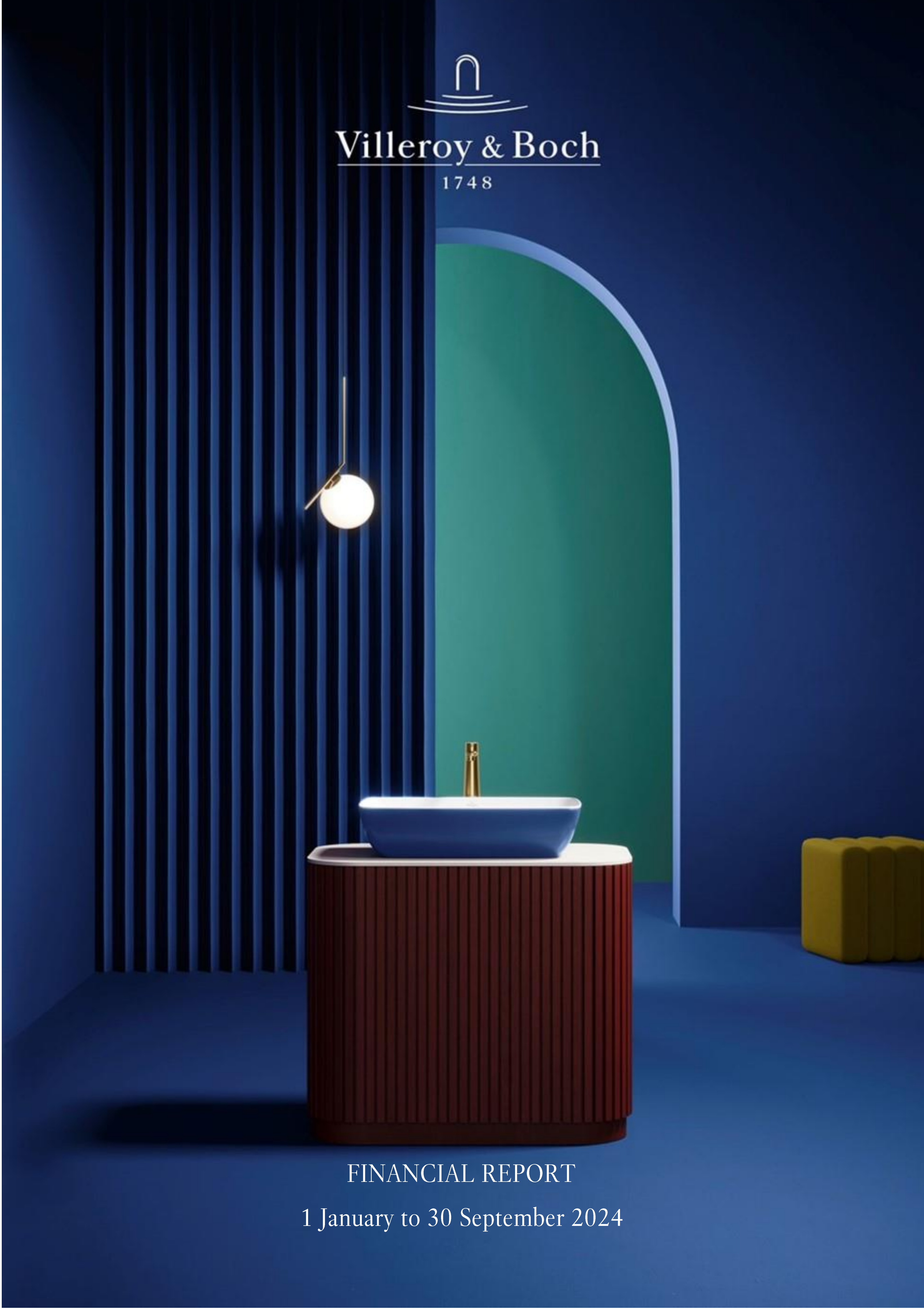
Villeroy & Boch
1748



FINANCIAL REPORT

1 January to 30 September 2024

FINANCIAL REPORT
1 January to 30 September 2024

- The Group's revenue reached € 1,007.8 million (previous year: € 650.6 million), exceeding € 1 billion for the first time.
- Operating EBIT increased by 11.6 % to € 64.5 million compared to the previous year.
- Net profit, influenced by one-off effects related to acquisitions and financing costs, amounted to € 5.6 million, significantly lower than the previous year (€ 37.7 million).
- Confirmation of the forecast for sales, operating result (EBIT) and investments for the full year 2024.

THE GROUP - AT A GLANCE	1/1/2024 - 30/9/2024	1/1/2023 - 30/9/2023	Change	Change
	in € million	in € million	in € million	in %
Revenue	1,007.8	650.6	357.2	54.9
Revenue – Germany	225.1	183.8	41.3	22.5
Revenue – Abroad	782.7	466.8	315.9	67.7
Operating EBIT	64.5	57.8	6.7	11.6
Operating EBITDA	116.5	87.0	29.5	33.9
EBIT	23.4	56.8	-33.4	-58.8
EBT	8.1	53.9	-45.8	-85.0
Group result	5.6	37.7	-32.1	-85.1
Return on net operating assets (rolling)	11.8 %	24.8 %(1)	-	-13.0 PP
Investments (without leasing)	31.0	24.6	6.4	26.0
Investments „Leases“– IFRS 16	9.2	8.5	0.7	8.2
Employees (FTEs as at end of period)	12,419 FTE	6,080 FTE	6,339 FTE	104.3

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

The financial report includes condensed interim consolidated financial statements and an interim Group management report.

German Securities Code Numbers (WKN): 765 720, 765 723

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INTERIM GROUP MANAGEMENT REPORT

GENERAL CONDITIONS OF THE GROUP

With regard to our Group structure, strategy and management, please see the explanations in the 2023 Group management report (2023 annual report). From the Group's perspective, the acquisition of Ideal Standard is the most significant event in the history of Villeroy & Boch and therefore the key event in the current financial year of 2024. The effects on the Villeroy & Boch Group are explained in more detail in the following interim Group management report and in the selected explanatory notes to the financial statements, in particular under consolidated companies.

Villeroy & Boch's operating business and its management are divided into two divisions: Bathroom & Wellness and Dining & Lifestyle. The business activities of the Ideal Standard companies complement the activities of the Bathroom & Wellness Division perfectly. For this reason, reporting for it is summarised in the Bathroom & Wellness Division.

SIGNIFICANT TRANSACTIONS — ACQUISITION OF IDEAL STANDARD

On 18 September 2023, Villeroy & Boch signed binding agreements regarding the acquisition of the operational companies of the Ideal Standard Group.

The takeover was completed on 29 February 2024 with the submission of all merger clearance approvals. In the current financial report for the third quarter of 2024, the business activities of the Ideal Standard companies are therefore included in the consolidated income statement of the Villeroy & Boch Group from 1 March. All assets and liabilities are taken into account in the consolidated statement of financial position.

The transaction was financed using existing cash and cash equivalents and a promissory note loan that was issued.

Due to the Ideal Standard acquisition, which is significant for the Villeroy & Boch Group in terms of its volume, the figures are only comparable with the previous year to a limited extent. The main changes are described in the following sections of the interim Group management report. Please also see the explanations in the selected notes to the financial statements.

ECONOMIC REPORT

General economic conditions

The moderate growth of the global economy continues unabated, while the previously significant regional differences in growth dynamics have somewhat diminished. Globally, inflation continued to decline.

In China, the economy remained at a low but positive level under the ongoing influence of the real estate crisis. Following a phase of stagnation, a slight economic recovery can be observed in the eurozone. However, there is still no noticeable economic improvement in the German economy.

Additionally, uncertainties from potential escalations of geopolitical conflicts continue to burden the global economy.

Course of business and position of the Villeroy & Boch Group

Based on the first nine months of the current financial year, the Management Board of Villeroy & Boch AG still considers the Group's economic situation to be positive overall.

In the first nine months of the 2024 financial year, we achieved Group revenue (including licensing income) of € 1,007.8 million, surpassing the € 1 billion mark for the first time. This represents an increase of € 357.2 million, or 54.9 %, compared to the same period of the previous year (€ 650.6 million), primarily due to acquisitions. In this context, Ideal Standard contributed sales of € 364.6 million to consolidated revenue from 1 March 2024.

In our main region EMEA (Europe, Middle East, Africa), we achieved an increase in sales of around 70.0 % or € 355.7 million. We were able to achieve this primarily in the Western Europe and Southern Europe regions, where we more than doubled our sales. We also achieved significant sales growth in the Eastern Europe region (+74.8 %). In the APAC (Asia-Pacific) and Americas regions, we recorded a moderate increase in sales (+1.1 %).

At € 179.0 million, orders on hand as of September 30, 2024 were significantly higher than orders on hand as at 31 December 2023 (€ 109.9 million). This includes Ideal Standard at € 47.5 million. Orders on hand in the Bathroom & Wellness Division totalled € 148.5 million (including Ideal Standard) compared to € 96.6 million on 31 December 2023. The increase in order on hand is driven by the acquisition and a generally positive development in project business. Orders on hand in the Dining & Lifestyle Division amounted to € 30.5 million (31 December 2023: € 13.3 million), largely due to orders for our Christmas assortment.

In the first nine months of the 2024 financial year, we achieved an operating EBIT (earnings before interest and taxes) of € 64.5 million, which was 11.6 % higher than the previous year (€ 57.8 million).
The non-operating result of € -41.1 million (previous year: € -1.0 million) in particular includes two one-off non-recurring effects in connection with the Ideal Standard acquisition. This includes the recognition of market values attributed to acquired inventories (€ -22.3 million) as part of purchase price allocation, as well as transaction and integration costs (€ -13.0 million). The previous year's non-operating result included income from the partial realisation of proceeds from the sale of our former factory property in Luxembourg, which was offset by slightly higher expenses related to an investment write-down and project costs linked to the acquisition of Ideal Standard.

In addition to the above-mentioned non-recurring effects, the financial result, which amounted to € -15.3 million and was € 12.4 million lower than the previous year (€ -2.9 million), was mainly influenced by acquisition financing costs. The Group result thus stands at € 5.6 million (previous year: € 37.7 million).

The Group's rolling return on net operating assets fell as at 30 September 2024 to 11.8 % (31 December 2023: 24.8 %). This was due to the strong, acquisition-related increase in rolling net operating assets and the disproportionately lower increase in the rolling operating result.

COURSE OF BUSINESS AND POSITION OF THE DIVISIONS

Bathroom & Wellness

The Bathroom & Wellness Division generated revenue of € 799.5 million in the first nine months of the 2024 financial year, 83.5 % up on the previous year (€ 435.8 million) due to acquisitions. The Ideal Standard companies generated revenue of € 364.6 million since 1 March 2024. Despite the continued subdued development in the construction sector, we managed to reach last year's revenue level on an acquisition-adjusted basis (-0.2 %). The largest revenue increases were achieved in the sanitary ceramics segment (€ +151.6 million) and the fittings segment (€ +150.8 million).
Regionally, we achieved revenue of € 697.2 million in our main region EMEA (Europe, Middle East, Africa), more than doubling our revenue due to acquisitions (previous year: € 341.4 million). We also achieved organic growth of 8.3 % in the APAC/Americas regions.

The Bathroom & Wellness Division achieved an operating result (EBIT) of € 52.3 million (previous year: € 45.7 million) in the first nine months of the financial year 2024, up 14.4 % on the previous year. The increase in operating profit is primarily due to acquisitions. Additionally, last year's result was positively influenced by currency gains.

The rolling return on net operating assets fell to 11.6 % (24.9 % as at 31 December 2023) due to the strong, acquisition-related increase in rolling operating net assets and the disproportionately lower increase in the rolling operating result.

Dining & Lifestyle

The Dining & Lifestyle Division generated revenue of € 206.2 million in the first months of the 2024 financial year, which was 2.9 %, or € 6.1 million, below the previous year (€ 212.3 million), mainly due to weak consumer demand. In our main region, EMEA (Europe, Middle East, Africa), we maintained revenue at the same level as the previous year during the first nine months of the 2024 financial year.

In e-commerce, we slightly increased our revenue compared to the previous year (€ +0.5 million or +1.1 %). We were able to achieve stable sales development at the previous year's level (€ +0.2 million or +0.4 %) in our own retail shops. In contrast, we suffered a decline in sales in our concession shops (€ -2.1 million or -12.1 %) and with our stationary retail partners (€ -6.6 million or -9.2 %).

The Dining & Lifestyle Division recorded an operating result (EBIT) of € 12.2 million, slightly higher than the previous year (€ 12.1 million). The sales-related decline in earnings was offset by the cost savings achieved.

The rolling operational net asset return was 33.3 %, at the same level as 31 December 2023.

Capital structure

Our equity decreased by € 24.7 million compared to the end of 2023, to € 363.5 million as at 30 September 2024. The capital structure was mainly influenced by the distribution of the 2023 dividend (€ -27.2 million), which was partially offset by the achieved period result (€ +5.6 million).

Due to the significant increase in total equity and liabilities resulting from the Ideal Standard acquisition, the equity ratio (including minority interests) fell from 35.4 % at the end of 2023 to 20.7 % as at 30 September 2024.

Investments

In the first nine months of 2024 financial year, we made investments in intangible assets and property, plant and equipment totalling € 31.0 million (previous year: € 24.6 million). The Bathroom & Wellness Division accounted for € 26.7 million of this and the Dining & Lifestyle Division for € 4.3 million. The additions in connection with the Ideal Standard acquisition at the time of initial consolidation (29 February 2024) are not included in the above figures.

In the Bathroom & Wellness Division, work continued on a new factory building in Thailand and investments were also made in a pressure casting system there. In addition, a further pressure casting system was purchased in Hungary. We also invested in expanding the capacity of our furniture plant in Treuchtlingen. In the Dining & Lifestyle Division, we mainly invested in the modernisation and acquisition of new production facilities and pressing tools in Merzig and Torgau and in the modernisation of our own retail stores.

The Group had obligations to acquire property, plant and equipment and intangible assets in the amount of € 12.7 million as at the end of the reporting period (previous year: € 18.2 million).

Net liquidity

Taking into account our financial liabilities of € 472.8 million, the cash and bank balances at 30 September 2024 of € 61.7 million resulted in net liquidity of € -411.1 million (31 December 2023: € 164.9 million). The large change is due to the acquisition of Ideal Standard and the associated purchase price payment, which was partly financed by the issuing of a promissory note loan. In addition, the distribution of the dividend for the previous financial year (€ 27.2 million) also contributed to the reduction in our net liquidity.

We also have unused credit facilities of € 278.5 million at our disposal.

Balance sheet structure

At the reporting date, our total equity and liabilities amounted to € 1,755.6 million compared to € 1,096.2 million at 31 December 2023. The significant increase in total equity and liabilities of € 659.4 million was mainly due to the acquisition of Ideal Standard. Further details can be found under consolidated companies in the selected explanatory notes to the financial statements.

The share of total assets attributable to non-current assets increased to 51.8 % (31 December 2023: 26.2 %). This is reflected in particular in the increase in intangible assets, which include the acquired brand rights, the customer relationships and goodwill from the Ideal Standard acquisition. The purchase price allocation shown in the current financial statements reflects the current status of information and has not yet been finalised.

Current assets decreased by € 55.4 million compared to 31 December 2023. This was mainly due to the acquisition-related purchase price payment and the associated reduction in cash and cash equivalents and short-term deposits (€ -312.7 million). This was partly offset by the increase in inventories (€ +141.9 million) and trade receivables (€ +109.8 million).

On the equity and liabilities side, the biggest changes compared to the end of 2023 were also acquisition-related.

With regard to current liabilities (€ +298.9 million), the main increases were in current financial liabilities (€ +108.9 million), other current liabilities (€ +72.1 million) and trade payables (€ +71.9 million).

Non-current liabilities increased by a total of € 385.2 million, in particular due to an increase in non-current financial liabilities (€ +154.4 million), pension provisions (€ +105.2 million) and deferred tax liabilities (€ +72.1 million).

REPORT ON RISKS AND OPPORTUNITIES

With the acquisition of Ideal Standard, the risk and opportunity situation for the Villeroy & Boch Group has not changed significantly compared to the situation presented in the 2023 Group management report. The complementary strengths of both companies in terms of regional presence, sales strategies and product and brand portfolio will increase the competitiveness of the Villeroy & Boch Group. On the other hand, the higher sales volume in the Bathroom & Wellness Division increases dependence on the construction industry, particularly in Europe.

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

As previously, a focused review of all risk areas is performed regularly. There is currently no evidenceof 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 level of uncertainty. This primarily relates to the further development of the construction industry. Another risk factor continues to be the possible further 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, the operating result (EBIT) and investments as a result of acquisitions and therefore confirms the forecast for 2024 as a whole made in connection with the annual financial statements.

OTHER INFORMATION

On 12 April 2024, the General Meeting of Shareholders approved the remuneration system, which was expanded to include an integration incentive for the members of the Management Board as well as significantly involved managers in connection with the historically unique acquisition of the Ideal Standard Group by Villeroy & Boch AG. This applies for the years 2024 to 2026. The integration incentive is intended to incentivise the successful integration of Ideal Standard into the Villeroy & Boch Group and thus have a sustainable effect on the value creation of Villeroy & Boch AG. This integration incentive reflects the fact that the integration of Ideal Standard is one of the main tasks of the Management Board of Villeroy & Boch AG for the coming years.

Mettlach 23 October 2024

Gabriele Schupp　　Dr Peter Domma　　Esther Jehle

Georg Lörz　　Dr Markus Warncke

CONSOLIDATED BALANCE SHEET

as of 30 September 2024

in € million

Assets	Notes	30/9/2024	31/12/2023
Non-current assets			
Intangible assets		395.5	33.4
Property, plant and equipment	1	375.1	188.8
Right-of-use assets	2	78.6	44.2
Investment property		9.8	4.8
Investment accounted for using the equity method		17.8	2.7
Other financial assets	3	31.9	13.2
		908.7	**287.1**
Other non-current assets	6	39.6	0.1
Deferred tax assets		83.1	29.4
		1,031.4	**316.6**
Current assets			
Inventories	4	371.0	229.1
Trade receivables	5	233.5	123.7
Other current financial assets	3	12.6	23.0
Other current assets	6	26.4	12.3
Income tax receivables		19.0	17.1
Cash and cash equivalents	7	61.7	374.4
		724.2	**779.6**
Total assets		**1,755.6**	**1,096.2**

Equity and liabilities	Notes	30/9/2024	31/12/2023
Equity attributable to Villeroy & Boch AG shareholders			
Issued capital		71.9	71.9
Capital surplus		194.8	194.7
Treasury shares		-13.9	-13.9
Retained earnings		203.2	225.4
Revaluation surplus	8	-96.4	-93.7
		359.6	**384.4**
Equity attributable to minority interests		**3.9**	**3.8**
Total equity		**363.5**	**388.2**
Non-current liabilities			
Provisions for pensions	9	252.9	147.7
Non-current provisions for personnel	9	12.4	11.4
Other non-current provisions	10	50.2	29.0
Non-current financial liabilities	11	305.6	151.2
Non-current lease liabilities	12	61.3	31.9
Other non-current liabilities	13	6.1	4.2
Deferred tax liabilities		78.6	6.5
		767.1	**381.9**
Current liabilities			
Current provisions for personnel	9	15.7	17.1
Other current provisions	10	38.2	30.5
Current financial liabilities	11	167.2	58.3
Current lease liabilities	12	22.6	13.5
Other current liabilities	13	171.8	99.7
Trade payables		163.9	92.0
Income tax liabilities		45.6	15.0
		625.0	**326.1**
Total liabilities		**1,392.1**	**708.0**
Total equity and liabilities		**1,755.6**	**1,096.2**

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 30 September 2024

in € million

	Notes	1/1/2024 - 30/9/2024	1/1/2023 - 30/9/2023
Revenue	14	**1,007.8**	**650.6**
Costs of sales		-635.6	-371.3
Gross profit		**372.2**	**279.3**
Selling, marketing and development costs	15	-267.1	-193.5
General administrative expenses		-56.6	-33.4
Other operating income and expenses		-25.4	3.9
Result of associates accounted for using the equity method		0.3	0.5
Operating result (EBIT)		**23.4**	**56.8**
Financial result	16	-15.3	-2.9
Earnings before taxes		**8.1**	**53.9**
Income taxes	17	-2.5	-16.2
Group result		**5.6**	**37.7**
Thereof attributable to:			
Villeroy & Boch AG shareholders		5.0	37.5
Minority interests		0.6	0.2
		5.6	**37.7**
Earnings per share			
Earnings per ordinary share		0.16	1.39
Earnings per preference share		0.21	1.44

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 30 September 2024

in € million

	1/1/2024 - 30/9/2024	1/1/2023 - 30/9/2023
Group result	**5.6**	**37.7**
Other comprehensive income		
Items to be reclassified to profit or loss:		
Cash flow hedge	4.3	3.6
Gains or losses on translations of exchange differences	-5.8	-2.8
Deferred income tax effect on items to be reclassified to profit or loss	0.6	-1.4
Items not to be reclassified to profit or loss:		
Actuarial gains or losses on defined benefit plans	-2.6	-0.1
Other valuation results	0.2	0.7
Deferred income tax effect on items not to be reclassified to profit or loss	0.7	0.0
Total other comprehensive income	**-2.6**	0.0
Total comprehensive income net of tax	**3.0**	**37.7**
Thereof attributable to:		
Villeroy & Boch AG shareholders	2.3	37.5
Minority interests	0.7	0.2
Total comprehensive income net of tax	**3.0**	**37.7**

CONSOLIDATED INCOME STATEMENT

for the period 1 July to 30 September 2024

in € million

	Notes	1/7/2024 - 30/9/2024	1/7/2023 - 30/9/2023
Revenue	14	**360.5**	**212.8**
Costs of sales		-227.6	-124.9
Gross profit		**132.9**	**87.9**
Selling, marketing and development costs	15	-98.4	-61.0
General administrative expenses		-18.5	-10.9
Other operating income and expenses		-7.1	1.7
Result of associates accounted for using the equity method		0.1	0.4
Operating result (EBIT)		**9.0**	**18.1**
Financial result	16	-6.4	-1.0
Earnings before taxes		**2.6**	**17.1**
Income taxes	17	-0.8	-5.2
Group result		**1.8**	**11.9**
Thereof attributable to:			
Villeroy & Boch AG shareholders		1.5	11.8
Minority interests		0.3	0.1
		1.8	**11.9**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period 1 July to 30 September 2024

in € million

	1/7/2024 - 30/9/2024	1/7/2023 - 30/9/2023
Group result	**1.8**	**11.9**
Other comprehensive income		
Items to be reclassified to profit or loss:		
Cash flow hedge	0.9	0.0
Gains or losses on translations of exchange differences	-1.3	0.9
Deferred income tax effect on items to be reclassified to profit or loss	-0.3	0.0
Items not to be reclassified to profit or loss:		
Actuarial gains or losses on defined benefit plans	-1.4	0.0
Other valuation results	0.1	0.0
Deferred income tax effect on items not to be reclassified to profit or loss	0.4	0.0
Total other comprehensive income	**-1.6**	**0.9**
Total comprehensive income net of tax	**0.2**	**12.8**
Thereof attributable to:		
Villeroy & Boch AG shareholders	-0.1	12.5
Minority interests	0.3	0.3
Total comprehensive income net of tax	**0.2**	**12.8**

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 30 September 2024

in € million

	1/1/2024 - 30/9/2024	1/1/2023 - 30/9/2023
Group result	5.6	37.7
Depreciation and attribution of non-current assets	52.0	33.2
Change in non-current provisions	-13.5	-10.8
Profit from disposal of fixed assets	-1.3	-10.6
Change in inventories, receivables and other assets	-47.2	-5.6
Change in liabilities, current provisions and other liabilities	-56.2	-47.3
Other non-cash income/expenses	36.9	2.2
Cash flow from operating activities	**-23.7**	**-1.2**
Purchase of intangible assets, property, plant and equipment	-31.0	-24.6
Investment in non-current financial assets	-2.2	-4.2
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	0.4	25.2
Proceeds from the sale of subsidiary companies and other business divisions	10.6	-
Proceeds from disposals of fixed assets	3.5	8.1
Cash flow from investing activities	**-446.0**	**4.5**
Proceeds from the issue of promissory note loans	153.1	-
Proceeds/Payments for the issue/repayment of financial liabilities	51.0	-9.8
Cash repayments of lease liabilities	-19.6	-12.9
Proceeds from the issue of treasury shares	0.2	-
Dividend paid to minority shareholders	-0.5	-0.3
Dividend paid to shareholders of Villeroy & Boch AG	-27.2	-31.1
Cash flow from financing activities	**157.0**	**-54.1**
Sum of cash flows	**-312.7**	**-50.8**
Balance of cash and cash equivalents as at 1 Jan	374.4	226.6
Net increase in cash and cash equivalents	-312.7	-50.8
Balance of cash and cash equivalents as at 30 Sept	**61.7**	**175.8**

CONSOLIDATED STATEMENT OF EQUITY

for the period 1 January to 30 September 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				37.5		37.5	0.2	37.7
Other comprehensive income						0.0		0.0
Total comprehensive income net of tax				**37.5**		**37.5**	**0.2**	**37.7**
Dividend payments				-31.1		-31.1	-0.3	-31.4
As of 30/9/2023	**71.9**	**194.2**	**-14.5**	**202.2**	**-78.7**	**375.1**	**3.7**	**378.8**
As of 1/1/2024	**71.9**	**194.7**	**-13.9**	**225.4**	**-93.7**	**384.4**	**3.8**	**388.2**
Group result				5.0		5.0	0.6	5.6
Other comprehensive income					-2.7	-2.7	0.1	-2.6
Total comprehensive income net of tax				**5.0**	**-2.7**	**2.3**	**0.7**	**3.0**
Issue of Treasury shares		0.1	0.0			0.1		**0.1**
Dividend payments				-27.2		-27.2	-0.6	**-27.8**
As of 30/9/2024	**71.9**	**194.8**	**-13.9**	**203.2**	**-96.4**	**359.6**	**3.9**	**363.5**

CONSOLIDATED SEGMENT REPORT

for the period 1 January to 30 September 2024

in € million

	Bathroom & Wellness		Dining & Lifestyle		Transition/Other		Villeroy & Boch Group	
	1/1/2024 - 30/9/2024	1/1/2023 - 30/9/2023	1/1/2024 - 30/9/2024	1/1/2023 - 30/9/2023	1/1/2024 - 30/9/2024	1/1/2023 - 30/9/2023	1/1/2024 - 30/9/2024	1/1/2023 - 30/9/2023
Revenue								
Segment revenue from sales of goods to external customers	**799.4**	435.9	**202.9**	211.0	**-**	-	**1,002.3**	646.9
Segment revenue from transactions with other segments	**-**	-	**-**	-	**-**	-	**-**	-
Segment revenue from licence business	**0.1**	-0.1	**3.3**	1.3	**2.1**	2.5	**5.5**	3.7
Revenue	**799.5**	435.8	**206.2**	212.3	**2.1**	2.5	**1,007.8**	650.6
Result								
Segment result	**52.3**	45.7	**12.2**	12.1	**-41.1**	-1.0	**23.4**	56.8
Financial result	**-**	-	**-**	-	**-15.3**	-2.9	**-15.3**	-2.9
Investments and depreciations								
Investments of intangible assets, property, plant and equipment	**26.7**	16.9	**4.3**	7.7	**-**	-	**31.0**	24.6
Investments of right-of-use assets on leases	**5.3**	2.7	**3.9**	5.8	**-**	-	**9.2**	8.5
Scheduled depreciation of intangible assets, property, plant and equipment	**29.5**	14.4	**4.0**	3.9	**-**	-	**33.5**	18.3
Scheduled depreciation of right-of-use assets on leases	**11.1**	4.1	**7.3**	7.1	**-**	-	**18.4**	11.2

Assets and liabilities	30/9/2024	31/12/2023	30/9/2024	31/12/2023	30/9/2024	31/12/2023	30/9/2024	31/12/2023
Segment assets	**1,258.5**	400.7	**195.3**	200.5	**301.8**	495.0	**1,755.6**	1,096.2
Segment liabilities	**361.8**	152.3	**83.6**	91.0	**946.7**	464.7	**1,392.1**	708.0
Rolling net operating assets								
Rolling operating assets	**1,063.9**	400.0	**186.4**	191.8	**-**	-	**1,250.3**	591.8
Rolling operating liabilities	**358.0**	151.6	**82.2**	82.6	**-**	-	**440.2**	234.2
Rolling net operation assets	**705.9**	248.4	**104.2**	109.2	**-**	-	**810.1**	357.6
Rolling operating result (EBIT) *								
Rolling operating result (EBIT) *	**82.0**	61.9	**34.6**	36.4	**-21.2**	-9.6	**95.4**	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.

CONSOLIDATED SEGMENT REPORT

for the period 1 July to 30 September 2024

in € million

	Bathroom & Wellness		Dining & Lifestyle		Transition/Other		Villeroy & Boch Group	
	1/7/2024 - 30/9/2024	1/7/2023 - 30/9/2023	1/7/2024 - 30/9/2024	1/7/2023 - 30/9/2023	1/7/2024 - 30/9/2024	1/7/2023 - 30/9/2023	1/7/2024 - 30/9/2024	1/7/2023 - 30/9/2023
Revenue								
Segment revenue from sales of goods to external customers	285.9	136.9	73.8	74.8	-	-	359.7	211.7
Segment revenue from transactions with other segments	-	-	-	-	-	-	-	-
Segment revenue from licence business	0.1	0.0	-	0.3	0.7	0.8	0.8	1.1
Revenue	286.0	136.9	73.8	75.1	0.7	0.8	360.5	212.8
Result								
Segment result	10.8	12.4	7.4	7.0	-9.2	-1.3	9.0	18.1
Financial result	-	-	-	-	-6.4	-1.0	-6.4	-1.0
Investments and depreciations								
Investments of intangible assets, property, plant and equipment	12.5	5.1	1.8	3.4	-	-	14.3	8.5
Investments of right-of-use assets on leases	1.3	0.3	1.9	3.8	-	-	3.2	4.1
Scheduled depreciation of intangible assets, property, plant and equipment	12.9	4.8	1.3	1.3	-	-	14.2	6.1
Scheduled depreciation of right-of-use assets on leases	4.5	1.3	2.5	2.4	-	-	7.0	3.7

SELECTED EXPLANATORY NOTES OF THE VILLEROY & BOCH GROUP FOR THE THIRD 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. Villeroy & Boch Aktiengesellschaft (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 for high-quality tableware and living accessories, 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 financial report covers the period from 1 January 2024 to 30 September 2024. It was approved for publication on 21 October 2024 after the Management Board discussed the financial 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 financial statements have not been audited or reviewed by an audit company. In the opinion of the Management Board, these financial statements provide a true and fair view of the net assets, financial position and results of operations of the Group. The financial 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.

In the period under review, the accounting and consolidation methods described in the 2023 annual report were extended to include the accounting standards endorsed by the EU and effective for reporting periods beginning on or after 1 January 2024. Overall, this did not have a material impact on this financial report. Further information on performance in the first nine months 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 a total of 42 companies (directly and indirectly) 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 a great 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, 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	174.0
Inventory	106.8
Other receivables and assets	223.0
Cash and cash equivalents	36.3
Total assets acquired	**540.1**
Minority interests	0.2
Pension provisions	111.6
Other provisions and liabilities	254.8
Financial liabilities	59.2
Lease liabilities	45.2
Total liabilities acquired	**471.0**
Net assets acquired	**69.1**
Acquired intangible assets incl. goodwill	381.8
Costs of acquisition (purchase price payment)	450.9

The assets and liabilities recognised as at 30 September 2024 are presented in the table below:

in € million	**30/9/2024**
Fixed assets	159.2
Inventory	122.1
Other receivables and assets	221.6
Cash and cash equivalents	24.3
Total assets	**527.2**
Minority interests	0.2
Pension provisions	110.0
Other provisions and liabilities	226.4
Financial liabilities	57.4
Lease liabilities	44.4
Total liabilities	**438.4**
Net assets	**88.9**

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 € 3.5 million has been calculated as a provisional value on the basis of the information available at the moment and recognised accordingly.

Based on the information currently available, the provisional difference from the initial consolidation amounts to € 383.1 million. This amount was mainly divided between brand rights with an indefinite term (€ 168.8 million), fixed assets (€ 77.0 million), inventories (€ 22.3 million) and brand rights and customer relationships with a limited term (€ 28.1 million). After taking into account deferred taxes, goodwill totalling € 152.4 million remains. Goodwill was allocated in full to the Bathroom & Wellness Division and is not deductible for income tax purposes.

The identified assets and liabilities acquired were measured at fair value on the basis of the information currently available. This measurement has not yet been finalised. Hidden reserves and liabilities were covered on the basis of the information currently available. If new information becomes known within one year of the acquisition date about facts and circumstances that existed at the acquisition date and which would have led to adjustments or additional provisions or assets, the accounting for the business combination is adjusted accordingly.

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. The Ideal Standard Group contributed € 364.6 million to revenue and € -11.0 million to the consolidated net profit in the current financial year, 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 € 527.8 million to the consolidated revenue. It was not feasible to calculate the contribution that the Ideal Standard Group made to earnings for the first nine months, as the information required for the four acquired companies was not available.

V AND B SOUTH AFRICA PTE LTD., Claremont, South Africa, 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 held 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 increased by € 186.3 million to € 375.1 million in the reporting period. The main reason for this was the acquisition of Ideal Standard. In addition, property, plant and equipment totalling € 29.6 million was acquired (previous year: € 23.7 million).

The investment focus of the Bathroom & Wellness Division was abroad. In Thailand, the construction of a new production hall continued. Additionally, investments were made in a washbasin die-casting press in both Thailand and the Czech Republic. In Hungary, a WC die-casting plant was acquired. Furthermore, investments were made in capacity expansion through a pallet warehouse and cutting saw in Treuchtlingen. Also, automation investments were made at the sites in Bulgaria and Wittlich.

The Dining & Lifestyle Division primarily invested in the modernisation of production facilities in Merzig and Torgau. In addition, new pressing tools were acquired. Moreover, investments were made in the modernisation of our own retail stores in Belgium, France, Italy, Switzerland and China.

In addition, € 4.8 million (previous year: € 4.3 million) was invested in the continuation of the "Mettlach 2.0" project.

Depreciation amounts to € 27.6 million (previous year: € 16.8 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 € 11.8 million (31 December 2023: € 12.7 million).

2. Right-of-use assets

Capitalized right-of-use assets increased by € 34.4 million to € 78.6 million in the reporting period. This change was mainly due to the acquisition of Ideal Standard amounting to € 39.0 million. Furthermore, additions amounting to € 9.2 million (previous year: € 8.5 million), offsetting depreciations amounting to € 18.4 million (previous year: € 11.2 million) and disposals at carrying amounts of € 0.0 million (previous year: € 0.3 million) contributed to the change. Expenses for short-term property leases totalled € 1.9 million (previous year: € 3.5 million) and € 4.4 million (previous year: € 5.0 million) from variable rental payments for property leases. Expenses for other short-term leases and leases for low-value assets amounted to € 5.6 million (previous year: € 2.1 million).

3. Other financial assets

Other financial assets include:

in € million	30/9/2024	31/12/2023
Deposits	0.7	1.2
Fair values of hedging instruments	3.1	1.9
Other financial assets	8.7	19.9
Short-term financial assets	**12.5**	**23.0**
Deposits	4.9	1.8
Fair values of hedging instruments	3.8	3.9
Other financial assets	16.1	0.0
Securities	1.5	1.7
Equity investments	2.1	2.1
Loans	1.1	1.3
Shares in non-consolidated subsidiaries	2.4	2.4
Long-term financial assets	**31.9**	**13.2**

Current financial assets declined by € 10.5 million to € 12.5 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 € 18.7 million to € 31.9 million in the reporting period, mainly 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	30/9/2024	31/12/2023
Raw materials and supplies	51.5	37.0
Work in progress	56.3	19.2
Finished goods and goods for resale	263.2	172.9
Inventories (total)	**371.0**	**229.1**

Write-downs of inventories increased by € 16.2 million to a total of € 55.0 million in the reporting period. Of this increase, € 14.6 million is attributable to Ideal Standard, of which € 13.7 million had already been recognised at the time of initial consolidation.

5. Trade receivables

Trade receivables are broken down as follows:

by customer domicile/in € million	30/9/2024	31/12/2023
Germany	36.7	27.1
Rest of euro zone	47.1	25.5
Rest of world	158.9	76.4
Gross carrying amount of trade	**242.7**	**129.0**
Impairment due to expected losses (level 1)	-0.8	-0.6
Impairment due to objective indications (level 2)	-8.4	-4.7
Impairment losses	**-9.2**	**-5.3**
Total trade receivables	**233.5**	**123.7**

€ 102.4 million of the increase in trade receivables is attributable to Ideal Standard.

6. Other non-current and current assets

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

in € million	30/9/2024		31/12/2023	
	Current	Non-current	Current	Non-current
Other tax receivables	9.5	-	7.3	-
Advance payments	4.5	0.1	2.4	0.1
Net defined benefit assets	-	39.5	-	-
Contract assets	0.1	-	0.1	-
Prepaid expenses	12.3	-	2.5	-
Other assets (total)	**26.4**	**39.6**	**12.3**	**0.1**

Non-current assets increased by € 39.5 million to € 39.6 million. The reason for this is the net pension asset of € 39.5 million taken over in the course of the acquisition of Ideal Standard. Current financial assets increased by € 14.1 million to € 26.4 million.

7. Cash and cash equivalents

Cash and cash equivalents are composed as follows:

in € million	30/9/2024	31/12/2023
Cash on hand incl. cheques	0.3	0.5
Current bank balances	11.6	76.3
Cash equivalents	49.8	297.6
Total cash and cash equivalents	**61.7**	**374.4**

The € 312.7 million decrease in cash and cash equivalents and short-term deposits is mainly due to the purchase price payment for the acquisition of the Ideal Standard Group and the dividend payment of € 27.2 million made by Villeroy & Boch AG. The decline in 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	30/9/2024	31/12/2023
Items to be reclassified to profit or loss:		
Currency translation of financial statements of foreign group companies	-25.1	-24.5
Currency translation of long-term loans classified as net investments in foreign group companies	-7.3	-2.0
Reserve for cash flow hedges	4.0	-0.3
Miscellaneous gains and losses on measurement	0.1	0.0
Deferred taxes for this category	-1.4	-2.0
Sub-total (a)	**-29.7**	**-28.8**
Items not to be reclassified to profit or loss:		
Actuarial gains and losses on defined benefit obligations	-97.6	-95.0
Miscellaneous gains and losses on measurement	0.8	0.7
Deferred taxes for this category	30.1	29.4
Sub-total (b)	**-66.7**	**-64.9**
Total revaluation surplus [(a)+(b)]	**-96.4**	**-93.7**

9. Pension provisions, non-current and current provisions for personnel

Pension provisions increased mainly as a result of the Ideal Standard acquisition by € 105.2 million to € 252.9 million (previous year: € 147.7 million).

Non-current provisions for personnel changed to only a minor extent in the reporting period. Current provisions for personnel decreased mainly due to the payment of variable remuneration for 2023.

10. Other non-current and current provisions

Other non-current and current provisions increased by € 28.9 million to € 88.4 million in the reporting period. This was mainly due to the provisions for environmental risks assumed as a result of the acquisition of Ideal Standard.

11. Non-current and current financial liabilities

The increase in non-current financial liabilities by € 154.4 million to € 305.6 million is mainly due to the payment of the second tranche of promissory note loans as part of the purchase price financing. Most of the increase in current financial liabilities by € 108.9 million to € 167.2 million is also related to the acquisition of the Ideal Standard Group.

12. Non-current and current lease liabilities

Non-current and current lease liabilities increased by € 38.5 million to € 83.9 million in the reporting period. The change is mainly due to the acquisition of Ideal Standard. In addition, a decline in repayments of principal of € 19.6 million (previous year: € 12.9 million) was offset by additions from newly concluded lease agreements totalling € 9.2 million (previous year: € 8.5 million). Interest expenses for leased right-of-use assets amounted to € 2.6 million (previous year: € 1.0 million) in the reporting period.

13. Other non-current and current liabilities

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

in € million	30/9/2024		31/12/2023	
	Current	Non-current	Current	Non-current
Bonus liabilities (a)	89.4	-	51.0	-
Fair values of hedging instruments	2.2	0.7	3.8	2.3
Liabilities to affiliated, non-consolidated companies	2.9	-	0.2	-
Miscellaneous other liabilities	13.6	5.1	6.6	1.6
Total financial liabilities	**108.1**	**5.8**	**61.6**	**3.9**
Personnel liabilities (a)	44.4	-	18.7	-
Other tax liabilities	14.9	-	13.6	-
Contractual liabilities	3.7	-	4.6	-
Deferred income	0.7	0.3	1.2	0.3
Total other liabilities	**63.7**	**0.3**	**38.1**	**0.3**
Total book value	**171.8**	**6.1**	**99.7**	**4.2**

(a) The usual seasonal decline in these items is more than compensated for by an increase from the acquisition of the Ideal Standard Group.

Other current liabilities increased by € 72.1 million to € 171.8 million in the reporting period. The main reason for this was the acquisition of Ideal Standard. Other non-current liabilities changed only to a minor extent in the reporting period.

NOTES ON SELECTED ITEMS OF THE CONSOLIDATED INCOME STATEMENT

14. Revenue

Revenue is broken down in the segment reporting.

15. Selling, marketing and development costs

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

in € million	2024		2023	
	Q1-3	Q3	Q1-3	Q3
Bathroom & Wellness	-17.3	-8.2	-10.6	-3.4
Dining & Lifestyle	-3.8	-1.4	-3.9	-1.3
Research and development costs (total)	**-21.1**	**-9.6**	**-14.5**	**-4.7**

16. Financial result

The financial result is broken down as follows:

in € million	2024		2023	
	Q1-3	Q3	Q1-3	Q3
Financial expenses	-13.9	-6.4	-3.3	-1.1
Interest expense on lease liabilities	-2.6	-0.9	-1.0	-0.4
Interest expenses for provisions (pensions)	-4.4	-1.6	-3.8	-1.3
Financial income	5.6	2.5	5.2	1.8
Net finance expense (total)	**-15.3**	**-6.4**	**-2.9**	**-1.0**

Financial expenses increased by € 10.6 million to € 13.9 million compared to the previous year. This is due to the higher financing interest from the increase in financial liabilities.

17. Income taxes

The main components of income tax expense are as follows:

in € million	2024		2023	
	Q1-3	Q3	Q1-3	Q3
Current income taxes	-11.2	-7.9	-17.7	-5.2
Deferred taxes	8.7	7.1	1.5	-
Income taxes (total)	**-2.5**	**-0.8**	**-16.2**	**-5.2**

18. Related party disclosures

No material contracts were entered into with related parties and non-consolidated affiliated companies 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 2023 consolidated financial statements. All transactions are conducted at arm's-length conditions.

19. Events after the end of the reporting period

No further significant events occurred by the time the half-year financial report was approved for publication.

Mettlach 23 October 2024

The Management Board

FINANCIAL CALENDAR

13 March 2025	Annual press conferenz for the 2024 financial year
29 April 2025	Report on the first three months of 2025
09 May 2025	General Meeting of Shareholders of Villeroy & Boch AG

This financial 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 financial report and further information can also be downloaded at www.villeroyboch-group.com.