



Villeroy & Boch

1748



275 CREATING  
YEARS HOMES

INTERIM REPORT

1 January to 31 March 2023

# INTERIM REPORT

## 1 January to 31 March 2023

- Consolidated revenue down 7.7 % year-on-year to € 229.3 million due to economic factors.
- EBIT at € 19.6 million, by 3.9 % slightly below previous year.
- Full-year earnings forecast for 2023 still confirmed.

<b>THE GROUP AT A GLANCE</b>	<b>1/1/2023 - 31/3/2023</b>	<b>1/1/2022 - 31/3/2022</b>	<b>Change</b>	<b>Change</b>
	in € million	in € million	in € million	in %
Revenue	229.3	248.5	-19.2	-7.7
Revenue – Germany	66.8	78.0	-11.2	-14.4
Revenue – Abroad	162.5	170.5	-8.0	-4.7
On a constant currency basis	231.4	248.5	-17.1	-6.9
EBIT	19.6	20.4	-0.8	-3.9
EBT	18.3	19.3	-1.0	-5.2
Group result	12.8	13.5	-0.7	-5.2
Return on net operating assets (rolling)	31.0 %	31.5 % <sup>(1)</sup>	-	-0.5 PP
Investments (without leasing)	6.0	3.3 <sup>(2)</sup>	2.7	81.8
Investments „Leases“ – IFRS 16	3.0	4.8	-1.8	-37.5
Employees (FTEs as at end of period)	6,196 FTE	6,455 FTE	-259 FTE	-4.0

(1) Return on net operating assets as at 31 December 2022

(2) Change in accounting for emission allowances in accordance with IAS 8.14 (for explanations, see Annual report 2022, section 6.1.1, Accounting policies)

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

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## **INTERIM MANAGEMENT REPORT OF THE VILLEROY & BOCH GROUP FOR THE FIRST QUARTER OF 2023**

### **GENERAL CONDITIONS OF THE GROUP**

The basic information on the Group as presented in the 2022 Group management report remains unchanged.

### **ECONOMIC REPORT**

#### **General economic conditions**

Global economic development slowed further in the first three months of the 2023 financial year. Although the situation on the energy markets and supply chains eased considerably, the ramifications of the ongoing war in Ukraine and high inflation are continuing to have a pronounced impact on the world economy.

In Europe in particular, high inflation led to a loss of purchasing power and reluctance on the part of consumers, resulting in a tangible decline in private consumer spending. Germany was especially hard hit by this development. This was exacerbated by the negative impact of the continuous rise in interest rates on the propensity to invest.

#### **Course of business and position of the Villeroy & Boch Group**

Based on the past first quarter of the 2023 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 € 229.3 million in the first quarter of 2023. Due to economic factors, this was € 19.2 million or 7.7 % less than the very good figure for the first quarter of the previous year.

Adjusted for currency effects, i.e. using the same exchange rates as for the previous year, revenue fell by 6.9 %. Negative currency effects, particularly relating to the Swedish krona and the Chinese yuan, outweighed the positive effects of

the stronger US dollar compared with the previous year. Currency effects differed between the two divisions.

Revenue in our main region of EMEA (Europe, Middle East, Africa) declined by 10.7 % or € 22.1 million. This is due in particular to the weak performance in Germany, where our revenue fell by 14.3 % or € 11.1 million. By contrast, revenue in Southern Europe increased by 23.6 % or € 2.3 million.

Overseas, we recorded revenue growth of 6.8 %. Our revenue in the Asia/Pacific region increased by 16.6 % or € 5.1 million.

Incoming orders increase in the first quarter of 2023, rising by € 5.7 million as against 31 December 2022 to € 143.0 million.

Orders on hand in the Bathroom & Wellness Division amounted to € 113.7 million as the order situation in Europe returned to normal (31 December 2022: € 116.9 million). By contrast, the resurgent project business in China had a positive effect.

Orders on hand in the Dining & Lifestyle Division amounted to € 29.3 million (31 December 2022: € 20.4 million). This increase was due in particular to the orders that have been already placed for our Christmas range, which we successfully presented at the “Inspiration Days” in February 2023 along with the latest trends, our new products and this year’s anniversary collection.

We generated EBIT of € 19.6 million in the first quarter of 2023, down only slightly on the previous year (€ 20.4 million). We are pleased to have been able to largely offset the weak revenue performance through lower procurement costs and savings in our structural costs.

The Group’s rolling return on net operating assets was 31.0 % as at 31 March 2023 (31 December 2022: 31.5 %). The reason for

the slight decline was the increase in net operating assets.

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

#### Course of business and position of the division

##### Bathroom & Wellness

The Bathroom & Wellness Division generated revenue of € 150.8 million in the first quarter of 2023, down 12.4 % on the extremely strong first quarter of the previous year (€ 172.1 million).

Revenue declined by 11.1 % on a constant currency basis, with negative currency effects resulting from the Swedish krona and the Chinese yuan in particular.

The downturn in revenue was observed in all business areas. It was particularly pronounced in our ceramic sanitary ware business (€ -8.8 million) due to the economic slowdown in Europe and in our wellness business (€ -7.1 million), where revenue from outdoor hot tubs declined especially due to the statutory restriction in Germany in connection with the energy crisis. By contrast, new products such as toilets with new flush technology met with a positive market response. Thanks to the sustained strength of our project business, we achieved substantial revenue growth in Asia with market-specific products including our ViClean shower toilets in particular.

The Bathroom & Wellness Division started the first quarter of 2023 with an operating profit (EBIT) of € 17.4 million and was thus almost at the previous year's level (€ 17.7 million). The downturn in earnings due to revenue development was offset by falling procurement prices, especially for energy.

The rolling return on net operating assets declined to 32.7 % (31 December 2022: 35.6 %) as a result of the lower level of earnings and the growth in net assets.

##### Dining & Lifestyle

The Dining & Lifestyle Division generated revenue of € 77.7 million in the first quarter of 2023 up 3.0 % on the previous year. Revenue increased by 2.6 % on a constant currency basis, with positive currency effects resulting from the US dollar in particular.

We generated revenue growth across almost all sales channels in the first quarter of 2023. Our project business with hotel and restaurant customers saw particularly strong growth of € 2.7 million on the back of our pronounced focus on the high-end segment.

Thanks in particular to the encouraging revenue development and cost savings, the Dining & Lifestyle Division ended the quarter with operating EBIT of € 5.6 million, up € 1.9 million on the previous year (€ 3.7 million).

The rolling operating return on net assets increased to 36.1 % as a result of the increase in operating result (31 December 2022: 35.4 %).

##### Capital structure

Our equity increased by € 14.8 million as against the end of 2022, amounting to € 387.3 million as at 31 March 2023.

The rise in equity is mainly due to the Group result of € 12.8 million generated in the first quarter of 2023.

At 40.9 %, our equity ratio (including non-controlling interests) was therefore 2.9 percentage points higher than in the previous year (31 December 2022: 38.0 %).

##### Investments

We invested € 6.0 million in property, plant and equipment and intangible assets in the first quarter of 2023 (previous year: € 3.3 million). The Bathroom & Wellness Division accounted for € 4.3 million, with the remaining € 1.7 million attributable to the Dining & Lifestyle Division.

Investment activity in the Bathroom & Wellness Division concentrated on pressure casting machines and a photovoltaic system in Hungary

and a new vertical moulding machine in Belgium.

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 € 21.2 million as at the end of the reporting period (previous year: € 15.3 million).

### Net liquidity

Taking into account our financial liabilities of € 75.2 million, the cash and bank balances of € 200.9 million resulted in net liquidity of € 125.7 million as at 31 March 2023 (31 December 2022: € 141.2 million).

We also have unused credit facilities of € 282.4 million at our disposal.

### Balance sheet structure

Total assets amounted to € 947.4 million as at the end of the reporting period as against € 980.2 million as at 31 December 2022, a decrease of € 32.8 million.

The share of total assets attributable to non-current assets increased slightly to 30.1 % (31 December 2022: 29.3 %).

Current assets decreased by € 32.7 million as against 31 December 2022. This was mainly due to the decrease in cash and cash equivalents (€ -25.7 million) and trade receivables (€ -15.3 million) and the increase in inventories (€ +5.0 million) and other current assets (€ +3.3 million).

On the equity and liabilities side of the statement of financial position, the biggest changes as against the end of 2022 were within current liabilities (€ -43.8 million), with a reduction in other current liabilities (-24.9 million €), current financial liabilities (-10.2 million €) and current personnel provisions (-7.8 million €).

Non-current liabilities decreased by a total of € 3.8 million, mainly due to the reduction of other long-term liabilities (€ -2.4 million) and

the usual utilisation of pension provisions (€ -1.2million).

### REPORT ON RISKS AND OPPORTUNITIES

The risks and opportunities described in the 2022 annual report are unchanged.

As previously, a regular, focused re-examination of all risk areas is continuously performed.

The relaxation of the procurement markets and the resulting decrease in purchase prices, especially for energy, meant the corresponding risks declined earlier than anticipated. However, the economic environment continued to deteriorate, especially in Europe. There remains considerable uncertainty regarding the potential consequences of the war in Ukraine.

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

Outside of our operating business, we still believe that there is earnings potential in the development and marketing of our property in Luxembourg that is no longer required for operating purposes.

### OUTLOOK FOR THE CURRENT FINANCIAL YEAR

The International Monetary Fund (IMF) expects the global economy to continue to slow. According to its most recent World Economic Outlook published in April, the war in Ukraine and high inflation are inhibiting the economic recovery, resulting in a slight downward revision of the global economic growth forecast for 2023 to 2.8 %.

Based on business performance in the first three months of the current financial year, the Management Board of Villeroy & Boch AG now expects consolidated revenue for 2023 to be at the same level as in the previous year (amended forecast). The forecasts regarding the operating result, the return on net operating assets and capital expenditure remain unchanged.

## INTERIM REPORT ON THE FIRST QUARTER OF 2023

However, it cannot be ruled out that the further development of the Ukraine war could have a more pronounced economic impact on the construction sector and future private consumer

behaviour, thereby negatively impacting the performance of the Villeroy & Boch Group in the second half of 2023.

Mettlach 19 April 2023



Frank Göring



Dr Peter Domma



Esther Jehle



Georg Lörz



Gabriele Schupp



Dr Markus Warncke

## CONSOLIDATED BALANCE SHEET

as of 31 March 2023 in € million

Assets	Notes	31/3/2023	31/12/2022
<b>Non-current assets</b>			
Intangible assets		33.6	33.3
Property, plant and equipment	1	176.1	175.4
Right-of-use assets	2	40.1	41.3
Investment property		4.4	4.6
Investment accounted for using the equity method		2.4	2.4
Other financial assets	3	28.8	29.8
		<b>285.4</b>	<b>286.8</b>
Other non-current assets	6	4.9	3.0
Deferred tax assets		30.9	31.5
		<b>321.2</b>	<b>321.3</b>
<b>Current assets</b>			
Inventories	4	243.4	238.4
Trade receivables	5	114.1	129.4
Other financial assets	3	25.1	25.0
Other current assets	6	33.7	30.4
Income tax receivables		9.0	9.1
Cash and cash equivalents	7	200.9	226.6
		<b>626.2</b>	<b>658.9</b>
<b>Total assets</b>		<b>947.4</b>	<b>980.2</b>
<b>Equity and Liabilities</b>			
	Notes	31/3/2023	31/12/2022
<b>Equity attributable to Villeroy &amp; Boch AG shareholders</b>			
Issued capital		71.9	71.9
Capital surplus		194.2	194.2
Treasury shares		-14.5	-14.5
Retained earnings		208.6	195.8
Revaluation surplus	8	-76.5	-78.7
		<b>383.7</b>	<b>368.7</b>
<b>Equity attributable to minority interests</b>		<b>3.6</b>	<b>3.8</b>
<b>Total equity</b>		<b>387.3</b>	<b>372.5</b>
<b>Non-current liabilities</b>			
Provisions for pensions		125.7	126.9
Non-current provisions for personnel	9	13.0	13.0
Other non-current provisions		18.8	18.8
Non-current financial liabilities	10	75.0	75.0
Non-current lease liabilities	11	29.0	29.2
Other non-current liabilities	12	6.0	8.4
Deferred tax liabilities		5.9	5.9
		<b>273.4</b>	<b>277.2</b>
<b>Current liabilities</b>			
Current provisions for personnel	9	9.7	17.5
Other current provisions		33.5	28.4
Current financial liabilities	10	0.2	10.4
Current lease liabilities	11	11.3	12.7
Other current liabilities	12	118.2	143.1
Trade payables		94.8	99.4
Income tax liabilities		19.0	19.0
		<b>286.7</b>	<b>330.5</b>
<b>Total liabilities</b>		<b>560.1</b>	<b>607.7</b>
<b>Total equity and liabilities</b>		<b>947.4</b>	<b>980.2</b>

## CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 March 2023

in € million

	Notes	1/1/2023 - 31/3/2023	1/1/2022 - 31/3/2022
<b>Revenue</b>	13	<b>229.3</b>	<b>248.5</b>
Costs of sales		-129.7	-145.3
<b>Gross profit</b>		<b>99.6</b>	<b>103.2</b>
Selling, marketing and development costs	14	-67.2	-67.9
General administrative expenses		-11.2	-12.2
Other operating income and expenses		-1.6	-2.7
Result of associates accounted for using the equity method		0.0	0.0
<b>Operating result (EBIT)</b>		<b>19.6</b>	<b>20.4</b>
Financial result	15	-1.3	-1.1
<b>Earnings before taxes</b>		<b>18.3</b>	<b>19.3</b>
Income taxes		-5.5	-5.8
<b>Group result</b>		<b>12.8</b>	<b>13.5</b>
Thereof attributable to:			
Villeroy & Boch AG shareholders		12.8	13.4
Minority interests		0.0	0.1
<b>Group result</b>		<b>12.8</b>	<b>13.5</b>
<b>Earnings per share</b>		<b>in €</b>	<b>in €</b>
Earnings per ordinary share		0.46	0.48
Earnings per preference share		0.51	0.53

During the reporting period there were no share dilution effects.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 31 March 2023

in € million

	1/1/2023 - 31/3/2023	1/1/2022 - 31/3/2022
<b>Group result</b>	<b>12.8</b>	<b>13.5</b>
<b>Other comprehensive income</b>		
<b>Items to be reclassified to profit or loss:</b>		
Gains or losses on translations of exchange differences	-0.4	-0.4
Gains or losses on cash flow hedge	2.6	8.0
Deferred income tax effect on items to be reclassified to profit or loss	-0.8	0.1
<b>Items not to be reclassified to profit or loss:</b>		
Actuarial gains or losses on defined benefit plans	0.0	-0.1
Gains or losses on other value changes of securities	0.6	-0.2 <sup>(1)</sup>
Deferred income tax effect on items not to be reclassified to profit or loss	0.0	0.0
<b>Total other comprehensive income</b>	<b>2.0</b>	<b>7.4</b>
<b>Total comprehensive income net of tax</b>	<b>14.8</b>	<b>20.9</b>
Thereof attributable to:		
Villeroy & Boch AG shareholders	15.0	20.6
Minority interests	-0.2	0.3
<b>Total comprehensive income net of tax</b>	<b>14.8</b>	<b>20.9</b>

(1) Change in accounting for emission allowances in accordance with IAS 8.14 (for explanations, see Annual report 2022, section 6.1.1, Accounting policies)



INTERIM REPORT ON THE FIRST QUARTER OF 2023

**CONSOLIDATED CASH FLOW STATEMENT**

for the period 1 January to 31 March 2023

in € million

	<b>1/1/2023</b> <b>- 31/3/2023</b>	<b>1/1/2022</b> <b>- 31/3/2022</b>
Group result	12.8	13.5
Depreciation of non-current assets	11.1	10.2
Change in non-current provisions	-2.5	-2.5 <sup>(1)</sup>
Profit from disposal of fixed assets	-0.6	-0.1
Change in inventories, receivables and other assets	8.9	-28.9
Change in liabilities, current provisions and other liabilities	-34.1	8.7 <sup>(1)</sup>
Other non-cash income/expenses	1.5	0.1
<b>Cash Flow from operating activities</b>	<b>-2.9</b>	<b>1.0</b>
Purchase of intangible assets, property, plant and equipment	-6.0	-3.3 <sup>(1)</sup>
Investment in non-current financial assets	-1.1	-2.0
Proceeds from disposals of fixed assets	-0.4	4.0
<b>Cash Flow from investing activities</b>	<b>-7.5</b>	<b>-1.3</b>
Change in financial liabilities	-10.2	-0.2
Cash repayments of lease liabilities	-5.0	-6.4
Dividends paid to minority shareholders	-0.1	-
Dividend paid to shareholders of Villeroy & Boch AG	-	-
<b>Cash Flow from financing activities</b>	<b>-15.3</b>	<b>-6.6</b>
<b>Sum of cash flows</b>	<b>-25.7</b>	<b>-6.9</b>
Balance of cash and cash equivalents as at 1 Jan	226.6	264.1
Net increase in cash and cash equivalents	-25.7	-6.9
<b>Balance of cash and cash equivalents as at 31 March</b>	<b>200.9</b>	<b>257.2</b>

(1) Change in accounting for emission allowances in accordance with IAS 8.14 (for explanations, see Annual report 2022, section 6.1.1, Accounting policies)

INTERIM REPORT ON THE FIRST QUARTER OF 2023

**CONSOLIDATED STATEMENT OF EQUITY**

for the period 1 January to 31 March 2023  
in € million

Notes	Equity attributable to Villeroy & Boch AG shareholders						Equity attributable to minority interests	Total equity	
	Issued capital	Capital surplus	Treasury shares	Retained earnings	Revaluation surplus	Total			
<b>As of 1/1/2022</b>	<b>71.9</b>	<b>194.2</b>	<b>-14.5</b>	<b>150.4</b>	<b>-92.1</b>	<b>8</b>	<b>309.9</b>	<b>3.7</b>	<b>313.6</b>
Group result				13.4			13.4	0.1	13.5
Other comprehensive income					7.2 <sup>(1)</sup>		7.2	0.2	7.4
<b>Total comprehensive income net of tax</b>				<b>13.4</b>	<b>7.2</b>		<b>20.6</b>	<b>0.3</b>	<b>20.9</b>
Dividend payments							0.0		0.0
<b>As of 31/3/2022</b>	<b>71.9</b>	<b>194.2</b>	<b>-14.5</b>	<b>163.8</b>	<b>-84.9</b>		<b>330.5</b>	<b>4.0</b>	<b>334.5</b>
<b>As of 1/1/2023</b>	<b>71.9</b>	<b>194.2</b>	<b>-14.5</b>	<b>195.8</b>	<b>-78.7</b>		<b>368.7</b>	<b>3.8</b>	<b>372.5</b>
Group result				12.8			12.8		12.8
Other comprehensive income					2.2		2.2	-0.2	2.0
<b>Total comprehensive income net of tax</b>				<b>12.8</b>	<b>2.2</b>		<b>15.0</b>	<b>-0.2</b>	<b>14.8</b>
Dividend payments							0.0		0.0
<b>As of 31/3/2023</b>	<b>71.9</b>	<b>194.2</b>	<b>-14.5</b>	<b>208.6</b>	<b>-76.5</b>		<b>383.7</b>	<b>3.6</b>	<b>387.3</b>

(1) Change in accounting for emission allowances in accordance with IAS 8.14 (for explanations, see Annual report 2022, section 6.1.1, Accounting policies)

INTERIM REPORT ON THE FIRST QUARTER OF 2023

**CONSOLIDATED SEGMENT REPORT**

for the period 1 January to 31 March 2023

in € million

	Bathroom & Wellness		Dining & Lifestyle		Transition/Other		Villeroy & Boch-Group	
	1/1/2023 - 31/3/2023	1/1/2022 - 31/3/2022	1/1/2023 - 31/3/2023	1/1/2022 - 31/3/2022	1/1/2023 - 31/3/2023	1/1/2022 - 31/3/2022	1/1/2023 - 31/3/2023	1/1/2022 - 31/3/2022
<b>Revenue</b>								
Segment revenue from sales of goods to external customers	150.8	172.0	77.2	75.3	-	-	228.0	247.3
Segment revenue from transactions with other segments	-	-	-	-	-	-	-	-
Segment revenue from licence	0.0	0.1	0.5	0.2	0.8	0.9	1.3	1.2
Revenue	150.8	172.1	77.7	75.5	0.8	0.9	229.3	248.5
<b>Result</b>								
Segment result	17.4	17.7	5.6	3.7	-3.4	-1.0	19.6	20.4
Financial result	-	-	-	-	-1.3	-1.1	-1.3	-1.1
<b>Investments and depreciations</b>								
Investments of intangible assets, property, plant and equipment	4.3	1.7 <sup>(1)</sup>	1.7	1.6	-	-	6.0	3.3
Investments of right-of-use assets on leases	1.3	0.9	1.7	3.9	-	-	3.0	4.8
Scheduled depreciation of intangible assets, property, plant and equipment	4.7	4.9	1.3	1.3	-	-	6.0	6.2
Scheduled depreciation of right-of-use assets on leases	1.5	1.3	2.3	2.4	-	-	3.8	3.7
<b>Assets and Liabilities</b>	<b>31/3/2023</b>	<b>31/12/2022</b>	<b>31/3/2023</b>	<b>31/12/2022</b>	<b>31/3/2023</b>	<b>31/12/2022</b>	<b>31/3/2023</b>	<b>31/12/2022</b>
Segment assets	405.5	403.3	183.5	198.2	358.4	378.7	947.4	980.2
Segment liabilities	162.5	189.1	82.7	88.7	315.0	329.9	560.1	607.7
<b>Rolling net operating assets</b>								
Rolling operating assets	401.4	400.4	191.2	185.4	-	-	592.6	585.8
Rolling operating liabilities	184.1	189.8	86.2	84.5	-	-	270.3	274.3
Rolling net operation assets	217.3	210.6	105.0	100.9	-	-	322.3	311.5
<b>Rolling operating result (EBIT) *</b>								
Rolling operating result (EBIT) *	71.0	75.0	37.9	35.7	-9.1	-12.5	99.8	98.2

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

(1) Change in accounting for emission allowances in accordance with IAS 8.14 (for explanations, see Annual report 2022, section 6.1.1, Accounting policies).

## NOTES TO THE INTERIM FINANCIAL STATEMENTS OF THE VILLEROY & BOCH GROUP FOR THE FIRST QUARTER OF 2023

### 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 2023 to 31 March 2023. It was approved for publication on 19 April 2023 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 2022. These can be downloaded from the Investor Relations section of the website at [www.villeroyboch-group.com](http://www.villeroyboch-group.com).

In the period under review, the accounting and consolidation methods described in the 2022 annual report were extended to include the accounting standards endorsed by the EU and effective for reporting periods beginning on or after 1 January 2023. None of these changes to accounting provisions had a material impact on this interim report. Further information on performance in the first quarter of 2023 can be found in the above economic report.

### Basis of consolidation

The basis of consolidation of the Villeroy & Boch Group consists of 52 companies (31 December 2022: 52).

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.

### Annual General Meeting of Villeroy & Boch AG for the 2022 financial year

The General Meeting of Shareholders on 21 April 2023 resolved the dividend of € 1.15 per ordinary share and € 1.20 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 € 16.1 million (previous year: € 13.4 million) for the ordinary share capital and € 15.0 million (previous year: € 12.4 million) for the preference share capital. The dividend will be paid on 26 April 2023. The Villeroy & Boch Group will hold 1,627,199 (previous year: 1,627,199) preference shares 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 € 5.8 million was acquired in the period under review (previous year: € 3.1 million). Investment in the Bathroom & Wellness Division focused on international locations. For example, we invested in pressure casting machines and a photovoltaic system for our ceramic ware plant in Hungary. We also acquired a new vertical moulding machine for our wellness plant in Belgium.

The Dining & Lifestyle Division primarily invested in the modernisation of the production facilities in Merzig and Torgau. In addition, new pressing tools were acquired. The Group also invested in the modernisation of its own retail stores.

Depreciation amounts to € 5.6 million (previous year: € 5.7 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 € 20.8 million (31 December 2022: € 19.2 million).

### 2. Right-of-use assets

Capitalized right-of-use assets declined by € 1.2 million to € 40.1 million in the reporting period. This change is due to additions of € 3.0 million (previous year: € 4.8 million) and, offsetting this, depreciation of € 3.8 million (previous year: € 3.7 million) and disposals of € 0.1 million (previous year: € 1.9 million). Expenses for short-term property leases amounted to € 1.1 million (previous year: € 1.1 million) with € 1.9 million (previous year: € 1.5 million) from variable rental payments for property leases. Expenses for other short-term leases and leases for low-value assets amounted to € 0.7 million (previous year: € 0.5 million).

### 3. Other financial assets

Other financial assets include:

in € million	31/3/2023	31/12/2022
Securities	25.1	25.0
<b>Short-term financial assets</b>	<b>25.1</b>	<b>25.0</b>
Securities	20.5	20.1
Equity investments	2.1	2.1
Loans	1.2	1.2
Shares in non-consolidated subsidiaries	5.0	6.4
<b>Long-term financial assets</b>	<b>28.8</b>	<b>29.8</b>

Non-current financial assets declined by € 1 million to € 28.8 million in the reporting period. The reasons for this development included impairment losses on shares in non-consolidated subsidiaries in the amount of € 1.4 million.

## INTERIM REPORT ON THE FIRST QUARTER OF 2023

### 4. Inventories

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

in € million	31/3/2023	31/12/2022
Raw materials and supplies	39.2	40.2
Work in progress	23.7	22.4
Finished goods and goods for resale	180.5	175.8
<b>Inventories (total)</b>	<b>243.4</b>	<b>238.4</b>

Write-downs of inventories increased by € 7.0 million to a total of € 40.3 million in the reporting period.

### 5. Trade receivables

Trade receivables are broken down as follows:

by customer domicile/in € million	31/3/2023	31/12/2022
Germany	29.1	29.3
Rest of euro zone	25.2	29.8
Rest of world	65.3	76.1
<b>Gross carrying amount of trade receivables</b>	<b>119.6</b>	<b>135.2</b>
Impairment due to expected losses (level 1)	-0.9	-0.9
Impairment due to objective indications (level 2)	-4.6	-4.9
<b>Impairment losses</b>	<b>-5.5</b>	<b>-5.8</b>
<b>Total trade receivables</b>	<b>114.1</b>	<b>129.4</b>

### 6. Other non-current and current assets

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

in € million	31/3/2023		31/12/2022	
	Cur- rent	Non- current	Cur- rent	Non- current
Deposits	0.3	1.8	0.8	1.8
Fair values of hedging instruments	4.4	3.0	4.3	1.1
Miscellaneous assets	12.5	-	10.9	-
Other tax receivables	8.7	-	8.9	-
Advance payments	3.1	0.1	2.9	0.1
Contract assets	0.5	-	0.6	-
Prepaid expenses	4.2	-	2.0	-
<b>Other assets (total)</b>	<b>33.7</b>	<b>4.9</b>	<b>30.4</b>	<b>3.0</b>

## INTERIM REPORT ON THE FIRST QUARTER OF 2023

### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

in € million	31/3/2023	31/12/2022
Cash on hand incl. cheques	0.3	0.4
Current bank balances	77.4	104.4
Cash equivalents	123.2	121.8
<b>Total cash and cash equivalents</b>	<b>200.9</b>	<b>226.6</b>

The € 25.7 million decrease in cash and cash equivalents is primarily attributable to the repayment of a bank loan of € 10 million on schedule (see note 10) and seasonal effects such as the payment of customer bonuses (see note 12) and the variable remuneration for 2022 (see note 9). Bank balances were offset against matching liabilities in the amount of € 10.2 million (31 December 2022: € 14.5 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	31/3/2023	31/12/2022
<b>Items to be reclassified to profit or loss:</b>		
Currency translation of financial statements of foreign group companies	-23.1	-21.2
Currency translation of long-term loans classified as net investments in foreign group companies	-4.0	-5.7
Reserve for cash flow hedges	-1.3	-3.8
Deferred taxes for this category	-1.6	-0.9
<b>Sub-total (a)</b>	<b>-30.0</b>	<b>-31.6</b>
<b>Items not to be reclassified to profit or loss:</b>		
Actuarial gains and losses on defined benefit obligations	-67.0	-67.0
Miscellaneous gains and losses on measurement	-0.3	-0.9
Deferred taxes for this category	20.8	20.8
<b>Sub-total (b)</b>	<b>-46.5</b>	<b>-47.1</b>
<b>Total revaluation surplus [(a)+(b)]</b>	<b>-76.5</b>	<b>-78.7</b>

### 9. Non-current and current provisions for personnel

Non-current provisions for personnel have not changed. The change in current provisions for personnel is mainly due to the payment of variable remuneration for 2022.

### 10. Non-current and current financial liabilities

Non-current financial liabilities remained unchanged in the reporting period. The reduction in current financial liabilities is mainly due to the repayment of a bank loan of € 10 million on schedule.

## INTERIM REPORT ON THE FIRST QUARTER OF 2023

### 11. Non-current and current lease liabilities

Non-current and current lease liabilities declined by € 1.6 million to € 40.3 million in the reporting period. A reduction in lease payments in the amount of € 4.9 million (previous year: € 6.4 million) was partially offset by new leases in the amount of € 3.0 million (previous year: € 4.8 million). Interest expenses for leased right-of-use assets amounted to € 0.3 million in the reporting period (previous year: € 0.1 million).

### 12. Other non-current and current liabilities

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

in € million	31/3/2023		31/12/2022	
	Current	Non-current	Current	Non-current
Bonus liabilities (a)	41.0	-	64.6	-
Fair values of hedging instruments	4.9	3.8	2.7	6.5
Liabilities to affiliated, non-consolidated companies	0.2	-	0.2	-
Miscellaneous other liabilities	30.6	1.8	28.8	1.5
Personnel liabilities (a)	23.6	-	21.6	-
Other tax liabilities	11.6	-	10.8	-
Contractual liabilities	5.4	-	13.6	-
Deferred income	0.9	0.4	0.8	0.4
<b>Other liabilities (total)</b>	<b>118.2</b>	<b>6.0</b>	<b>143.1</b>	<b>8.4</b>

(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	31/03/2023	31/03/2022
Bathroom & Wellness	-3.7	-3.5
Dining & Lifestyle	-1.3	-1.2
<b>Research and development costs (total)</b>	<b>-5.0</b>	<b>-4.7</b>

### 15. Financial result

The financial result is broken down as follows:

in € million	31/03/2023	31/03/2022
Financial expenses	-1.0	-0.8
Financial expenses on lease liabilities	-0.3	-0.1
Interest expenses for provisions (pensions)	-1.3	-0.4
Financial income	1.3	0.2
<b>Net finance expense (total)</b>	<b>-1.3</b>	<b>-1.1</b>



## INTERIM REPORT ON THE FIRST QUARTER OF 2023

### 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 2022 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 19 April 2023

The Management Board

### FINANCIAL CALENDAR

20 July 2023	Report on the first half of 2023
20 October 2023	Report on the first nine months of 2023

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](http://www.villeroyboch-group.com).