, Vorwerk's diversified base means that the company is generally well-protected against any implications resulting from region, industry or product-specific impairments.

OUTLOOK REPORT

The Vorwerk Group is very diversified in terms of products and sales systems as well as on account of its development of international markets. The Group will also benefit from favorable market developments in the future as a result of this structure. The Vorwerk Group has defined end customers' households as its strategic focus. The new vision: "Our superior products and services elevate the quality of life everywhere you call home" will result in continued investment in IT technologies, infrastructure and customer relationship management.

As a family-owned company that thinks and acts long-term, the Vorwerk Group will rise to 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 intensifying and internationally extending its high degree of competence in the development, manufacture and sale of high-quality household products.

Assuming a stable economic development in its most important markets, the Vorwerk Group expects revenue to be negligibly higher in the 2018 business year. This rise will basically come from all the divisions, but particularly from Thermomix and Kobold. In this respect, it may be assumed that the number of advisors working for the company will increase and that this will result in a considerable enhancement in activity and a negligible increase in productivity. Digital business will also continue to develop positively. The volume of new business at the akf group is planned to be moderately above the level of the year under review. The outlook for the individual divisions has been represented in detail in the respective chapters of the Management Report.

Based on the forecasts from the individual divisions, it can be assumed that operating earnings will be significantly below the level of the previous year, not least due to expenditures on R&D as well as on IT projects.

CONSOLIDATED FINANCIAL STATEMENTS

2017

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CONSOLIDATED BALANCE SHEET

As at December 31, 2017

Assets

€ 000	12/31/2017	12/31/2016
A. Fixed assets		
I. Intangible assets		
1. Purchased concessions, industrial property and similar rights and assets, and licenses in such rights and assets	66,304	35,834
2. Goodwill	185,308	197,161
3. Prepayments	16,334	960
	267,946	233,955
II. Tangible assets		
1. Land, similar rights, and buildings, including buildings on leasehold land	104,292	92,086
2. Technical equipment and machinery	124,578	119,124
3. Other equipment, factory and office equipment	65,482	62,700
4. Rental assets	767,277	731,985
5. Prepayments and construction in process	53,743	53,264
	1,115,372	1,059,159
III. Financial assets		
1. Shares in affiliated companies	22,626	36,562
2. Loans to affiliated companies	–	35,308
3. Participations in associated companies	40	40
4. Other participations	58,284	36,887
5. Loans to companies in which the company has a participating interest	1,886	1,341
6. Long-term securities	1,275,046	1,293,410
7. Other loans and other financial assets	50,684	36,146
	1,408,566	1,439,694
	Fixed assets	2,791,884
		2,732,808
B. Current assets		
I. Inventories		
1. Raw materials and supplies	64,301	82,901
2. Work in progress	12,361	12,826
3. Finished goods and merchandise	159,862	168,007
4. Prepayments	406	181
	236,930	263,915
II. Receivables and other assets		
1. Trade receivables;	457,578	472,079
of which with a remaining term of more than 1 year	(184)	(56)
2. Receivables from customers from banking and leasing business;	1,097,512	979,855
of which with a remaining term of more than 1 year	(683,657)	(597,140)
3. Receivables from affiliated companies	1	6,517
4. Receivables from companies in which the company has a participating interest	988	900
5. Other assets;	137,066	119,395
of which with a remaining term of more than 1 year	(8,738)	(11,642)
	1,693,145	1,578,746
III. Other securities	7,468	6,039
IV. Cheques, cash on hand, bank balances	269,250	258,371
	Current assets	2,206,793
		2,107,071
C. Prepaid expenses and deferred charges	20,884	37,958
D. Deferred tax assets	40,660	46,152
	5,060,221	4,923,989

Equity and Liabilities

€ 000	12/31/2017	12/31/2016
A. Partners' equity		
1. Capital shares, reserves, capital contributions of silent partners, net profit share of parent company, currency conversion difference	1,701,323	1,839,576
2. Non-controlling interests		
in capital and reserves	21	21
in profits	256	280
	277	301
	1,701,600	1,839,877
B. Accruals		
1. Accruals for pensions and similar obligations	162,155	156,271
2. Tax accruals	68,404	82,822
3. Other accruals	295,129	287,995
	525,688	527,088
C. Liabilities		
1. Bank loans and overdrafts	752,578	560,055
2. Liabilities from the deposit-taking business	1,358,477	1,268,505
3. Customer advances	5,678	7,415
4. Trade payables	140,669	222,425
5. Drafts and notes payable	5	5
6. Liabilities to affiliated companies	-	1,325
7. Other liabilities;	501,901	427,255
of which taxes	(45,771)	(43,670)
of which social security payables	(22,192)	(20,456)
	2,759,308	2,486,985
D. Deferred income	73,625	70,039
	5,060,221	4,923,989

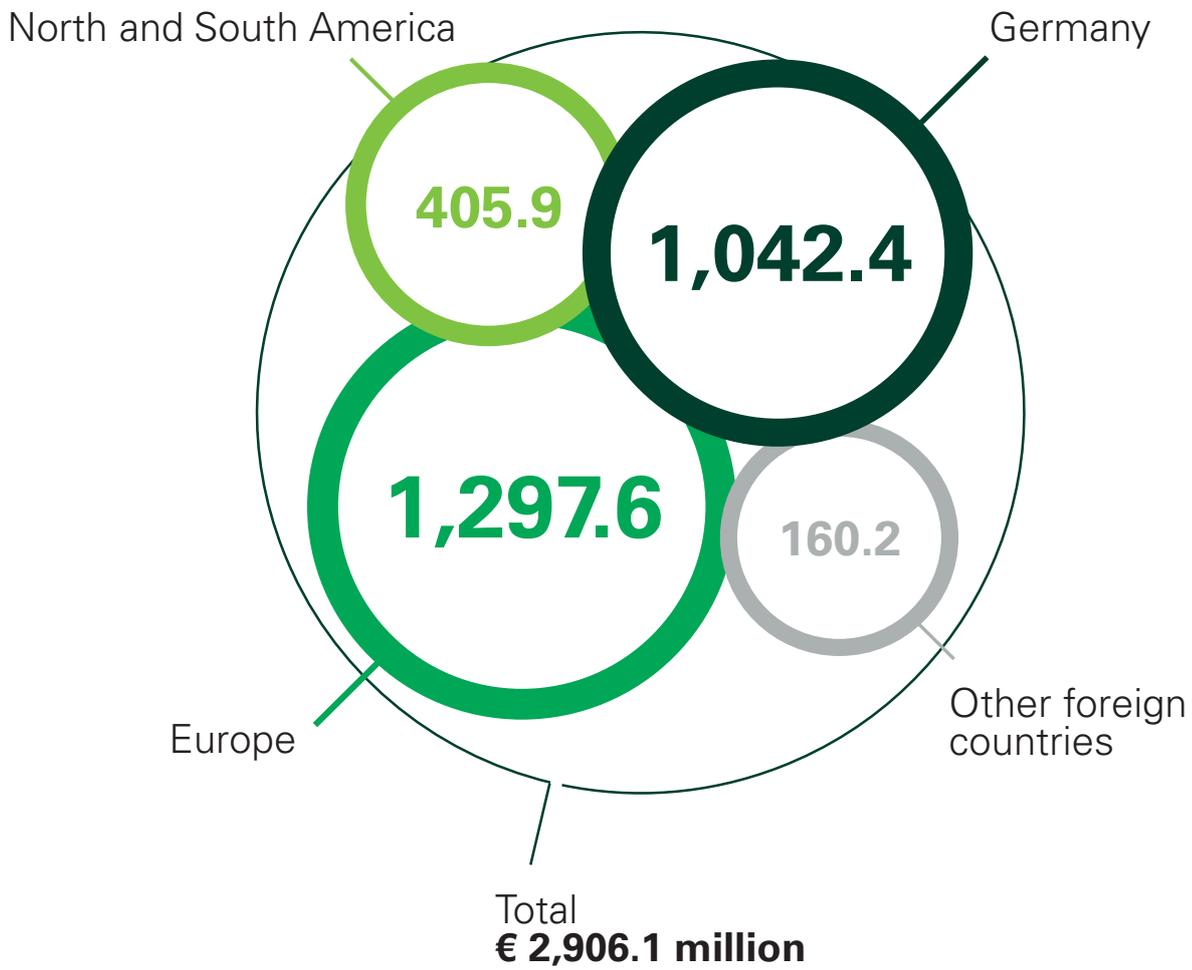
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period January 1 to December 31, 2017

€ 000	2017	2016
1. Sales:		
a) External sales	2,460,001	2,627,517
b) Income from loan and leasing transactions	446,096	430,657
	2,906,097	3,058,174
2. Change in finished goods and work in progress inventories	-16,563	27,116
3. Other own work capitalized	688	795
	2,890,222	3,086,085
4. Other operating income;	129,474	131,594
of which income from currency translation	(11,105)	(12,462)
5. Cost of materials:		
a) Cost of raw materials, supplies and merchandise	536,129	565,307
b) Cost of purchased services	28,621	22,156
	564,750	587,463
6. Cost of loan and leasing transactions	173,349	174,148
	2,281,597	2,456,068
7. Personnel expenses:		
a) Wages and salaries	463,879	437,242
b) Social security, pension and other benefits;	110,323	102,956
of which relating to pensions	(23,681)	(16,742)
	574,202	540,198
8. Amortization and depreciation of fixed intangible and tangible assets	270,381	247,802
9. Income from participating interest	1,021	963
10. Income from other long-term securities and loans/financial assets	25,811	23,941
11. Other interest and similar income	13,178	13,618
12. Write-down of long-term financial assets and current securities	128	414
13. Interest and similar expenses;	27,893	15,467
of which expenditure from accrued interest of provisions	(11,323)	(4,536)
14. Collective heading;	1,449,003	1,690,709
of which expenditure from currency translation	(14,317)	(12,227)
Other items not shown separately		
(Other operating expenses, taxes, net profit for the year)		

GROUP SALES BY REGION

in million EUR



CONSOLIDATED FIXED-ASSET MOVEMENT SCHEDULE

From January 1 to December 31, 2017

€ 000	Gross values					As at 12/31/2017
	As at 1/1/2017	Foreign currency differences and consoli- dated entity effects	Additions	Disposals	Transfers	
I. Intangible assets						
1. Purchased concessions, industrial property and similar rights and assets, and licenses in such rights and assets	87,609	37,148	3,112	1,980	2,977	128,866
2. Goodwill	340,115	–	637	–	–	340,752
3. Prepayments	960	-4	16,342	330	-634	16,334
	428,684	37,144	20,091	2,310	2,343	485,952
II. Tangible assets						
1. Land, similar rights, and buildings, including buildings on leasehold land	175,461	-3,739	8,485	8,081	13,044	185,170
2. Technical equipment and machinery	336,370	-201	21,758	17,769	17,604	357,762
3. Other equipment, factory and office equipment	178,024	-1,485	23,898	16,313	3,657	187,781
4. Rental assets	1,093,236	617	341,856	280,319	5,013	1,160,403
5. Prepayments and construction in process	53,264	-1,078	43,697	57	-41,661	54,165
	1,836,355	-5,886	439,694	322,539	-2,343	1,945,281
III. Financial assets						
1. Shares in affiliated companies	36,562	-20,086	6,150	–	–	22,626
2. Loans to affiliated companies	35,308	-35,308	–	–	–	–
3. Participations in associated companies	40	–	–	–	–	40
4. Other participations	37,312	–	25,646	6,110	1,451	58,299
5. Loans to companies in which the company has a participating interest	1,341	–	1,996	–	-1,451	1,886
6. Long-term securities	1,293,435	–	184,903	203,233	–	1,275,105
7. Other loans and other financial assets	36,224	-28	16,049	1,401	–	50,844
	1,440,222	-55,422	234,744	210,744	–	1,408,800
	3,705,261	-24,164	694,529	535,593	–	3,840,033

Accumulated depreciation/amortization					Net values	
As at 1/1/2017	Foreign currency differences and consoli- dated entity effects	Additions	Disposals	As at 12/31/2017	As at 12/31/2017	As at 12/31/2016
51,775	-1,686	14,419	1,946	62,562	66,304	35,834
142,954	-	12,490	-	155,444	185,308	197,161
-	-	-	-	-	16,334	960
194,729	-1,686	26,909	1,946	218,006	267,946	233,955
83,375	-1,031	5,114	6,580	80,878	104,292	92,086
217,246	-89	33,592	17,565	233,184	124,578	119,124
115,324	-971	22,959	15,013	122,299	65,482	62,700
361,251	90	181,468	149,683	393,126	767,277	731,985
-	83	339	-	422	53,743	53,264
777,196	-1,918	243,472	188,841	829,909	1,115,372	1,059,159
-	-	5	5	-	22,626	36,562
-	-	-	-	-	-	35,308
-	-	-	-	-	40	40
425	-	-	410	15	58,284	36,887
-	-	-	-	-	1,886	1,341
25	-	34	-	59	1,275,046	1,293,410
78	-4	86	-	160	50,684	36,146
528	-4	125	415	234	1,408,566	1,439,694
972,453	-3,608	270,506	191,202	1,048,149	2,791,884	2,732,808

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

per December 31, 2017

I. INTRODUCTORY REMARKS

Vorwerk & Co. KG has prepared consolidated financial statements and a group management report for the financial year 2017 in accordance with the requirements of § 13 (3) in conjunction with § 5 (5) of the German Publication and Disclosure Law (Publizitätsgesetz, PublG) and the German Commercial Code (Handelsgesetzbuch, HGB) in conjunction with the German bank and financial services accounting directive (Verordnung über die Rechnungslegung und Finanzdienstleistungsinstitute, RechKredV). The company that is domiciled in Wuppertal is entered into the register of the District Court of Wuppertal under the number HRA 14658.

For a more transparent presentation, the publication of the information pursuant to § 313 (2) HGB, which is an integral component of the notes to the consolidated financial statements, has been omitted in the annual report. This information will be published under Vorwerk & Co. KG in the electronic German Federal Gazette.

II. CONSOLIDATED GROUP

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

The companies CLOSe Logistics GmbH, Wuppertal; CLOSe Logistics s.r.l., Milan/Italy; and Neato Robotics, Inc., Newark/USA; not included in the consolidated financial statements of the previous year pursuant to § 296 (2) HGB have been included in the consolidated financial statements for the first time. The takeover of all shares in Neato Robotics, Inc., simultaneously included the acquisition of six subsidiaries of the company; they have also been included in the consolidated financial statements for the first time as part of the full consolidation. Three compa-

nies were liquidated during fiscal year 2017 and are no longer part of the consolidated group. Three new companies were established during the reporting year and have been included in the consolidated financial statements for the first time. The change to the companies included in the consolidated financial statements is collectively and individually immaterial. The consolidated financial statements therefore remain comparable with those for the previous year.

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

Seven (previous year: ten) companies have not been included in the consolidated financial statements because of their minor importance pursuant to § 296 (2) HGB. The balance sheet total and sales of the companies not included in the consolidated group collectively and individually 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 classification of the balance sheet and profit and loss statement are 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 statement have been included with other operating expenses under the collective item "Other items not shown separately" (§ 5 (5) PublG).

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

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

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

The accounting and valuation principles applied in the annual financial statements of Vorwerk & Co. KG and the domestic subsidiaries also pertain to the consolidated financial statements. Valuation principles of akf group have been adopted without change pursuant to § 308 (2) second sentence 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. To the exception of the changes described in the following applicable to the valuation of pension provisions, they remained unchanged from the previous year.

Purchased intangible assets have been capitalized at acquisition cost less straight-line amortization over their estimated useful lives 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 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 has been 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 reduction in value 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 costs. 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 150 are recognized directly as other operating expenses. Low-value assets with acquisition costs between EUR 150 and EUR 410 are capitalized and written off in full and immediately in the month of their addition and disclosed as disposals in the fixed-assets movement schedule in the year of their addition.

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

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

Inventories have been 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 portions of the material and manufacturing overheads required and depreciation on the fixed assets caused by manufacturing.

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

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

Prepaid expenses and deferred charges include payments that are deemed expenses for a specific period after December 31, 2017.

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 have been valued at the mean spot exchange rate on the balance sheet date. In the case of foreign currency 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 have been applied to the foreign currency translation of the assets and liabilities of the companies of akf group.

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

Provisions are recognized at the settlement amount dictated by prudent business judgment.

Provisions for pensions and similar obligations also allow for surviving dependants' benefits in addition to payments arising from individual and collective programs. They are formed according to the projected credit based on actuarial calculations using the 2005G mortality tables of Prof. Dr. Klaus Heubeck, which factor in generation-dependent life expectancies. In the context of implementing the directive on residential real estate loans, the legislator 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 provisions from 2016 onward. The interest rate of 3.67 percent projected in the pension assessment per December 31, 2017, deviates by 0.01 percent from the actual interest rate of 3.68 percent (previous year: 4.01 percent) published by the Deutsche Bundesbank in December 2017. This interest rate development does not result in any significant deviation. Until December 31, 2015, a 7-year annual average interest rate published by the Deutsche Bundesbank had been applied. Based on a 7-year annual average interest rate, the difference calculated as of December 31, 2017, amounts to EUR 12.3 million that is subject to a payout restriction if the free reserves available are insufficient.

The calculation is based on expected pension increases of 1.80 percent (previous year: 1.80 percent) and an annual fluctuation depending on service and age essentially ranging between 1.00 percent and 5.00 percent.

In line with the pension commitment, the pensionable person receives annual components where future payments are directly linked to the employee's service. Since the earned portion of the obligation therefore corresponds to the balance accrued as of the balance sheet date, a salary trend does not need to be taken into account.

In evaluating anniversary provisions, 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 2.80 percent as a basis. Term-specific interest rates of between 1.26 percent and 1.43 percent are also used for semiretirement obligations under semiretirement accruals.

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

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

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

Other accruals and provisions are calculated in such a way as to account 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 settlement amounts. The capital with participating rights – included under other liabilities – has been reported at nominal value.

Deferred income mainly includes special rent payments and rent prepayments attributable to future business years as well as accrued net present cash 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.

To compensate for counteracting cash flows and fluctuations in value, assets, liabilities, and anticipated transactions have been combined in financial instruments (valuation unit). 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 which are located outside the eurozone, have been translated into euros from the respective local currency using the modified closing rate method. The items of the balance sheet – with the exception of equity, which is translated into euros at historical rates – have been translated at the mean spot exchange rate on the balance sheet date.

Items of income and expenses shown in the corresponding profit and loss account have been translated at the average annual rate of exchange for the year 2017. The resulting translation difference between the net income converted at the average rate and the rate on the balance sheet date of EUR 4.4 million has been included without affecting net income within the consolidated shareholders' equity after the reserves under the "Equity difference from currency translation" line item. The translation differences resulting from exchange rate fluctuations have led to a decrease of non-operating results of EUR 49.4 million in the line item "Equity difference from currency translation."

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 statements of the consolidated subsidiaries has been 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, starting with January 1, 2010, has been carried out pursuant to the revaluation method. In this respect, the carrying values of the participations have been offset against the allocable equity of the corresponding subsidiary companies, including reserves and profit/loss brought forward, per 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 the 2004 business year have been recognized as goodwill on the assets side after reversal of hidden reserves in the assets.

The goodwill of the 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 ERNST factoring GmbH in fiscal year 2015, of Vorwerk UK Ltd. in fiscal year 2014, and of CLOSe Logistics GmbH, Freienbach/Switzerland, in fiscal year 2013 were capitalized as goodwill. Scheduled amortization is carried out respectively, owing to the use of the customer base and brand names over a period of five years.

The initial consolidation of Neato Robotics, Inc., per January 01, 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 patent 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 have been shown under the “non-controlling interests” item.

2. DEBT CONSOLIDATION

In accordance with debt consolidation (§ 303 HGB), receivables and payables with companies within the consolidated group have been 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 comply 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 have been 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) sentence 2 in conjunction with § 300 (2) sentence 2 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 items pursuant to § 274 HGB (§ 306, sentence 6 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 of December 31, 2017, the net balance of future tax burden/relief calculated on the basis of the different approaches applied for the commercial balance sheet and the tax base balance sheet mainly arose from receivables and payables from/to affiliated

companies, inventories, pension and other provisions and tax loss carryforwards. When calculating taxes for consolidation entries affecting profits pursuant to § 306 HGB, a uniform Group-wide average tax rate of 30 percent has been generally applied to debt consolidation and the interim profit elimination; otherwise, company-specific tax rates have been applied. The calculation of deferred taxes in the individual financial statements is based on the tax rates applying to the specific companies, which are between 16 percent and 34 percent.

VI. OTHER STATUTORY DISCLOSURES PURSUANT TO § 314 HGB AND EXPLANATORY NOTES TO VARIOUS ITEMS IN THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED PROFIT AND LOSS ACCOUNT

1. RECEIVABLES

Owing to the initial consolidation of Neato Robotics, Inc., and of the CLOSe Logistics companies from Germany and Italy, receivables due from affiliated companies are no longer presented in the balance sheet. In the previous year, receivables from these companies totaling EUR 6.5 million comprised EUR 4.7 million from financial transactions and EUR 1.8 million from other assets.

2. PROVISIONS

Other provisions 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 per December 31, 2017, of EUR 1,960k (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.

In EUR 000	12/31/2017	12/31/2016
Settlement amount from time accounts	-1,960.40	–
Fair value of cover asset	1,960.40	–
Net value of obligations from time accounts	–	–
Acquisition costs of the cover asset	1,960.40	–

3. LIABILITIES

REMAINING TERMS FOR LIABILITIES (RTL)

In EUR 000	12/31/2017								12/31/2016
	RTL	RTL > 1 Y	of which RTL > 5 Y	Total	RTL	RTL > 1 Y	of which RTL > 5 Y	Total	
Bank loans and overdrafts	213,721	538,857	109,826	752,578	156,010	404,045	58,579	560,055	
Liabilities from deposit taking business	905,183	453,294	6,819	1,358,477	911,827	356,678	14,551	1,268,505	
Customer advances	5,678	–	–	5,678	7,415	–	–	7,415	
Trade payables	140,546	123	–	140,669	222,341	84	–	222,425	
Drafts and notes payable	5	–	–	5	5	–	–	5	
Liabilities to affiliated companies	–	–	–	–	1,325	–	–	1,325	
Other liabilities	498,463	3,438	418	501,901	425,418	1,837	146	427,255	
Liabilities	1,763,596	995,712	117,063	2,759,308	1,724,341	762,644	73,276	2,486,985	

The payables of akf group to a special purpose vehicle recognized under trade payables in the previous year (previous year EUR 100.3 million) were completely reversed during the reporting year.

4. CONTINGENT LIABILITIES, OTHER FINANCIAL COMMITMENTS AND OFF-BALANCE-SHEET TRANSACTIONS

CONTINGENT LIABILITIES

The following contingent liabilities existed on the balance sheet date:

In EUR 000	Total 2017	Total 2016
Contingent liabilities for sureties;	7,811.4	19,359.6
of which in favor of affiliated companies	5,670.0	16,688.9
Secondary liability for pension obligations transferred to provident fund	21,236.8	18,707.2

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 from guarantees to third parties is considered to be low as they mainly concern the payment surety for conduct of a construction project by an affiliated company that is highly likely to be able to continue to meet its obligations in the future.

OTHER FINANCIAL COMMITMENTS

Commitments arising from rental, tenancy, and lease contracts as of the balance sheet date amounted to EUR 76.8 million for the following years, of which EUR 23.9 million falls due in 2018. Purchase commitments for investments and repairs of tangible assets amount to EUR 45.7 million (previous year: EUR 3.2 million). There are long-term obligations arising from contracts with suppliers in the amount of EUR 14.8 million as of the balance sheet date.

akf bank has irrevocable loan commitments totaling EUR 113.5 million (previous year: EUR 116.3 million).

akf bank has a binding letter of comfort to the general public arising from an equity participation.

OFF-BALANCE-SHEET TRANSACTIONS

Among other things, akf bank uses an asset-backed commercial paper (ABCP) program to refinance its customer receivables and sells customer receivables in this context, thereby transferring all opportunities and risks. The receivables sold are withdrawn from the balance sheet at that point. This program is ongoing and has a volume of EUR 446.0 million, which was fully utilized except for an amount of EUR 62.3 million on the balance sheet date.

5. PROFIT AND LOSS ACCOUNT

GROUP SALES INCLUDING REVENUE FROM THE CREDIT AND LEASING BUSINESS

Breakdown by region in EUR m	2017	2016
Germany	1,042.4	1,133.2
Europe	1,297.6	1,417.9
North and South America	405.9	345.4
Other foreign countries	160.2	161.7
Total	2,906.1	3,058.2

Breakdown by division in EUR m	2017	2016
Thermomix	1,120.0	1,285.6
Kobold	791.9	835.8
JAFRA Cosmetics	363.6	369.1
Neato	62.7	-
Lux Asia Pacific	25.1	24.1
akf group	446.1	430.7
Vorwerk flooring	58.1	70.4
Others	38.6	42.5
Total	2,906.1	3,058.2

OTHER OPERATING INCOME

Other operating income includes prior-period income from the reversal of provisions and write-downs to receivables in the amount of EUR 61.7 million.

WRITE-DOWN OF FINANCIAL ASSETS AND SHORT-TERM INVESTMENTS

Owing to a presumably permanent impairment, there was an unscheduled write-down on financial assets in the amount of EUR 0.1 million to the lower fair value during the reporting year.

6. DERIVATIVE FINANCIAL INSTRUMENTS AND VALUATION UNITS

Commodity swaps and currency futures are used at Vorwerk Group for hedging purposes, both for operational business activities and in the area of foreign currency financing. The fair value of a derivative financial instrument is the price for which an independent party would acquire the rights and/or obligations of the financial instrument from another independent party. The net carrying values and fair values of the derivative financial instruments of Vorwerk Group (excluding akf group) that are not included in valuation units are reported as follows:

DERIVATIVE FINANCIAL INSTRUMENTS UNDER § 285 NO. 19 HGB (EXCLUDING VALUATION UNITS)

In EUR 000	Nominal value	Net carrying value	Fair value as of 12/31/2017	
			positive	negative
Currency futures				
Open transactions	-	-	-	-
Closed transactions	8,617	-7	-	-7

The closed currency futures are settled transactions for which the profits or losses of the corresponding currency futures are realized at the time of closing out. The total losses arising from the transactions for the closed item are recognized in the balance sheet in the amount of EUR 0.01 million under bank loans and overdrafts.

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

The Vorwerk Group (excluding the akf group) has the following valuation unit: A development loan extended to a Mexican subsidiary originally amounting to EUR 25.0 million (owing to repayment, the loan amount is now only EUR 24.2 million) was disbursed in euros. The loan is, however, serviced in Mexican pesos. To hedge against currency risks, a cross-currency swap was concluded and combined together with the loan in a micro valuation unit. As of the balance sheet date, the cross-currency swap was attributed a positive market value of EUR 7.9 million (hedged risk).

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

As of the balance sheet date, Vorwerk had 61 currency futures with six banks in an overall nominal volume of EUR 152.1 million. The total fair values of currency futures were calculated using the mark-to-market method and totaled EUR -3.5 million on the balance sheet date.

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 up until December 2018. The effectiveness of the valuation units is assessed with the aid of the critical term match method.

To hedge against payment fluctuations and value changes arising from interest and currency risks, the akf group applies micro and portfolio hedges and combines them into valuation units as defined by § 254 HGB.

As of the balance sheet date, akf bank had a total of eleven interest rate swaps with three banks with a total nominal volume of EUR 490.0 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 2.9 million. The total fair values for these derivative financial instruments were calculated using the mark-to-market method and total EUR -3.4 million on 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). The valuation of the interest-related transactions of the banking book oriented to the P/L statement, taking into account administrative expenses, risk costs, and deemed refinancing costs, did not result in the need to create an accrual for contingent losses pursuant to § 340 a HGB in conjunction with § 249 (1) HGB.

7. INFORMATION ON SHARES IN INVESTMENT FUNDS

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

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

VALUE OF THE UNITS AND CARRYING VALUE DIFFERENCES

In EUR 000	Carrying value	Market value	Difference
VWUC Fund	886,597	967,146	80,549

Vorwerk received a gross disbursement of EUR 21,671k (EUR 3.85 per share) for the fund's fiscal year (December 1, 2016 to November 30, 2017).

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

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

8. OTHER DISCLOSURES

In the year under review, auditing fees amounted to EUR 1,944k, the fees for tax accountant services stood at EUR 238k, and fees for other services totaled EUR 1,259k.

Material transactions relevant for assessing the net assets, financial position and results of operations did not arise after the reporting date.

AVERAGE ANNUAL NUMBER OF PERSONNEL

	2017	2016
Employees*	12,333	11,949
Advisors in Direct Sales	633,128	637,126
Thermomix	45,047	45,672
Kobold	14,734	13,712
JAFRA Cosmetics	572,607	577,320
Others	740	422

*Including employed sales advisors

Management of the parent company Vorwerk & Co. KG is in the hands of the personally-liable partners Rainer Christian Genes, Stuttgart/Germany, Reiner Strecker, Wuppertal/Germany, and Frank van Oers, Veldhoven/Netherlands.

Wuppertal, April 25, 2018



Rainer Christian Genes Reiner Strecker Frank van Oers

INDEPENDENT AUDITORS' REPORT

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

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

“INDEPENDENT AUDITOR'S REPORT

To Vorwerk & Co. KG, Wuppertal

AUDIT OPINIONS

We have audited the consolidated financial statements of Vorwerk & Co. KG, Wuppertal, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2017, and the consolidated profit and loss account for the period January 1 to December 31, 2017, and notes to the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of Vorwerk & Co. KG for the financial year from January 1 to December 31, 2017.

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, 2017 and of its financial performance for the financial year from January 1 to December 31, 2017 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 and 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 134th business year – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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

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

- ▶ is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- ▶ otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 14 PubiG 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, May 2, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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