



Villeroy & Boch

1748



INTERIM REPORT
1 January to 31 March 2021

INTERIM REPORT

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Excellent business performance in first quarter:

- Consolidated revenue rises 22.4 % to € 223.3 million.
- EBIT up significantly year-on-year at € 18.6 million (€ 4.3 million).
- Revenue and earnings forecasts raised considerably for 2021 as a whole thanks to positive trends in revenue and orders.

THE GROUP AT A GLANCE	1/1/2021 - 31/3/2021 in € million	1/1/2020 - 31/3/2020 in € million	Change in € million	Change in %
Revenue	223.3	182.4	40.9	22.4
Revenue – Germany	69.1	59.9	9.2	15.4
Revenue – Abroad	154.2	122.5	31.7	25.9
On a constant currency basis	225.7	182.4	43.3	23.7
EBIT	18.6	4.3	14.3	-
EBT	17.5	3.3	14.2	-
Group result	12.3	2.3	10.0	-
Return on net operating assets (rolling)	20.0 %	14.7 % ⁽¹⁾	-	5.3 PP
Investments (without leasing)	3.7	3.5	0.2	5.7
Investments „Leases“ - IFRS 16	2.8	5.3	-2.5	-47.2
Employees (FTEs as at end of period)	6,305 FTE	7,181 FTE	-876 FTE	-12.2

(1) Return on net operating assets as at 31 December 2020

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INTERIM MANAGEMENT REPORT OF THE VILLEROY & BOCH GROUP FOR THE FIRST QUARTER OF 2021

GENERAL CONDITIONS OF THE GROUP

The basic information on the Group as presented in the 2020 Group management report remains unchanged. Information on changes in the consolidated group and on research and development costs can be found on page 12 and in note 14 to the consolidated financial statements.

ECONOMIC REPORT

General economic conditions

The recovery of the global economy continued in the first three months of the current 2021 financial year. Trade risks have eased since the new US administration took the reins and key international agreements have been signed, though tensions have not been dispelled entirely. The US is experiencing expansion and the recovery in China is gathering momentum. By contrast, the recovery of the euro area economy is being slowed by the resurgence of infection figures and the associated tightening of containment measures in many countries. This can also be seen in Germany, where the ongoing COVID-19 lockdown and vaccination problems are hampering the upswing.

Course of business and position of the Villeroy & Boch Group

The Management Board of Villeroy & Boch AG considers the economic position of the Group to be positive on the whole. Over the last few months, consumer habits have changed as people have retreated into their own homes due to COVID-19, and demand for our products has increased significantly.

We generated consolidated revenue of € 223.3 million (including licence income) in the first quarter of 2021, an increase of € 40.9 million (22.4 %) as against the same period of the previous year. On the one hand, the first quarter of the previous year was already impacted by the initial effects of the COVID-19 pandemic, while on the other we are currently

increasingly benefiting from the trend towards home and bathrooms renovation and refurbishment as people are choosing to beautify where they live.

Adjusted for currency effects, i.e. using the same exchange rates as for the previous year, revenue rose by 23.7 %. Negative currency effects with major depreciation resulted from the Russian rouble and the US dollar, which were partially offset by positive currency effects generated by the Swedish krona in particular.

Incoming orders increase in the first quarter of 2021, rising by € 31.2 million as against 31 December 2020 to € 132.0 million. € 108.7 million (31 December 2020: € 85.1 million) of this relates to the Bathroom and Wellness Division and € 23.3 million (31 December 2020: € 15.7 million) to the Dining & Lifestyle Division.

The rate of incoming orders continued to rise as against the end of the previous year, mainly thanks to resurgent project business in the Bathroom and Wellness Division in China especially and the new products from the Dining & Lifestyle Division.

Our EBIT climbed to € 18.6 million (previous year: € 4.3 million) in the first quarter of 2021, mainly thanks to the increase in revenue.

The Group's rolling return on net operating assets was 20.0 % as at 31 March 2021, and has increased by 5.3 percentage points (31 December 2020: 14.7 %). In addition to the rise in operating earnings, this was also caused by a reduction in net operating assets, which in turn is mainly reflected in inventories and fixed assets. Further information on this can be found in the notes to the divisions.

Course of business and position of the divisions

Bathroom and Wellness

The Bathroom and Wellness Division generated revenue of € 159.3 million in the first quarter of 2021 (previous year: € 125.8 million).

We generated revenue growth in all business areas. The rise in revenue of € 33.5 million mainly took place in ceramic sanitary ware (€ +20.3 million) and the wellness business area (€ +6.1 million).

The Bathroom and Wellness Division began the current financial year with EBIT of € 16.6 million (previous year: € 8.7 million) thanks to strong revenue in the first quarter.

Thanks to the rise in operating earnings and the reduction in net operating assets, which in turn can mainly be seen in inventories and fixed assets, the rolling return on net operating assets was 22.8 % | significantly higher than the figure as at 31 December 2020 (18.2 %).

Dining & Lifestyle

The first quarter of 2021 was highly positive for the Dining & Lifestyle Division as well. Here we generated revenue of € 63.3 million (previous year: € 56.0 million), € 7.3 million higher than in the previous year, though the comparative period was already being affected by the far-reaching closure of retail stores on account of the COVID-19 crisis from the middle of March 2020.

The biggest growth driver on almost all relevant markets was e-commerce activities (€ +12.1 million). We generated an increase in revenue of € 5.3 million with our retail outlet partners. On the other hand, we suffered declining revenue on account of COVID-19 in our own retail stores (€ -6.9 million) and in project business with hotel and restaurant customers (€ -3.2 million).

The Dining & Lifestyle Division ended the quarter with operating EBIT of € 2.0 million, up € 6.4 million year-on-year. This was mainly thanks to the increase in revenue and the savings

at our retail stores affected by the lockdown measures.

The rolling operating return on net assets increased to 20.8 % as a result of the earnings situation (31 December 2020: 12.3 %).

Capital structure

Our equity declined by € 5.6 million as against the end of 2020, amounting to € 246.1 million as at 31 March 2021.

The change in equity mainly resulted from the dividend paid by Villeroy & Boch AG at the end of March 2021 (€ 13.8 million), which was mostly compensated by the Group result of € 12.3 million generated in the first quarter of 2021. In addition, the revaluation surplus was down by € -3.4 million in equity on account of currency effects. At 27.7 %, our equity ratio (including non-controlling interests) was slightly higher than in the previous year as a result of lower total assets (31 December 2020: 27.5 %).

Investments

We invested € 3.7 million in property, plant and equipment and intangible assets in the first quarter of 2021 (previous year: € 3.5 million). The Bathroom and Wellness Division accounted for € 2.7 million, with the remaining € 1.0 million attributable to the Dining & Lifestyle Division.

In the Bathroom and Wellness Division, new facilities were acquired for the sanitary ware plants in Hungary and France, as were tools for ViClean production. Investment in the Dining & Lifestyle Division essentially included the maintenance and modernisation of the logistics centre in Merzig, new acquisitions of pressing tools and the energy optimisation of a kiln.

The Group had obligations to acquire property, plant and equipment and intangible assets in the amount of € 7.4 million as at the end of the reporting period.

Net liquidity

Taking into account our financial liabilities of € 115.9 million, the cash and bank balances of € 263.6 million resulted in net liquidity of € 147.7 million as at 31 March 2021 (31 December 2020: € 182.6 million). The decline in our net liquidity is mainly due to the distribution of the dividend for the past financial year (€ 13.8 million) and the annual payment of customer bonuses and variable performance-based remuneration. Net liquidity even increased by € 87.1 million in total as against 31 March 2020.

We also have unused credit facilities of € 182.1 million at our disposal.

Balance sheet structure

Total assets amounted to € 887.5 million as at the end of the reporting period as against € 914.3 million as at 31 December 2020, a reduction of € 26.8 million.

The share of total assets attributable to non-current assets increased marginally to 30.5 % (31 December 2020: 29.8 %).

Current assets fell by € 23.7 million as against 31 December 2020, mainly as a result of the reduction in cash and cash equivalents (€ -34.2 million). In addition, an increase in trade receivables driven by revenue of € 16.5 million is offset by a decline in inventories of € 5.7 million.

On the equity and liabilities side of the statement of financial position, the biggest change as against the end of 2020 was the reduction in current liabilities - in particular in other liabilities (€ 5.9 million), trade payables (€ 5.3 million) and provisions for personnel (€ 5.1 million).

REPORT ON RISKS AND OPPORTUNITIES

The risks and opportunities described in the 2020 annual report are unchanged. A regular, focused re-examination of all risk areas is continuously performed. In particular, potential risks in the supply chain and in receivables and currency management are being monitored intensively due to the ongoing COVID-19 pandemic. We are currently facing rising purchase prices for key raw materials and packaging materials on the procurement markets.

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 recovery of the global economy is expected to accelerate over the course of 2021 as infection risks diminish and more progress is made with vaccinations. The strength of the economic recovery is expected to vary considerably from country to country. An energetic recovery is anticipated in China. Likewise, a rapid economic recovery is expected in the US thanks to the new stimulus package and the ongoing vaccination progress. By contrast, the recovery anticipated in the euro area is set to be slower owing to the re-escalation of the pandemic.

On the basis of the extremely good performance in the first quarter of 2021 and the high order levels in both divisions, we are raising our forecast for consolidated revenue and operating earnings for the year as a whole. Under the current economic circumstances, we are projecting an increase in revenue of between 5 % and 10 % (previously: 3 % to 5 %) and very strong growth in our operating Group result. In the second half of the year in particular, we expect revenue momentum to slow as compared to the previous year, which had been characterised by catch-up effects.

INTERIM REPORT ON THE FIRST QUARTER OF 2021

As before, forecasts are still uncertain on account of the COVID-19 pandemic. Its impact on the construction industry and the future consumer behaviour of private households is hard to

estimate, as is therefore the ongoing development of the Villeroy & Boch Group for 2021 as a whole.

Mettlach 15 April 2021



Frank Göring



Gabriele Schupp



Georg Lörz



Dr Markus Warncke

CONSOLIDATED BALANCE SHEET

as of 31 March 2021

in € million

Assets	Notes	31/3/2021	31/12/2020
Non-current assets			
Intangible assets		41.5	40.2
Property, plant and equipment	1	162.7	166.7
Right-of-use assets	2	40.3	40.7
Investment property		5.7	5.8
Investment accounted for using the equity method		1.7	1.6
Other financial assets	3	18.5	17.4
		270.4	272.4
Other non-current assets	6	2.5	2.2
Deferred tax assets		34.5	35.9
		307.4	310.5
Current assets			
Inventories	4	157.4	163.1
Trade receivables	5	132.3	115.8
Other current assets	6	24.6	25.1
Income tax receivables		2.2	2.0
Cash and cash equivalents	7	263.6	297.8
		580.1	603.8
Total assets		887.5	914.3
Equity and Liabilities	Notes	31/3/2021	31/12/2020
Equity attributable to Villeroy & Boch AG shareholders			
Issued capital		71.9	71.9
Capital surplus		193.6	193.6
Treasury shares		-15.0	-15.0
Retained earnings		102.4	104.0
Revaluation surplus	8	-111.0	-107.6
		241.9	246.9
Equity attributable to minority interests		4.2	4.8
Total equity		246.1	251.7
Non-current liabilities			
Provisions for pensions		190.7	193.0
Non-current provisions for personnel	9	16.6	17.0
Other non-current provisions		21.9	21.3
Non-current financial liabilities	10	105.0	105.0
Non-current lease liabilities	11	29.5	30.5
Other non-current liabilities	12	30.8	30.5
Deferred tax liabilities		4.0	3.8
		398.5	401.1
Current liabilities			
Current provisions for personnel	9	10.2	15.3
Other current provisions		29.0	31.4
Current financial liabilities	10	10.9	10.2
Current lease liabilities	11	10.7	10.8
Other current liabilities	12	92.6	98.5
Trade payables		80.3	85.6
Income tax liabilities		9.2	9.7
		242.9	261.5
Total liabilities		641.4	662.6
Total equity and liabilities		887.5	914.3

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 March 2021

in € million

	Notes	1/1/2021 - 31/3/2021	1/1/2020 - 31/3/2020
Revenue	13	223.3	182.4
Costs of sales		-129.6	-105.2
Gross profit		93.7	77.2
Selling, marketing and development costs	14	-61.5	-61.8
General administrative expenses		-12.0	-10.0
Other operating income and expenses		-1.7	-1.1
Result of associates accounted for using the equity method		0.1	0.0
Operating result (EBIT)		18.6	4.3
Financial result	15	-1.1	-1.0
Earnings before taxes		17.5	3.3
Income taxes		-5.2	-1.0
Group result		12.3	2.3
Thereof attributable to:			
■ Villeroy & Boch AG shareholders		12.2	2.2
■ Minority interests		0.1	0.1
		12.3	2.3
EARNINGS PER SHARE		in €	in €
■ Earnings per ordinary share		0.44	0.06
■ Earnings per preference share		0.49	0.11

During the reporting period there were no share dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 31 March 2021

in € million

	1/1/2021 - 31/3/2021	1/1/2020 - 31/3/2020
Group result	12.3	2.3
Other comprehensive income		
Items to be reclassified to profit or loss:		
■ Gains or losses on cash flow hedge	0.2	-3.5
■ Gains or losses on translations of exchange differences	-2.9	-6.4
■ Deferred income tax effect on items to be reclassified to profit or loss	-1.3	-1.2
Items not to be reclassified to profit or loss:		
■ Actuarial gains or losses on defined benefit plans	0.0	0.0
■ Gains or losses on other value changes	0.5	-1.5
■ Deferred income tax effect on items not to be reclassified to profit or loss	0.1	-0.1
Total other comprehensive income	-3.4	-12.7
Total comprehensive income net of tax	8.9	-10.4
Thereof attributable to:		
■ Villeroy & Boch AG shareholders	8.8	-9.9
■ Minority interests	0.1	-0.5
Total comprehensive income net of tax	8.9	-10.4

INTERIM REPORT ON THE FIRST QUARTER OF 2021

CONSOLIDATED STATEMENT OF EQUITY

for the period 1 January to 31 March 2021

in € million

	Equity attributable to Villeroy & Boch AG shareholders					Total	Equity attributable to minority interests	Total equity
	Issued capital	Capital surplus	Treasury shares	Retained earnings	Revaluation surplus			
Notes					8			
As of 1/1/2020	71.9	193.6	-15.0	95.2	-98.1	247.6	4.6	252.2
Group result				2.2		2.2	0.1	2.3
Other comprehensive income					-12.1	-12.1	-0.6	-12.7
Total comprehensive income net of tax				2.2	-12.1	-9.9	-0.5	-10.4
Dividend payments				-		-	0.0	0.0
As of 31/3/2020	71.9	193.6	-15.0	97.4	-110.2	237.7	4.1	241.8
As of 1/1/2021	71.9	193.6	-15.0	104.0	-107.6	246.9	4.8	251.7
Group result				12.2		12.2	0.1	12.3
Other comprehensive income					-3.4	-3.4		-3.4
Total comprehensive income net of tax				12.2	-3.4	8.8	0.1	8.9
Dividend payments				-13.8		-13.8	-0.7	-14.5
As of 31/3/2021	71.9	193.6	-15.0	102.4	-111.0	241.9	4.2	246.1

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 31 March 2021

in € million

	1/1/2021 - 31/3/2021	1/1/2020 - 31/3/2020
Group result	12.3	2.3
Depreciation of non-current assets	9.5	10.0
Change in non-current provisions	-2.2	-3.3
Profit from disposals of fixed assets	0.0	0.0
Change in inventories, receivables and other assets	-12.5	1.3
Change in liabilities, current provisions and other liabilities	-20.5	-37.8
Other non-cash income/expenses	1.6	-2.2
Cash Flow from operating activities	-11.8	-29.7
Purchase of intangible assets, property, plant and equipment	-3.7	-3.5
Investment in non-current financial assets	-1.5	-1.2
Cash receipts from disposals of fixed assets	0.8	2.7
Cash Flow from investing activities	-4.4	-2.0
Change in financial liabilities	0.7	9.8
Cash payments for the principal portion of the lease liabilities	-4.2	-5.4
Dividends paid to minority shareholders	-0.7	-0.1
Dividend paid to shareholders of Villeroy & Boch AG	-13.8	-
Cash Flow from financing activities	-18.0	4.3
Sum of cash flows	-34.2	-27.4
Balance of cash and cash equivalents as at 1 Jan	297.8	210.3
Net increase in cash and cash equivalents	-34.2	-27.4
Balance of cash and cash equivalents as at 31 Mar	263.6	182.9

INTERIM REPORT ON THE FIRST QUARTER OF 2021

CONSOLIDATED SEGMENT REPORT

for the period 1 January to 31 March 2021

in € million

	Bathroom & Wellness		Dining & Lifestyle		Transition / Other		Villeroy & Boch-Group	
	1/1/2021	1/1/2020	1/1/2021	1/1/2020	1/1/2021	1/1/2020	1/1/2021	1/1/2020
	- 31/3/2021	- 31/3/2020	- 31/3/2021	- 31/3/2020	- 31/3/2021	- 31/3/2020	- 31/3/2021	- 31/3/2020
Revenue								
■ Segment revenue from sales of goods to external customers	159.2	125.7	62.6	55.3	0.0	0.0	221.8	181.0
■ Segment revenue from transactions with other segments	-	-	0.0	0.0	0.0	0.0	0.0	0.0
■ Segment revenue from licence	0.1	0.1	0.7	0.7	0.7	0.6	1.5	1.4
Revenue	159.3	125.8	63.3	56.0	0.7	0.6	223.3	182.4
Result								
■ Segment result	16.6	8.7	2.0	-4.4	-	-	18.6	4.3
■ Financial result	-	-	-	-	-1.1	-1.0	-1.1	-1.0
Investments and depreciations								
■ Investments of intangible assets, property, plant and equipment	2.7	2.7	1.0	0.8	-	-	3.7	3.5
■ Investments of right-of-use assets on leases	0.8	0.8	2.0	4.5	-	-	2.8	5.3
■ Scheduled depreciation of intangible assets, property, plant and equipment	4.7	5.1	1.2	1.3	-	-	5.9	6.4
■ Scheduled depreciation of right-of-use assets on leases	1.3	1.2	2.3	2.5	-	-	3.6	3.7
Assets and Liabilities	31/3/2021	31/12/2020	31/3/2021	31/12/2020	31/3/2021	31/12/2020	31/3/2021	31/12/2020
■ Segment assets	380.9	375.8	144.3	148.7	362.3	389.8	887.5	914.3
■ Segment liabilities	162.7	170.8	72.3	78.0	406.4	413.8	641.4	662.6

The rolling net operating assets and rolling operating result (EBIT) of the two divisions were as follows as at the end of the reporting period:

	31/3/2021	31/12/2020	31/3/2021	31/12/2020	31/3/2021	31/12/2020	31/3/2021	31/12/2020
Rolling net operating assets								
■ Rolling operating assets	385.4	396.4	149.7	151.2	-	-	535.1	547.6
■ Rolling operating liabilities	145.4	140.9	69.6	69.5	-	-	215.0	210.4
Rolling net operation assets	240.0	255.5	80.1	81.7	-	-	320.1	337.2
Rolling operating result (EBIT) *								
■ Rolling operating result (EBIT) *	54.8	46.5	16.7	10.0	-7.4	-6.8	64.1	49.7

* 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 2021

GENERAL INFORMATION

Villeroy & Boch AG is domiciled in Mettlach and is a listed stock corporation under German law. It is the parent company of the Villeroy & Boch Group. The Group is divided into two operating divisions: Bathroom and Wellness, and Dining & Lifestyle. Villeroy & Boch's preference shares are listed in the Prime Standard operated by Deutsche Börse AG.

This interim report covers the period from 1 January to 31 March 2021. It was approved for publication on 15 April 2021 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 in accordance with IAS 34. For this reason, it should be read in conjunction with the consolidated financial statements as at 31 December 2020. These can be ordered in the Investor Relations section of the website at www.villeroyboch-group.com.

In the period under review, the accounting and consolidation methods described in the 2020 annual report were extended to include the accounting standards endorsed by the EU and effective for reporting periods beginning on or after 1 January 2021. None of these changes had a material impact on this interim report. The COVID-19 pandemic also impacted the business activities of Villeroy & Boch AG. There has therefore been continuous analysis and monitoring of potential accounting effects and consequences for the financial position and financial performance of the Villeroy & Boch Group since the crisis began. There were no factors with a notable negative impact on the financial position and the financial performance of the Villeroy & Boch Group in the first quarter. Further information on performance in the first quarter of 2021 can be found in the above economic report.

Basis of consolidation

The basis of consolidation of the Villeroy & Boch Group consists of 53 companies (31 December 2020: 53).

Two companies were again treated as non-consolidated companies on account of their insignificant impact on the financial position and financial performance of the Villeroy & Boch Group.

Annual General Meeting of Villeroy & Boch AG for the 2020 financial year

The virtual General Meeting of Shareholders on 26 March 2021 resolved the dividend of € 0.50 per ordinary share and € 0.55 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 € 7.0 million (previous year: € 7.0 million) for the ordinary share capital and € 6.8 million (previous year: € 6.8 million) for the preference share capital. The dividend was paid on 31 March 2021. As in the previous year, the Villeroy & Boch Group held 1,683,029 preference shares as at the distribution date. These shares were 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 € 2.0 million was acquired in the period under review (previous year: € 2.7 million). Investment in the Bathroom and Wellness Division focused on international locations. For example, there was investment in the sanitary ware plants in Hungary and France. A WC pressure casting system was acquired in Hungary. Also, tools were acquired to produce the new ViClean models. The Dining & Lifestyle Division essentially invested in the maintenance and modernisation of the logistics centre in Merzig. New pressing tools were also acquired. The energy optimisation of a kiln was invested in at the Torgau location.

Depreciation amounts to € 5.5 million (previous year: € 6.1 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 € 7.4 million (31 December 2020: € 3.8 million).

2. Right-of-use assets

Capitalized right-of-use assets sank by € 0.4 million to €40.3 million in the reporting period. This change is due to additions of € 2.8 million (previous year: € 5.3 million) and, offsetting this, depreciation of € 3.6 million (previous year: € 3.7 million) and disposals of € 0,1million (previous year: € 1.3 million). Expenses for short-term property leases amounted to € 0.8 million (previous year: € 0.6 million) with € 1.5 million (previous year: € 1.6 million) from variable rental payments for property leases. Expenses for other short-term leases and leases for low-value assets amounted to € 0.2 million (previous year: € 0,7 million).

3. Other financial assets

Other financial assets include:

in € million	31/3/2021	31/12/2020
Shares in non-consolidated subsidiaries (see note 16)	1.2	0.7
Shares in other equity investments	2,2	2.1
Loans	2.3	2.4
Securities	12.8	12.2
Other financial assets (total)	18.5	17.4

INTERIM REPORT ON THE FIRST QUARTER OF 2021

4. Inventories

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

in € million	31/3/2021	31/12/2020
Raw materials and supplies	26.4	25.3
Work in progress	16.6	15.6
Finished goods and goods for resale	114.4	122.2
Inventories (total)	191.0	163.1

5. Trade receivables

Trade receivables are broken down as follows:

by customer domicile/in € million	31/3/2021	31/12/2020
Germany	31.1	22.5
Rest of euro zone	27.0	25.9
Rest of world	79.7	72.7
Gross carrying amount of trade receivables	137.8	121.1
Impairment due to expected losses (step 1)	-0.7	-0.7
Impairment due to objective evidence (step 2)	-4.9	-4.6
Impairment losses	-5.6	-5.3
Receivables from affiliated, non-consolidated companies	0.1	0.0
Total trade receivables	132.3	115.8

6. Other current and non-current assets

Other non-current and current assets developed as follows in the period under review:

in € million	31/3/2021		31/12/2020	
	Current	non-current	Current	non-current
Other tax receivables	4.0	-	5.7	-
Prepaid expenses	2.1	-	1.7	-
Advance payments and deposits	1.5	1.7	1.1	1.7
Receivables from other investees	1.3	-	2.6	-
Fair values of hedging instruments	2.1	0.8	1.4	0.5
Contract assets	1.1	-	1.2	-
Miscellaneous assets	12.5	-	11.4	-
Other assets (total)	24.6	2.5	25.1	2.2

In total, government grants of € 0.6 million were received in connection with the COVID-19 pandemic in the 2021 financial year. These are essentially recognised in staff costs and in other operating income.

7. Cash and cash equivalents

Cash and cash equivalents are composed as follows:

in € million	31/3/2021	31/12/2020
Cash on hand incl. cheques	0.3	0.3
Current bank balances	100.7	95.8
Cash equivalents	162.6	201.7
Total cash and cash equivalents	263.6	297.8

The € 34.2 million decrease in cash and cash equivalents is primarily attributable to seasonal effects such as the payment of customer bonuses (see note 12), the variable remuneration for 2020 and the dividend payment of the Villeroy & Boch AG. Bank balances were offset against matching liabilities in the amount of € 12.0 million (31 December 2020: € 12.5 million). 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	31/3/2021	31/12/2020
Items to be reclassified to profit or loss:		
█ Currency translation of financial statements of foreign group companies	-9.8	-6.9
█ Currency translation of long-term loans classified as net investments in foreign group companies	-9.2	-9.2
█ Reserve for cash flow hedges	-1.3	-1.5
█ Deferred taxes for this category	-8.7	-7.4
Sub-total (a)	-29.0	-25.0
Items not to be reclassified to profit or loss:		
█ Actuarial gains and losses on defined benefit obligations	-117.0	-117.0
█ Miscellaneous gains and losses on measurement	0.8	0.3
█ Deferred taxes for this category	34.2	34.1
Sub-total (b)	-82.0	-82.6
Total revaluation surplus [(a)+(b)]	-111.0	-107.6

The change in the revaluation surplus predominantly results from currency effects recognised in other comprehensive income from various currencies, the most significant of which being the Australian dollar, the American dollar, the Thai baht and the Hungarian forint.

9. Non-current and current provisions for personnel

Non-current provisions for personnel only changed to a minor extent. The change in current provisions for personnel is mainly due to the payment of variable remuneration components for 2020.

10. Non-current and current financial liabilities

Non-current financial liabilities did not change in the reporting period. Current financial liabilities are also virtually unchanged.

11. Non-current and current lease liabilities

These liabilities sank by € 1.1 million to € 40.2 million in the reporting period. This change mainly results from an addition from new leases of € 2.8 million and a decline of € 3.9 million from repayments of principal. Interest expenses for leased right-of-use assets amounted to € 0.2 million in the reporting period.

12. Other non-current and current liabilities

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

in € million	31/3/2021		31/12/2020	
	current	non-current	current	non-current
Bonus liabilities (a)	35.4	-	45.7	-
Personnel liabilities (a)	22.9	-	19.1	-
Other tax liabilities	14.9	-	14.8	-
Advance payments received on account of orders	5.9	-	7.6	-
Deferred income	7.0	0.8	4.1	0.9
Liabilities to affiliated, non-consolidated companies	0.4	-	0.3	-
Fair values of hedging instruments	1.1	3.0	0.7	2.7
Miscellaneous other liabilities	5.0	27.0	6.2	26.9
Other liabilities (total)	92.6	30.8	98.5	30.5

(a) Seasonal change

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	31/3/2021	31/3/2020
Bathroom and Wellness	-3.4	-2.9
Dining & Lifestyle	-1.3	-1.0
Research and development costs (total)	-4.7	-3.9

15. Financial result

The financial result is broken down as follows:

in € million	31/3/2021	31/3/2020
Financial expenses	-0.7	-0.8
Interest expense on lease liabilities	-0.2	-0.2
Interest expenses for provisions (pensions)	-0.3	-0.5
Financial income	0.1	0.5
Net finance expense (total)	-1.1	-1.0

OTHER NOTES

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 level as in the 2020 annual financial statements. All transactions are conducted at arm's-length conditions.

17. Personnel changes in the Supervisory Board of Villeroy & Boch AG

Mr Dietmar Geuskens resigned as a member of the Supervisory Board of Villeroy & Boch AG effective 31 January 2021. His elected substitute member Mr Roland Strasser succeeded him on the Supervisory Board effective 10 February 2021.

The Chairman of the Supervisory Board of Villeroy & Boch AG, Dr Alexander von Boch-Galhau, resigned as Chairman effective 26 March 2021. He stays on as an ordinary member of the Supervisory Board. At the same time, Mr Andreas Schmid was elected as the new Chairman of the Supervisory Board.

18. Events after the end of the reporting period

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

FINANCIAL CALENDAR

20 July 2021	Report on the first half of 2021
20 October 2021	Report on the first nine months of 2021
01 April 2022	General Meeting of Shareholders of Villeroy & Boch AG

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.