

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In the past financial year, the Supervisory Board performed the duties prescribed to it by law and the Articles of Association in full. It monitored the course of business and the activities of the Management Board and advised the Management Board in managing the Company. The Management Board kept the Supervisory Board informed about the current development of the earnings situation of the Company and the individual divisions, including the risk situation, risk management and compliance, comprehensively, continuously and promptly in both written and oral reports. The 2022 financial year was a challenging one, mainly because of high inflation, substantial supply bottlenecks and sustained geopolitical uncertainty, especially in connection with the war in Ukraine. The Supervisory Board closely monitored the geopolitical restructuring of the energy supply and the dramatic rise in energy prices and their implications for Villeroy & Boch in particular and was regularly informed about the current course of business by the Management Board. The Supervisory Board was also directly involved in all decisions of material importance to the Company, including in particular matters of strategy and planning and the consideration of strategic options, allowing it to intensively discuss the relevant matters at its meetings. The Supervisory Board granted its approval for individual business transactions to the extent that this was necessary in accordance with the law, the Articles of Association, or the Rules of Procedure for the Management Board. In its resolutions, the Supervisory Board approved the proposed resolutions by the Management Board and the committees with the required majority following its own detailed examination and discussion. The members of the Supervisory Board were regularly and preventively advised of the confidentiality of the content of all meetings.

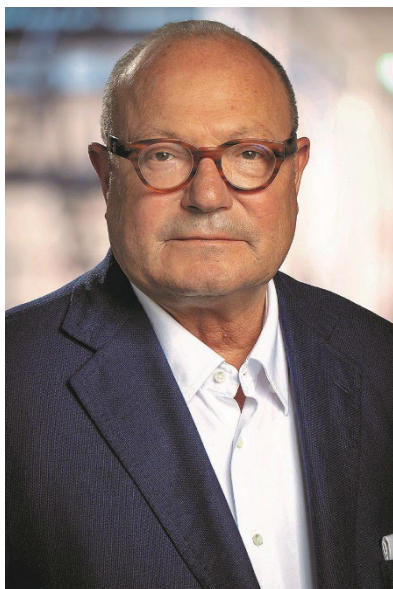
MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board held eight meetings in the 2022 financial year. Three meetings were held in person, with individual members participating in two meetings by video conference. Five meetings were held as virtual meetings by video conference. The Supervisory Board also adopted two resolutions by written circulation procedure using customary means of communication. All incumbent members of the Supervisory Board took part in the meetings with the exception of Dominique Villeroy de Galhau and Susanne Heckelsberger, each of whom was unable to attend one (extraordinary) meeting. The detailed reports by the Management Board on the position and business development of the Villeroy & Boch Group formed the basis for the discussions.

KEY TOPICS ADDRESSED IN THE PAST FINANCIAL YEAR

The accounts meeting in February 2022 focused on the discussion of the annual and consolidated financial statements for 2021, the audit of the non-financial declaration and their approval and adoption by the Supervisory Board. The agenda for the General Meeting of Shareholders scheduled for the 1 April 2022 was also adopted. This included the discussion and adoption of the proposal for the adjustment to the remuneration system for the Supervisory Board and the corresponding amendment to the Articles of Association. With regard to Management Board remuneration, the Supervisory Board examined

and determined the target fulfilment for 2021. The Supervisory Board also discussed and decided on the remuneration report that was required to be prepared for the first time for the 2021 financial year in accordance with section 162 of the German Stock Corporation Act (AktG), which was presented to the General Meeting of Shareholders for approval.



ANDREAS SCHMID
Chairman of the Supervisory Board

The Management Board also informed the Supervisory Board of the Group's current position. After taking the differing demands into consideration, especially the resulting limitations on shareholder rights, it was decided to take advantage of the option of holding the General Meeting of Shareholders virtually once again in 2022 for reasons of infection protection.

An extraordinary meeting in March 2022 discussed the next steps following the announcement of the ruling by the Saarbrücken Higher Regional Court dismissing the appeal against the rulings of the Saarbrücken District Court in the first instance in the EU bathroom case. Having intensively discussed and weighed up the relevant aspects and obtained legal advice, it was decided that no further appeals would be filed.

The Supervisory Board regularly and extensively consulted with the Management Board, discussed individual issues in the divisions and the Group with the Management Board and supported the implementation of project topics. In particular, the ramifications of the war in Ukraine and its global impact on energy prices and the energy supply, cost increases and purchase price developments were discussed in detail throughout the reporting year.

The other main items discussed over the course of the year and, in particular at the Supervisory Board meetings in May and July 2022 were business development and strategy, Group projects and the review of strategic growth options. The Supervisory Board intensively examined the corresponding planning by the Management Board for both the Group as a whole and the individual divisions and discussed and weighed up the relevant aspects. The Supervisory Board was informed extensively about the Group's digital transformation and IT architecture, the development of the sustainability strategy and the

status of sustainability projects. In addition, the results of the tender for the audit of the annual and consolidated financial statements for 2023 onwards were discussed and it was resolved that Deloitte GmbH would be recommended for election as the auditor of the annual and consolidated financial statements.

The meetings in September and November 2022 focused on the discussion of the figures and the orientation for the consolidated and single-entity financial statements for 2022, the sustainability report and the separate combined non-financial report of the Villeroy & Boch Group and Villeroy & Boch AG contained therein, the Management Board's report on the position of the Group and the review of the risk management system. At the recommendation of the Audit Committee, the Supervisory Board declared the risk management system to be appropriate and concurred with the risk assessment of the Management Board. The annual planning and investment planning for 2023 were also adopted. The manager responsible for the Asia-Pacific region reported on the current situation and current Group projects. The Supervisory Board also resolved to expand the Management Board of Villeroy & Boch AG to include the Digitalization/IT and HR/Organizational Development functions and appointed Dr Peter Domma and Esther Jehle as additional members of the Management Board with effect from 1 January 2023. This also included the adoption of resolutions on the amendment of the Rules of Procedure for the Management Board and the allocation of responsibilities.

The Supervisory Board issued the updated declaration of conformity (section 161 AktG). Information on corporate governance can be found in the declaration on corporate governance, which includes a reproduction of the current declaration of conformity. Both documents are published on the Company's website and are permanently available to shareholders.

The members of the Management Board also extensively discussed individual current issues with the Chairman of the Supervisory Board and the Chairwoman of the Audit Committee. This ensured that the Supervisory Board was informed about the Company's current operational development, significant transactions, the risk situation, risk management and the development of key financial indicators at all times.

REPORT ON THE COMMITTEES

To ensure that the work of the Supervisory Board is performed efficiently, it is conducted to a large extent by the four committees formed for this purpose.

The Audit Committee held eight meetings in the reporting year. Three meetings were held in person, with one member participating in one meeting by video conference, while five meetings were held as virtual meetings by video conference. All of the committee members took part in all of the meetings of the Audit Committee. The meetings in February 2022 focused on the reporting by the Management Board on the status of the preparation of the annual and consolidated financial statements, the non-financial declaration and the remuneration report, and the audit of the annual and consolidated financial statements by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The meetings also resolved to recommend that the Supervisory Board again nominate Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as the auditor of the annual and consolidated financial statements for the 2022 financial year at the General Meeting of Shareholders and discussed the preparations for the tender for the audit of the annual and consolidated financial statements for 2023 onwards. At two further meetings in May and July, the written bids submitted as part of the extensive tender procedure were examined and evaluated, the bids were presented orally, interviews were held and the results were discussed.

In September 2022, key audit matters and key points of the forthcoming audit of the annual and consolidated financial statements, sustainability reporting and the update to the materiality analysis were discussed with the auditor. The Chairwoman of the Audit Committee discussed the current status of the audit of the interim financial statements regularly and, together with the other members of the committee, at an additional meeting in November with the auditor and without the presence of the Management Board. The main topics discussed at the meeting in November 2022 were the preparations for the forthcoming Supervisory Board meeting, the status of the preliminary audit of the consolidated and annual financial statements by the auditor, the non-financial declaration, the impact analysis with regard to the EU Taxonomy Regulation, internal control systems, corporate governance issues and the advance approval of non-audit services by the auditor in the reporting year for 2023. Individual non-audit services were commissioned in the 2022 financial year. These primarily related to support for projects and the examination of tax refund claims under the German Fuel Emissions Trading Act. At 13.6 % of the audit fee, the fee for these services was well below the statutory maximum. In December, the Audit Committee met to discuss the status of the interim financial statements. The draft remuneration report was also presented and discussed.

The Chairwoman of the Audit Committee is independent and has passed tax consultant and certified public auditor exams. She is a financial expert in the area of audits of financial statements within the meaning of section 100 (5) AktG and also has particular knowledge and experience of accounting and auditing due to her professional work, in which she has been entrusted with various duties in the fields of finance and controlling over several decades. In her role as a management consultant and chair of two audit committees, she has been actively involved in sustainability reporting and auditing and closely followed developments in this area from an early stage. As a portfolio and asset manager with a diploma from the French society for financial analysis and thanks to his many years of experience as a securities broker and fund manager, Dominique Villeroy de Galhau also has expertise in the area of accounting. Through his work, he is entrusted and familiar with auditing sustainability reports and evaluating financial and non-financial key performance indicators. Accordingly, his expertise has been available to the Audit Committee for the past five years as a financial expert in the area of accounting.

The Investment Committee met once in the reporting year. The meeting was held in person in November 2022 with the participation of all members of the committee. The meeting of the Investment Committee prepared the corporate and investment planning for 2023 and the medium-term planning for resolution by the Supervisory Board.

The members of the Human Resources Committee convened for six meetings in 2022. Two meetings were held in person, with one member participating in one meeting by video conference. Four meetings were held as virtual meetings by video conference. All of the committee members took part in the meetings of the Human Resources Committee. Ralf Runge was unable to participate in one meeting. He submitted written votes on the agenda items to be resolved. Roland Strasser succeeded Sabine Süpke after she stepped down. He participated in meetings of the committee from September onwards. The members of the Human Resources Committee discussed the remuneration report in accordance with section 162 AktG, the determination of the level of target fulfilment for the 2021 financial year, the terms of Management Board contracts, the expansion of the Management Board through the establishment of new functions, and the adjustment of the existing allocation of responsibilities. They recommended that the Supervisory Board appoint two additional Management Board members and resolve on the target agreements for the Management Board for the 2023 financial year.

The Nomination Committee held its constituent meeting on 14 February 2022 and further two meetings during the reporting year. Two meetings were held in person, while one meeting was held as a virtual meeting by video conference. All of the committee members took part in the meetings of the Nomination Committee. At its meetings, the committee discussed the skills profile for the Supervisory Board, the qualification matrix and the proposals for election for the 2023 General Meeting of Shareholders.

The Conciliation Committee formed in accordance with section 27 (3) of the German Codetermination Act (MitbestG) did not meet in the reporting year.

The Supervisory Board was regularly informed in detail about the work of the committees by the respective chairperson.

TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT

The members of the Supervisory Board are responsible for the training and continuing professional development required for their activities, such as on changes in the legal framework and new technologies, and are appropriately supported by the Company. Internal information events are offered as necessary in the context of active professional development. In November 2022, a workshop was held on the impact of the current regulatory initiatives with regard to Supervisory Board activity. In particular, the EU Taxonomy Regulation, the draft Corporate Sustainability Reporting Directive (CSRD), supply chain legislation and new recommendations of the GCGC relating to sustainability issues were discussed. New members of the Supervisory Board can meet the members of the Management Board and the responsible managers to discuss any and all current issues, thereby forming an impression of the subjects relevant to the Company. Onboarding for the new member of the Supervisory Board, Anna Engfer, took place in the past financial year.

PERSONNEL CHANGES IN THE SUPERVISORY BOARD

Sabine Süpke stepped down as a member of the Supervisory Board effective 15 August 2022. The Supervisory Board would like to thank Sabine Süpke for her membership of the Supervisory Board of the Company. By resolution of the Saarbrücken Local Court on 4 August 2022, Anna Engfer was appointed to the Supervisory Board as an employee representative with effect from 16 August 2022.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The HGB annual financial statements and management report of Villeroy & Boch AG as well as the consolidated financial statements and management report of the Villeroy & Boch Group for the 2022 financial year prepared in accordance with IFRS as applicable in the European Union were audited by the auditor elected by the General Meeting of Shareholders, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, and issued with an unqualified audit opinion. These documents and the reports by the auditor were made available to all members of the Audit Committee and the Supervisory Board in good time before the accounts meeting. The Audit Committee discussed the annual financial statements and assessed the quality of the audit of the financial statements in February 2023. The annual financial statements were also discussed intensively at the accounts meeting of the full Supervisory Board in February 2023. At the meetings of the Audit Committee and the accounts meeting of the Supervisory Board, the auditor reported on the audit as a whole and the individual focal points and key findings of the audit and answered all of the Audit Committee's and the Supervisory Board's questions in detail. In particular, the auditor expressed an opinion as to whether there were any material deficiencies in the internal control and risk management system with regard to the financial reporting process and did not express any objections in this respect. The auditor also

stated that there were no circumstances that could give rise to grounds for concern as to its impartiality and provided the Supervisory Board with information on the services performed in addition to the audit of the annual financial statements. The Supervisory Board concurred with the audit report and the findings of the audit.

The Supervisory Board examined the annual and consolidated financial statements of the Villeroy & Boch AG as well as the management report and the Group management report for the 2022 financial year, taking into account the report by the auditor, and the proposal by the Management Board on the appropriation of retained earnings. Following its own examination, the Supervisory Board approved the annual financial statements prepared by the Management Board at its accounts meeting in February 2023 in accordance with the recommendation by the Audit Committee. The annual financial statements have therefore been adopted in accordance with section 172 sentence 1 AktG. The Supervisory Board also concurred with the proposal by the Management Board on the appropriation of retained earnings. Furthermore, the Supervisory Board approved the consolidated financial statements and Group management report of Villeroy & Boch AG. Following the definition of the levels of target fulfilment for the Management Board members for the 2022 financial year, the Management Board prepared the remuneration report for 2022, which was subsequently approved by the Supervisory Board at the recommendation of the Human Resources Committee and the Audit Committee.

At the recommendation of the Audit Committee, the Supervisory Board examined the legality, regularity and suitability of the combined non-financial report of the Group and of Villeroy & Boch AG in accordance with sections 170, 171 AktG and scrutinised the methods, procedures and processes used by the Management Board to gather data. In fulfilling its statutory obligations, the Supervisory Board was supported by an external audit of the content of the non-financial report contained therein. Based on the results of this examination, it approved the combined non-financial report of the Group and of Villeroy & Boch AG prepared by the Management Board. This also applies to the voluntary audit of the content of the remuneration report in accordance with section 162 AktG that was conducted in the reporting year.

The Supervisory Board would like to thank the members of the Management Board and all the employees of the Villeroy & Boch Group for their great personal commitment and our shareholders for the trust they have placed in us.

For the Supervisory Board



Andreas Schmid, Chairman

To our Shareholders

Group Management Report

Consolidated Financial Statements

Notes

Additional Information