Villeroy & Boch
1748

INTERIM REPORT
1 January to 31 March 2024

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Villeroy & Boch consolidates March figures from Ideal Standard for the first time:

- Consolidated revenue increases by 20.8 % to € 277.1 million (previous year: € 229.3 million) due to the acquisition.
- At € 23.1 million, operating EBIT is up slightly by 0.4 % over the previous year.
- Total assets increase by € 620.8 million to € 1,717.0 million.

THE GROUP AT A GLANCE	1/1/2024 - 31/3/2024	1/1/2023 - 31/3/2023	Change	Change
	in € million	in € million	in € million	in %
Revenue	277.1	229.3	47.8	20.8
Revenue – Germany	74.2	66.8	7.4	11.1
Revenue – Abroad	202.9	162.5	40.4	24.9
Operating EBIT	23.1	23.0	0.1	0.4
Operating EBITDA	35.5	32.5	3.0	9.2
EBT	10.5	18.3	-7.8	-42.6
Group result	7.2	12.8	-5.6	-43.8
Return on net operating assets (rolling)	23.3 %	24.8 %[(1)]	-	-1.5 PP
Investments (without leasing)	4.0	6.0	-2.0	-33.3
Investments „Leases“– IFRS 16	4.7	3.0	1.7	56.7
Employees (FTEs as at end of period)	12,516 FTE	6,196 FTE	6,320 FTE	102.0

(1) Return on net operating assets as at 31 December 2023

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INTERIM MANAGEMENT REPORT OF THE VILLEROY & BOCH GROUP FOR THE FIRST QUARTER OF 2024

GENERAL CONDITIONS OF THE GROUP

The acquisition of Ideal Standard is one of the most significant events in the history of Villeroy & Boch. The effects on the Villeroy & Boch Group are explained in more detail in the following management report and in the notes to the consolidated financial statements, especially in the note on the basis of consolidation.

As before, the operating business is broken down into the two divisions Bathroom & Wellness and Dining & Lifestyle. The business activities of the Ideal Standard companies are an excellent complement to the activities of the Bathroom & Wellness Division. The reporting will therefore be combined in the Bathroom & Wellness Division in the future. The segment reporting will also follow this procedure.
In terms of organisation, Ideal Standard will be managed directly by the CEO for the time being.

SIGNIFICANT BUSINESS TRANSACTIONS - ACQUISITION OF IDEAL STANDARD

Villeroy & Boch signed binding contracts on 18 September 2023 to acquire all of the operating companies of the Ideal Standard Group. The Ideal Standard shares were being sold by funds managed by the Anchorage Capital Group and CVC Credit. The acquisition includes all operating Group companies, including the business activities in the Middle East/Africa that the Ideal Standard Group previously operated through a joint venture with Roots Group Arabia.
Ideal Standard is a multinational provider of bathroom products. The company employs around 7,000 staff around the world and operates 11 production sites in Europe and the Middle East.
The closing of the takeover was completed on 29 February 2024 after all antitrust approvals had been issued. The current interim financial statements thus include the business activities of the Ideal Standard companies from 1 March in the consolidated income statement of the Villeroy & Boch Group. All of the assets and liabilities taken over are included in the consolidated statement of financial position.
The transaction was financed by existing cash and cash equivalents and the promissory note loan that was issued.
The significant changes are described in the following passages of the Group management report.
Please also refer to the explanations in the notes to the consolidated financial statements.

ECONOMIC REPORT

General economic conditions

The moderate performance of the global economy has continued in the first three months of the 2024 financial year, but with the momentum also continuing to vary considerably from region to region. While the robust growth in the US slowed slightly, the economy in the euro area remains in a phase of stagnation.
Following the weak final quarter of last year, no tangible signs of an economic revival can be seen in the Germany economy at the beginning of 2024. Germany is experiencing a noticeable drop-off in comparison with other major European countries.
The ongoing conflicts in Ukraine and the Middle East continue to weigh on the global economy. The crisis in the Red Sea, for example, is having an impact on shipping, supply chains and the environment.
Encouragingly, inflation has weakened, which can be attributed to the effect that the measures introduced to contain it are having.

Course of business and position of the Villeroy & Boch Group

Based on the past first quarter of the 2024 financial year, the Management Board of Villeroy & Boch AG still considers the economic position of the Group to be positive on the whole.

We generated consolidated revenue (including licence income) of € 277.1 million in the first quarter of 2024, which is € 47.8 million or 20.8 % higher than the previous year as a result of acquisitions. Ideal Standard contributed revenue of € 57.1 million to consolidated revenue from 1 March 2024 here.

We generated strong revenue growth in our main region of EMEA (Europe, Middle East, Africa) of 27.6 % or € 50.9 million, which can primarily be seen in the Western and Southern Europe regions.

We had to accept a decline in revenue in the APAC (Asia/Pacific) and Americas regions of 7.1 %, largely due to economic conditions in South Korea.

Incoming orders increased in the first quarter of 2024, rising by € 92.1 million as against 31 December 2023 to € 202.0 million. They include orders worth € 69.8 million at Ideal Standard.

Orders on hand in the Bathroom & Wellness Division amounted to € 170.9 million (including Ideal Standard) set against € 96.6 million as at 31 December 2023. The organic growth of € 4.5 million results from the continued positive performance of the project business in Asia.

Orders on hand in the Dining & Lifestyle Division amounted to € 31.1 million (31 December 2023: € 13.3 million). This increase was due in particular to the orders that have been already placed by our business customers for our Christmas range, which was presented at the Ambiente trade fair in Frankfurt.

We generated operating EBIT of € 23.1 million in the first quarter of 2024, up slightly by 0.4 % on the previous year (€ 23.0 million).

The non-operating result amounted to € -9.4 million (previous year: € -3.4 million) and primarily includes integration and project costs in connection with the Ideal Standard acquisition. The result in the previous year essentially included project expenses and expenses from a write-down on an equity investment.

Operating earnings before interest, taxes, depreciation, and amortisation (operating EBITDA) in the first quarter of 2024 came to € 35.5 million, 9.2 % higher than in the previous year (€ 32.5 million). Depreciation and amortisation recognised here totalled € 12.4 million and was thus up slightly on the previous year's figure of € 9.5 million.

The Group's rolling return on net operating assets was 23.3 % as at 31 March 2024 (31 December 2023: 24.8 %). The reason for the slight decline was the increase in net operating assets.

The following section contains further information on the development in the divisions, particularly with regard to revenue and earnings.

Course of business and position of the division

<u>Bathroom & Wellness</u>

The Bathroom & Wellness Division generated revenue of € 204.1 million in the first quarter of 2024, up 35.4 % on the previous year (€ 150.8 million) due to the acquisition. Ideal Standard generated revenue of € 57.1 million in the first month after it was consolidated. We have had to accept a slight decline in revenue of 2.5 %, adjusted for acquisitions, on account of the subdued performance of the building sector.

We recorded a continued positive market response to our new products that use our TwistFlush technology.

In terms of revenue performance, almost every business area – especially in the fittings business (€ +23.7 million) and the ceramics sanitary ware business (€ +22.0 million) – are reporting revenue growth.

From a regional perspective, it is primarily our main region of EMEA (Europe, Middle East, Africa) that has benefited from the acquisition with an increase in revenue of 42.5 % or € 52.3

million). In addition, we generated predominantly organic growth of 3.6 % in the APAC/Americas region.
The Bathroom & Wellness Division started the first quarter of 2024 with an operating profit (EBIT) of € 17.4 million, which is unchanged from the previous year's level (€ 17.4 million).
The rolling return on net operating assets declined to 23.9 % (31 December 2023: 24.9 %) as a result of the increase in net assets resulting from the acquisition and the fall in rolling operating earnings.

Dining & Lifestyle

The Dining & Lifestyle Division generated revenue of € 72.3 million in the first quarter of 2024, down 7.0 % on the previous year.
This arose primarily in the revenue from our bricks-and-mortar retail partners (€ -6.6 million or -24.9 %), where we have had to accept a relatively high decline in revenue driven in particular by an economic downturn in Korea and the continued weak economy in the US. In contrast, we generated revenue growth in our e-commerce business (€ 1.0 million or 5.6 %) and in our retail stores (€ 0.4 million or 1.8 %).
The Dining & Lifestyle Division recorded an operating result (EBIT) of € 5.7 million, slightly higher than the previous year (€ 5.6 million). The downturn in earnings due to revenue development was offset by cost savings that were achieved.
The rolling operating return on net assets was with 32.9 % slightly down from the level at 31 December 2023 (33.3 %) as a result of the decline in net assets and the lower rolling operating earnings.

Capital structure

Our equity increased as against the end of 2023 by € 5.4 million to € 393.6 million as at 31 March 2024.
The Group result generated in the first quarter of 2024 (€ +7.2 million) was the main contributor to this change.
The equity ratio (including non-controlling interests) fell from 35.4 % as at the end of 2023 to 22.9 % as at 31 March 2024 on account of the significant increase in total assets following the acquisition of Ideal Standard.

Investments

We invested € 4.0 million in property, plant and equipment and intangible assets in the first quarter of 2024 (previous year: € 6.0 million). Of this figure, € 3.1 million (previous year: € 4.3 million) was attributable to the Bathroom & Wellness Division and € 0.9 million (previous year: € 1.7 million) was attributable to the Dining & Lifestyle Division.
Investment activity in the Bathroom & Wellness Division concentrated on pressure casting systems in Thailand and Hungary and new moulds for shower and bath tubs in Belgium and the Netherlands.
Investment in the Dining & Lifestyle Division mainly related to the modernisation of the production facilities in Merzig and Torgau, the acquisition of new pressing tools and the modernisation of our own retail stores.
The Group had obligations to acquire property, plant and equipment and intangible assets in the amount of € 14.9 million as at the end of the reporting period (previous year: € 21.2 million).

Net liquidity

Taking into account our financial liabilities of € 417.1 million, the cash and bank balances of € 93.1 million resulted in net liquidity of €-324.0 million as at 31 March 2024 (31 December 2023: € 164.9 million). The large change is the result of the acquisition of Ideal Standard and the related purchase price payment, which was partly financed by a promissory note loan that was issued.
We also have unused credit facilities of € 312.0 million at our disposal.

Balance sheet structure

Total assets amounted to € 1,717.0 million as at the end of the reporting period as against € 1,096.2 million as at 31 December 2023. The significant increase in total assets of € 620.8 million is essentially the result of the acquisition of Ideal Standard. Further details are discussed in the section on the basis of consolidation in the notes to the consolidated financial statements.

The share of total assets attributable to non-current assets increased here to 52.3 % (31 December 2023: 26.2 %). This can be seen in particular in the increase in intangible assets, which includes the goodwill produced from the Ideal Standard acquisition. This has to be regarded as provisional until the purchase price allocation is finalised, which is expected to be completed by the end of September.

Current assets decreased by € 80.0 million as against 31 December 2023. This was mainly due to the acquisition and is evident in the decrease in cash and cash equivalents (€ -281.3 million) as a result of the payment of the purchase price, which is offset by an increase in inventories (€ +97.4 million) and trade receivables (€ +96.7 million).

The largest changes on the equity and liabilities side from the end of 2023 are also the result of the acquisition.

Within the current liabilities (€ +268.0 million), there were increases primarily in other current liabilities (€ +76.4 million), in trade payables (€ +65.2 million), in tax payables (€ +59.9 million) and in current financial liabilities (€ +53.3 million).

Non-current liabilities increased by a total of € 347.4 million, mainly due to the increase in financial liabilities (€ +154.3 million) and pension provisions (€ +110.6 million).

REPORT ON RISKS AND OPPORTUNITIES

The acquisition of Ideal Standard has not resulted in any material changes in the risks and opportunities. The complementary strengths of the two companies in terms of regional presence, sales strategies and product and brand portfolios will increase the competitiveness of the Villeroy & Boch Group. On the other hand, the dependency on the construction industry has increased, especially in Europe, on account of the larger revenue volume in the Bathroom & Wellness division.

Nevertheless, the risks and opportunities described in the 2023 annual report remain unchanged.

As before, all risk areas are subjected to a continuous, focused review.

There is no evidence of any individual risks that could endanger the continued existence of the Group at this time.

OUTLOOK FOR THE CURRENT FINANCIAL YEAR

The market environment remains characterised by a high degree of uncertainty. This relates above all to the further development of the construction industry. A further risk factor remains, as before, a potential escalation of the conflicts in Ukraine and the Middle East.

The Management Board of Villeroy & Boch AG continues to expect a significant increase in revenue, operating result (EBIT) and investments due to acquisitions and thus confirms its forecast for the full year 2024 made in connection with the annual financial statements.

Mettlach 14 May 2024

Gabriele Schupp

Dr Peter Domma

Esther Jehle

Georg Lörz

Dr Markus Warncke

CONSOLIDATED BALANCE SHEET

as of 31 March 2024 in € million

Assets	Notes	31/3/2024	31/12/2023
Non-current assets			
Intangible assets		452.7	33.4
Property, plant and equipment	1	296.6	188.8
Right-of-use assets	2	83.2	44.2
Investment property		5.1	4.8
Investment accounted for using the equity method		16.8	2.7
Other financial assets	3	44.0	13.2
		898.4	**287.1**
Other non-current assets	6	37.8	0.1
Deferred tax assets		81.2	29.4
		1,017.4	**316.6**
Current assets			
Inventories	4	326.5	229.1
Trade receivables	5	220.4	123.7
Other financial assets	3	16.8	23.0
Other current assets	6	27.3	12.3
Income tax receivables		15.5	17.1
Cash and cash equivalents	7	93.1	374.4
		699.6	**779.6**
Total assets		**1,717.0**	**1,096.2**

Equity and Liabilities	Notes	31/3/2024	31/12/2023
Equity attributable to Villeroy & Boch AG shareholders			
Issued capital		71.9	71.9
Capital surplus		194.7	194.7
Treasury shares		-13.9	-13.9
Retained earnings		232.5	225.4
Revaluation surplus	8	-95.4	-93.7
		389.8	**384.4**
Equity attributable to minority interests		**3.8**	**3.8**
Total equity		**393.6**	**388.2**
Non-current liabilities			
Provisions for pensions		258.3	147.7
Non-current provisions for personnel	9	12.5	11.4
Other non-current provisions		44.4	29.0
Non-current financial liabilities	10	305.5	151.2
Non-current lease liabilities	11	67.5	31.9
Other non-current liabilities	12	7.4	4.2
Deferred tax liabilities		33.7	6.5
		729.3	**381.9**
Current liabilities			
Current provisions for personnel	9	9.0	17.1
Other current provisions		43.2	30.5
Current financial liabilities	10	111.6	58.3
Current lease liabilities	11	22.1	13.5
Other current liabilities	12	176.1	99.7
Trade payables		157.2	92.0
Income tax liabilities		74.9	15.0
		594.1	**326.1**
Total liabilities		**1,323.4**	**708.0**
Total equity and liabilities		**1,717.0**	**1,096.2**

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 March 2024
in € million

	Notes	1/1/2024 - 31/3/2024	1/1/2023 - 31/3/2023
Revenue	13	**277.1**	**229.3**
Costs of sales		-161.9	-129.7
Gross profit		**115.2**	**99.6**
Selling, marketing and development costs	14	-73.2	-67.2
General administrative expenses		-15.0	-11.2
Other operating income and expenses		-13.3	-1.6
Result of associates accounted for using the equity method		0.0	0.0
Operating result (EBIT)		**13.7**	**19.6**
Financial result	15	-3.2	-1.3
Earnings before taxes		**10.5**	**18.3**
Income taxes		-3.3	-5.5
Group result		**7.2**	**12.8**
Thereof attributable to:			
Villeroy & Boch AG shareholders		7.1	12.8
Minority interests		0.1	0.0
Group result		**7.2**	**12.8**
Earnings per share			**in €**
Earnings per ordinary share		0.24	0.46
Earnings per preference share		0.29	0.51

During the reporting period, there were no share dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 31 March 2024
in € million

	1/1/2024 - 31/3/2024	1/1/2023 - 31/3/2023
Group result	**7.2**	**12.8**
Other comprehensive income		
Items to be reclassified to profit or loss:		
Gains or losses on translations of exchange differences	-3.7	-0.4
Gains or losses on cash flow hedge	0.7	2.6
Deferred income tax effect on items to be reclassified to profit or loss	1.1	-0.8
Items not to be reclassified to profit or loss:		
Actuarial gains or losses on defined benefit plans	0.1	0.0
Gains or losses on other value changes of securities	0.1	0.6
Deferred income tax effect on items not to be reclassified to profit or loss	0.0	0.0
Total other comprehensive income	**-1.7**	2.0
Total comprehensive income net of tax	**5.5**	**14.8**
Thereof attributable to:		
Villeroy & Boch AG shareholders	5.4	15.0
Minority interests	0.1	-0.2
Total comprehensive income net of tax	**5.5**	**14.8**

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 31 March 2024
in € million

	1/1/2024 - 31/3/2024	1/1/2023 - 31/3/2023
Group result	7.2	12.8
Depreciation of non-current assets	10.5	11.1
Change in non-current provisions	-3.2	-2.5
Profit from disposal of fixed assets	-0.1	-0.6
Change in inventories, receivables and other assets	19.8	8.9
Change in liabilities, current provisions and other liabilities	-74.6	-34.1
Other non-cash income/expenses	52.6	1.5
Cash Flow from operating activities	**12.2**	**-2.9**
Purchase of intangible assets, property, plant and equipment	-4.0	-6.0
Investment in non-current financial assets	-0.6	-1.1
Expenditure for acquisitions less cash and cash equivalents acquired	-414.6	-
Expenses for the acquisition of associated companies	-12.7	-
Proceeds from the disposal of financial assets	-1.1	-
Proceeds from the sale of subsidiary companies and other business divisions	7.1	-
Proceeds from disposals of fixed assets	3.8	-0.4
Cash Flow from investing activities	**-422.1**	**-7.5**
Proceeds from the issue of promissory note loans	153.1	-
Payments for the repayment of financial liabilities	-18.0	-10.2
Cash repayments of lease liabilities	-6.3	-5.0
Dividends paid to minority shareholders	-0.2	-0.1
Cash Flow from financing activities	**128.6**	**-15.3**
Sum of cash flows	**-281.3**	**-25.7**
Balance of cash and cash equivalents as at 1 January	374.4	226.6
Net increase in cash and cash equivalents	-281.3	-25.7
Balance of cash and cash equivalents as at 31 March	**93.1**	**200.9**

CONSOLIDATED STATEMENT OF EQUITY

for the period 1 January to 31 March 2024

in € million

	Equity attributable to Villeroy & Boch AG shareholders							
	Issued capital	Capital surplus	Treasury shares	Retained earnings	Revaluation surplus	Total	Equity attributable to minority interests	Total equity
Notes					8			
As of 1/1/2023	**71.9**	**194.2**	**-14.5**	**195.8**	**-78.7**	**368.7**	**3.8**	**372.5**
Group result				12.8		12.8		12.8
Other comprehensive income					2.2	2.2	-0.2	2.0
Total comprehensive income net of tax				**12.8**	**2.2**	**15.0**	**-0.2**	**14.8**
Dividend payments						0.0		0.0
As of 31/3/2023	**71.9**	**194.2**	**-14.5**	**208.6**	**-76.5**	**383.7**	**3.6**	**387.3**
As of 1/1/2024	**71.9**	**194.7**	**-13.9**	**225.4**	**-93.7**	**384.4**	**3.8**	**388.2**
Group result				7.1		7.1	0.1	7.2
Other comprehensive income					-1.7	-1.7		-1.7
Total comprehensive income net of tax				**7.1**	**-1.7**	**5.4**	**0.1**	**5.5**
Dividend payments						0.0	-0.1	**-0.1**
As of 31/3/2024	**71.9**	**194.7**	**-13.9**	**232.5**	**-95.4**	**389.8**	**3.8**	**393.6**

CONSOLIDATED SEGMENT REPORT

for the period 1 January to 31 March 2024

in € million

	Bathroom & Wellness		Dining & Lifestyle		Transition/Other		Villeroy & Boch-Group	
	1/1/2024 - 31/3/2024	1/1/2023 - 31/3/2023	1/1/2024 - 31/3/2024	1/1/2023 - 31/3/2023	1/1/2024 - 31/3/2024	1/1/2023 - 31/3/2023	1/1/2024 - 31/3/2024	1/1/2023 - 31/3/2023
Revenue								
Segment revenue from sales of goods to external customers	**204.1**	150.8	**70.7**	77.2	**-**	-	**274.8**	228.0
Segment revenue from transactions with other segments	**-**	-	**-**	-	**-**	-	**-**	-
Segment revenue from licence	**0.0**	-	**1.6**	0.5	**0.7**	0.8	**2.3**	1.3
Revenue	**204.1**	150.8	**72.3**	77.7	**0.7**	0.8	**277.1**	229.3
Result								
Segment result	**17.4**	17.4	**5.7**	5.6	**-9.4**	-3.4	**13.7**	19.6
Financial result	**-**	-	**-**	-	**-3.2**	-1.3	**-3.2**	-1.3
Investments and depreciations								
Investments of intangible assets, property, plant and equipment	**3.1**	4.3	**0.9**	1.7	**-**	-	**4.0**	6.0
Investments of right-of-use assets on leases	**2.0**	1.3	**2.7**	1.7	**-**	-	**4.7**	3.0
Scheduled depreciation of intangible assets, property, plant and equipment	**6.2**	4.7	**1.4**	1.3	**-**	-	**7.6**	6.0
Scheduled depreciation of right-of-use assets on leases	**2.4**	1.5	**2.4**	2.3	**-**	-	**4.8**	3.8

Assets and Liabilities	**31/3/2024**	**31/12/2023**	**31/3/2024**	**31/12/2023**	**31/3/2024**	**31/12/2023**	**31/3/2024**	**31/12/2023**
Segment assets	**834.9**	400.7	**180.4**	200.5	**701.7**	495.0	**1,717.0**	1,096.2
Segment liabilities	**356.0**	152.3	**82.7**	91.0	**884.7**	464.7	**1,323.4**	708.0
Rolling net operating assets								
Rolling operating assets	**436.8**	400.0	**190.4**	191.8	**-**	-	**627.2**	591.8
Rolling operating liabilities	**163.8**	151.6	**82.6**	82.6	**-**	-	**246.4**	234.2
Rolling net operation assets	**273.0**	248.4	**107.8**	109.2	**-**	-	**380.8**	357.6
Rolling operating result (EBIT) *								
Rolling operating result (EBIT) *	**65.3**	61.9	**35.5**	36.4	**-**	-	**88.7**	88.7

* Central function earnings components that cannot be influenced by the division are not taken into account in calculating the operating result of both divisions.

NOTES TO THE INTERIM FINANCIAL STATEMENTS OF THE VILLEROY & BOCH GROUP FOR THE FIRST QUARTER OF 2024

GENERAL INFORMATION

Villeroy & Boch Aktiengesellschaft, domiciled in Mettlach, Saaruferstrasse 1 – 3, is a listed stock corporation under German law. It is entered in the Commercial Register B of the Saarbrücken Local Court under 63610. The Villeroy & Boch AG is the parent company of the Villeroy & Boch Group. The Villeroy & Boch Group is a leading international ceramic manufacturer. As a full-service provider for the bathroom and the "perfectly laid table", our operating business is divided into two divisions: Bathroom & Wellness, and Dining & Lifestyle. Villeroy & Boch AG is listed in the Prime Standard operated by Deutsche Börse AG.
This interim report covers the period from 1 January 2024 to 31 March 2024. It was approved for publication on 08 May 2024 after the Management Board discussed the interim report with the Audit Committee of the Supervisory Board. It was prepared in accordance with section 315e of the German Commercial Code (HGB), applying the IFRS regulations as endorsed by the European Commission. These condensed interim financial statements have not been audited or reviewed by an audit company. In the opinion of the Management Board, these interim financial statements provide a true and fair view of the net assets, financial position and results of operations of the Group. The interim report includes condensed consolidated financial statements with selected explanatory notes. For this reason, it should be read in conjunction with the consolidated financial statements as at 31 December 2023. These can be downloaded from the Investor Relations section of the website at www.villeroyboch-group.com.
The accounting and consolidation methods described in the 2023 annual report were extended in the period under review to include the amendments to the accounting standards endorsed by the EU and effective for reporting periods beginning on or after 1 January 2024. None of these changes to accounting provisions had a material impact on this interim report. Further information on performance in the first quarter of 2024 can be found in the above economic report.

Basis of consolidation

The basis of consolidation of the Villeroy & Boch Group consists of 92 companies (31 December 2023: 51 companies). Three companies were treated as non-consolidated companies on account of their insignificant impact on the financial position and financial performance of the Villeroy & Boch Group.

On 29 February 2024, Villeroy & Boch acquired 100 % of the shares in the following four companies and thus acquired control over 42 companies of the Ideal Standard Group.

- Ideal Standard International NV (Belgium)
- Ideal Standard Holdings (BC) Germany GmbH (Germany)
- Ideal Standard Holdings (BC) Italy S.r.l. (Italy)
- Ideal Standard MENA MidCo Limited (Gibraltar)

The acquisition of the Ideal Standard Group means Villeroy & Boch joins the ranks of Europe's top-selling manufacturers of bathroom products. Ideal Standard is an excellent fit for Villeroy & Boch's business model. The complementary strengths of the two companies in terms of regional presence, sales strategies and product and brand portfolios will increase the Group's competitiveness.
Geographically, for example, Villeroy & Boch has a very strong base primarily in Central and Northern Europe as well as in Asia, while Ideal Standard enjoys an excellent reputation with its brand portfolio

especially in the United Kingdom, Italy and the Middle East/North Africa region. While Villeroy & Boch focuses its sales activities primarily on the high-end retail customer business, Ideal Standard has extensive expertise in the project business, including in the public and healthcare sectors and in cooperation with developers of major residential, hotel and commercial properties. In addition to bathroom ceramics and other product areas, Ideal Standard has a very profitable fittings business.

The assets and liabilities recognised as at the acquisition date (29 February 2024) are presented in the table below:

in € million	29/02/2024
Fixed assets	211.9
Inventory	109.9
Other receivables and assets	236.2
Cash and cash equivalents	36.3
Total assets acquired	**594.3**
Minority interests	0.2
Pension provisions	112.9
Other provisions and liabilities	292.1
Financial liabilities	59.2
Lease liabilities	45.2
Total liabilities acquired	**509.6**
Net assets acquired	**84.7**
Acquired intangible assets incl.goodwill	366.2
Costs of acquisition	450.9

The assets and liabilities recognised as at 31 March 2024 are presented in the table below:

in € million	31/3/2024
Fixed assets	206.3
Inventory	99.6
Other receivables and assets	230.0
Cash and cash equivalents	41.1
Total assets	**577.0**
Minority interests	0.2
Pension provisions	111.8
Other provisions and liabilities	275.3
Financial liabilities	57.0
Lease liabilities	43.6
Total liabilities	**487.9**
Net assets	**89.1**

The payment of the purchase price of € 450.9 million was performed in the form of cash and cash equivalents. In addition to the purchase price that has already been paid, the purchase agreement includes a variable purchase price component that is coupled to Ideal Standard's future economic performance. The value currently expected of € 4.1 million has been calculated as a provisional value on the basis of the information available at the moment and recognised accordingly.

The provisional difference of € 366.2 million arising from initial consolidation that is produced on the basis of the information currently available has been capitalised as acquired intangible assets including goodwill. Based on the information that is currently known, management expects the acquired intangible assets to be attributed largely to brand rights and a remaining goodwill. This has not yet been allocated to the cash-generating units that are expected to derive a benefit from the synergies created by the business combination.

The full amount of the goodwill has been allocated to the Bathroom & Wellness Division and is not deductible for income tax purposes.

The recognised amounts of the assets and liabilities that have been acquired have been measured provisionally on the basis of their carrying amounts as these were reported in the closing balance sheet of the acquired company. Hidden reserves and liabilities were previously only realized to the extent that relevant information was available. As these were not sufficient to measure the actual fair values completly, the measurement of the acquired assets – especially the intangible assets and the property, plant and equipment – has not yet been finally concluded by the end of the reporting period. The initial accounting for the business combination within the meaning of IFRS 3.45 is incomplete for this reason. Villeroy & Boch will complete the measurement of the acquired assets within the standard period of a maximum of one year after the takeover. The amounts provisionally recognised on the basis of the currently available information will then be adjusted with retroactive effect.

The costs related to the acquisition amount to € 14.1 million. € 6.4 million of this is recognised as an expense in the current financial year.

In the current financial year, the Ideal Standard Group contributed € 57.1 million to revenue and € 0.0 million to the consolidated net profit for the period between the acquisition date and the end of the reporting period. If the acquisition had been concluded on the first day of the financial year, the Ideal Standard Group would have contributed € 220.3 million to the consolidated revenue. It was not feasible to calculate the contribution that the Ideal Standard Group made to earnings for the first three months.

V AND B SOUTH AFRICA PTE LTD., Claremont, was liquidated in order to optimise the Group structure. The dissolution of the company was confirmed to us in the first quarter of 2024.

On 21 February 2024, Villeroy & Boch acquired 49 % of the shares in Azura Egypt for Manufacture of Sanitary Ware S.A.E by participating in a capital increase. The purpose of the company, which has its registered office in Cairo, Egypt, is the production of Bathroom & Wellness products.

In addition, Villeroy & Boch founded a new company, V & B Trading Egypt S.A.E, on 22 February 2024. Villeroy & Boch holds an interest of 49 % in the company, which has its registered office in Cairo, Egypt. The purpose of the company is the sale of Bathroom & Wellness products. The Villeroy & Boch Group recognises the shares in these two companies using the equity method in accordance with IAS 28. The remaining shares are in free float.

Annual General Meeting of Villeroy & Boch AG for the 2023 financial year

The General Meeting of Shareholders on 12 April 2024 resolved the dividend of € 1.00 per ordinary share and € 1.05 per preference share as proposed by the Supervisory Board and the Management Board of Villeroy & Boch AG. The distribution corresponds to a dividend payment of € 14.0 million (previous year: € 16.1 million) for the ordinary share capital and € 13.1 million (previous year: € 15.0 million) for the preference share capital. The dividend was paid on 17 April 2024. The Villeroy & Boch Group holds 1,555,820 treasury preference shares (previous year: 1,627,199) as at the distribution date. These shares are not entitled to dividends.

Seasonal influences on business activities

Owing to Christmas business, the Dining & Lifestyle Division habitually expects to generate a higher level of revenue and operating result in the fourth quarter than in the other quarters of the year.

NOTES ON SELECTED ITEMS OF THE CONSOLIDATED BALANCE SHEET

1. Property, plant and equipment

Property, plant and equipment in the amount of € 4.0 million was acquired in the period under review (previous year: € 5.8 million). Investment in the Bathroom & Wellness Division focused on international locations. For example, we invested in a washbasin pressure casting machine in our ceramic ware plant in Thailand and a toilet pressure casting system in Hungary. We also acquired moulds for shower and bath tubs for our wellness plants in Belgium and the Netherlands.
The Dining & Lifestyle Division primarily invested in the modernisation of the production facilities in Merzig and Torgau. In addition, new pressing tools and a new furnace were acquired for the production site in Lugoj. The Group also invested in the modernisation of its own retail stores in Belgium, France, Switzerland and Italy.
Depreciation amounts to € 7.0 million (previous year: € 5.6 million). As at the end of the reporting period, the Villeroy & Boch Group had obligations to acquire property, plant and equipment in the amount of € 15.0 million (31 December 2023: € 13.1 million).

2. Right-of-use assets

Capitalized right-of-use assets inreased by € 39.0 million to € 83.2 million in the reporting period. This change is based essentially on the acquisition of Ideal Standard (see the section basis of consolidation). Additions of € 4.7 million (previous year: € 3.0 million) and, offsetting this, depreciation of € 4.7 million (previous year: € 3.8 million) also played a part in this change. Disposals totalled € 1.0 million (previous year: € 0.1 million). Expenses for short-term property leases amounted to € 1.1 million (previous year: € 1.1 million) with € 1.7 million (previous year: € 1.9 million) from variable rental payments for property leases. Expenses for other short-term leases and leases for low-value assets amounted to € 0.9 million (previous year: € 0.7 million).

3. Other financial assets

Other financial assets include:

in € million	31/3/2024	31/12/2023
Deposits	1.0	1.2
Fair values of hedging instruments	1.9	1.9
Other financial assets	13.9	19.9
Short-term financial assets	**16.8**	**23.0**
Deposits	4.4	1.8
Fair values of hedging instruments	3.5	3.9
Other financial assets	28.4	0.0
Securities	1.8	1.7
Equity investments	2.1	2.1
Loans	1.4	1.3
Shares in non-consolidated subsidiaries	2.4	2.4
Long-term financial assets	**44.0**	**13.2**

Current financial assets declined by € 6.2 million to € 16.8 million in the reporting period. The main cause of the decline is the partial payment of the purchase price arising from the sale of the bathroom furniture site in Mondsee, Austria. Non-current financial assets increased by € 30.8 million to € 44.0 million in the reporting period, maily due to the acquisition of the Ideal Standard group.

4. Inventories

Inventories were composed as follows as at the end of the reporting period:

in € million	31/3/2024	31/12/2023
Raw materials and supplies	46.6	37.0
Work in progress	53.6	19.2
Finished goods and goods for resale	226.3	172.9
Inventories (total)	**326.5**	**229.1**

Write-downs of inventories increased by € 12.9 million to a total of € 51.7 million in the reporting period.

5. Trade receivables

Trade receivables are broken down as follows:

by customer domicile/in € million	31/3/2024	31/12/2023
Germany	37.2	27.1
Rest of euro zone	51.7	25.5
Rest of world	143.3	76.4
Gross carrying amount	**232.2**	**129.0**
Write-down due to expected losses	-0.7	-0.6
Write-down due to objective indications and overdue items	-11.1	-4.7
Write-Downs	**-11.8**	**-5.3**
Total trade receivables	**220.4**	**123.7**

6. Other non-current and current assets

Other non-current and current assets are composed as follows:

in € million	31/3/2024		31/12/2023	
	Current	Non-current	Current	Non-current
Other tax receivables	9.0	-	7.3	-
Advance payments	5.8	0.1	2.4	0.1
Net defined benefit assets	-	37.7	-	-
Contract assets	0.1	-	0.1	-
Prepaid expenses	12.4	-	2.5	-
Other assets (total)	**27.3**	**37.8**	**12.3**	**0.1**

Non-current assets increased by € 37.7 million to € 37.8 million. The reason for this is the net pension assets of € 37.7 million taken over in the course of the acquisition of Ideal Standard. Current financial assets increased by € 15.0 million to € 27.3 million.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

in € million	31/3/2024	31/12/2023
Cash on hand incl. cheques	0.3	0.5
Current bank balances	77.2	76.3
Cash equivalents	15.6	297.6
Total cash and cash equivalents	**93.1**	**374.4**

The € 281.3 million reduction in cash and cash equivalents is primarily attributable to the payment of the purchase price for the acquisition of the Ideal Standard Group. The decline in the cash and cash equivalents is partly offset by the proceeds from the second tranche of the promissory note loan that was issued. Cash is held solely in the short term and at banks of good credit standing that are predominantly members of a deposit protection system.

8. Revaluation surplus

The revaluation surplus comprises the reserves contained in "other comprehensive income":

in € million	31/3/2024	31/12/2023
Items to be reclassified to profit or loss:		
Currency translation of financial statements of foreign group companies	-29.4	-24.5
Currency translation of long-term loans classified as net investments in foreign group companies	-0.8	-2.0
Reserve for cash flow hedges	0.4	-0.3
Miscellaneous gains and losses on measurement	0.1	0.0
Deferred taxes for this category	-0.9	-2.0
Sub-total (a)	**-30.6**	**-28.8**
Items not to be reclassified to profit or loss:		
Actuarial gains and losses on defined benefit obligations	-94.9	-95.0
Miscellaneous gains and losses on measurement	0.7	0.7
Deferred taxes for this category	29.4	29.4
Sub-total (b)	**-64.8**	**-64.9**
Total revaluation surplus [(a)+(b)]	**-95.4**	**-93.7**

The € 1.7 million decline in the revaluation surplus to € -95.4 million is essentially due to the currency translation of financial statements of foreign Group companies.

9. Non-current and current provisions for personnel

Non-current provisions for personnel have changed only insignificantly. The change in current provisions for personnel is mainly due to the payment of variable remuneration for 2023.

10. Non-current and current financial liabilities

The € 154.3 million increase in non-current financial liabilities to € 305.5 million is due essentially to the disbursement of the second tranche of the promissory note loan. The € 53.3 million increase in current financial liabilities to € 111.6 million is mainly attributable to the acquisition of the Ideal Standard Group.

11. Non-current and current lease liabilities

Non-current and current lease liabilities increased by € 44.2 million to € 89.6 million in the reporting period. This change results essentially from the acquisition of Ideal Standard. Additionally a reduction in lease payments in the amount of € 1.1 million (previous year: € 4.9 million) was partially offset by new leases in the amount of € 4.7 million (previous year: € 3.0 million). Interest expenses for leased right-of-use assets amounted to € 0.7 million in the reporting period (previous year: € 0.3 million).

12. Other non-current and current liabilities

Other non-current and current liabilities are composed as follows:

in € million	31/3/2024		31/12/2023	
	Current	Non-current	Current	Non-current
Bonus liabilities (a)	80.9	-	51.0	-
Fair values of hedging instruments	3.5	1.5	3.8	2.3
Liabilities to affiliated, non-consolidated companies	2.3	-	0.2	-
Miscellaneous other liabilities	10.5	5.6	6.6	1.6
Total financial liabilities	**97.2**	**7.1**	**61.6**	**3.9**
Personnel liabilities (a)	45.2	-	18.7	-
Other tax liabilities	25.7	-	13.6	-
Contractual liabilities	6.7	-	4.6	-
Deferred income	1.3	0.3	1.2	0.3
Total other liabilities	**78.9**	**0.3**	**38.1**	**0.3**
Total book value	**176.1**	**7.4**	**99.7**	**4.2**

(a) The seasonal decline in these items is more than offset by the effects from the acquisition of the Ideal Standard Group.

NOTES ON SELECTED ITEMS OF THE CONSOLIDATED INCOME STATEMENT

13. Revenue

Revenue is broken down in the segment reporting.

14. Selling, marketing and development costs

This item includes the following expenses for research and development in the period under review:

in € million	31/03/2024	31/03/2023
Bathroom & Wellness	-4.3	-3.7
Dining & Lifestyle	-1.3	-1.3
Research and development costs (total)	**-5.6**	**-5.0**

15. Financial result

The financial result is broken down as follows:

in € million	31/03/2024	31/03/2023
Financial expenses	-4.3	-1.0
Financial expenses on lease liabilities	-0.7	-0.3
Interest expenses for provisions (pensions)	-1.1	-1.3
Financial income	2.9	1.3
Net finance expense (total)	**-3.2**	**-1.3**

16. Related party disclosures

No material contracts were entered into with related parties in the period under review. The pro rata temporis transaction volume with related parties and non-consolidated affiliated companies is at virtually the same insignificant level as in the 2023 annual financial statements. All transactions are conducted at arm's-length conditions.

17. Events after the end of the reporting period

No further significant events occurred by the time the interim report was approved for publication.

Mettlach 14. Mai 2024

The Management Board

This interim report is available in English and German. In the event of variances, the German version shall take precedence over the translation. Due to rounding differences, there may be slight discrepancies in the totals and percentages contained in this report. Percentages are generally shown as rounded numbers. This interim report and further information can also be downloaded at www.villeroyboch-group.com.