GROUP MANAGEMENT REPORT

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Business development in 2024 marked by acquisition of Ideal Standard:

- **Group sales of € 1.4 billion, up 57.6 % on the previous year.**
- **Operative EBIT increases by 10.0 % to € 97.6 million.**
- **High one-off non-operating expenses impact Group EBIT.**

Revenue and operating EBIT targets met despite challenging market conditions.

BASIC INFORMATION ON THE GROUP

BUSINESS MODEL OF THE GROUP

Organisational structure of the Group

The Villeroy & Boch Group (referred to subsequently as Villeroy & Boch or the Group) is a leading international ceramic manufacturer. Almost no other premium brand[1] with a global reputation can look back on a comparable company history of 275-year history and consistent success. On its journey from a small workshop founded in 1748 to the international group it is today, Villeroy & Boch has evolved from a production-oriented ceramics specialist into a comprehensive lifestyle provider. Today, the Group's brands define and enhance the home of its customers around the world with its high-quality products.

The acquisition of Ideal Standard in the 2024 financial year is the most significant event in the history of Villeroy & Boch. Villeroy & Boch's operating business and its management are divided into the two divisions of Bathroom & Wellness and Dining & Lifestyle. The business activities of the Ideal Standard companies complement the activities of the Bathroom & Wellness Division and have thus been assigned to this division. Group-wide tasks and activities are performed by the central functions.

On 18 September 2023, Villeroy & Boch signed binding contracts to acquire all operating companies of the Ideal Standard Group. On 29 February 2024, the takeover was completed as all antitrust approvals had been obtained. This financial report thus includes the business activities of the Ideal Standard companies in the consolidated income statement of the Villeroy & Boch Group from 1 March. All acquired assets and liabilities have been recognised in the consolidated financial statements. The transaction was financed using existing cash and cash equivalents and a promissory note loan that was issued.

The figures are only comparable with those of the previous year to a limited extent due to the Ideal Standard acquisition, given its substantial volume for the Villeroy & Boch Group. The effects of the acquisition on the Villeroy & Boch Group are described in the relevant sections of the Group management report below. Please also refer to the notes to the consolidated financial statements, in particular note 2 Scope of consolidation.

Villeroy & Boch AG is the Group parent for a total of 91 (previous year: 50) consolidated direct or indirect subsidiaries.

As in the previous year, three subsidiaries were not included in the consolidated financial statements of Villeroy & Boch AG. As their business activities are only minor, they are of immaterial significance to the Group's financial position and performance. Further information on the basis of consolidation and the investment structure of the Villeroy & Boch Group can be found in notes 2 and 62 of the notes to the consolidated financial statements.

Divisions and sales markets

Villeroy & Boch sells its products in around 140 countries. The company's Bathroom & Wellness Division produces a wide range of products, including bathroom collections, bathroom ceramics, fittings, bathroom furniture, showers, bathtubs, pipe connectors, installation systems and accessories.

The Villeroy & Boch brand includes collections across product groups, such as Finion, Antao and Subway that serve the

[1] According to a representative survey on awareness and perception of the Villeroy & Boch brand, conducted by an independent market research institute with 500 participants per division in nine different countries.

luxury and premium segments of the market. The Ideal Standard brand is particularly aimed at the entry level of the premium category, with strong, timeless designs including the extremely diverse i.Life collection and various fittings and shower series. The end customer is usually reached via a two- or three-tier distribution channel and digital channels. Direct partners include dealers, tradespeople, architects, interior designers and specialist planners. Alongside a strong presence in bathroom showrooms, we emphasise digital communication channels.

Villeroy & Boch and Ideal Standard rely on innovative tools to provide customers with optimal support throughout the entire bathroom planning process: Villeroy & Boch's Bathroom Designer features inspiring style collections and enables customers to design their own dream bathroom in just a few steps, with a 3D visualisation of the result. The design can then be further refined in the online bathroom planner or discussed in person with experts in a video consultation.

Singular™ by Ideal Standard is a flexible, complete solution that simplifies planning and product selection for professional partners and interested consumers. In addition, both brands reach design-savvy target groups via social media platforms with inspiring content. Our focus: digital excellence for a seamless and customer-oriented planning experience.

Our Dining & Lifestyle Division comprises a wide range of porcelain, glassware and cutlery as well as home accessories and gift items in various styles and price segments. While we cover the premium segment with Villeroy & Boch Signature, like. by Villeroy & Boch is aimed at a young, trend-conscious target group. Our collections in the pottery style can be found here. Particularly worthy of mention is the Perlemor collection, which is manufactured at our plant in Torgau, is made of premium porcelain/fine china and, thanks to a reactive glaze, has the handcrafted look of stoneware. Under the main brand Villeroy & Boch we offer iconic designs and innovative creations as well as classic tavola collections. With La Boule, we were able to revive a design from our past in a contemporary version, which was continued in 2024 with La Petite Boule. With the new Afina collection, which is based on designs by Christian Haas, we succeeded in creating a fine relief on a modern coupe shape with a raised rim.

Our customers include the specialist retail trade – from specialised porcelain shops to large department store chains and e-commerce providers. We also reach end consumers through our own retail activities. These include 79 Villeroy & Boch stores and more than 600 points of sale in well-known department stores. We are also continuously expanding our global online presence in our own retail business. We now sell our Dining & Lifestyle products in more than 15 countries through our own online shops. Our products are available at more than 3,400 points of sale worldwide. We also supplement our core range with licence-based products. These include lighting, bathroom and kitchen textiles, blankets and plaids, cabinet furniture for living and dining areas, kitchen furniture, tiles and indoor and outdoor carpets.

We rely on specialised sales units for the project business of both of our divisions. The target group for projects in the Bathroom & Wellness Division is primarily investors and operators, architects, interior designers and planners of public facilities, office buildings, hotels and high-end residential complexes. In the Dining & Lifestyle Division, we primarily target investors and operators of 4- and 5-star hotels.

PRODUCTION SITES BY REGION

EMEA

Gustavsberg and Vårgårda (Sweden)
Hódmezvásárhely (Hungary)
Lugoj (Romania)
Merzig, Mettlach, Torgau, Treuchtlingen and Wittlich (Germany)
Roden (Netherland)
Roeselare (Belgium)
Rugeley (United Kingdom)
Sevlievo (Bulgaria)
Teplice (Czech Republic)
Valence d'Agen (France)
10th of Ramadan City (Egypt)

APAC

Saraburi (Thailand)

Locations

Villeroy & Boch AG and its headquarters are based in Mettlach in the Saarland region in Germany.

We currently maintain seventeen manufacturing sites (previous year: twelve) in Europe, the Middle East, Africa (EMEA) and Asia-Pacific (APAC). Five manufacturing sites were added in the 2024 financial year as a result of the acquisition of Ideal Standard. Products for the Dining & Lifestyle Division are manufactured at two sites in Germany (Merzig and Torgau). A total of fifteen sites make products for the Bathroom & Wellness Division: Ceramic sanitary ware is produced at the sites in Mettlach (Germany), Sevlievo (Bulgaria), Teplice (Czech Republic), 10th of Ramadan City (Egypt), Valence d'Agen (France), Hódmezövásárhely (Hungary), Lugoj (Romania), Gustavsberg (Sweden), Saraburi (Thailand) and Rugeley (United Kingdom), bathroom furniture in Treuchtlingen (Germany), bathtubs, shower tubs and whirlpools in Roeselare (Belgium), 10th of Ramadan City (Egypt), Roden (Netherland) and fittings in Wittlich (Germany), Sevlievo (Bulgaria), 10th of Ramadan City (Egypt) and Vårgårda (Sweden).

CONTROLLING SYSTEM

The Management Board of Villeroy & Boch AG manages the Group as a whole using a strictly defined management structure and operational targets whose achievement is monitored by way of prescribed key figures.

The performance of our Group and our two divisions, including the Ideal Standard companies, is measured using the following key financial indicators: revenue, earnings before interest and taxes (EBIT) and rolling operating return on net assets. The latter is calculated as the rolling operating result divided by the average rolling operating net assets for the last twelve months. The rolling operating result used here is the result of operating activities at Group level. Rolling operating net assets are calculated as the total of intangible assets, property, plant and equipment, rights of use, inventories, trade receivables and other operating assets less total liabilities to suppliers, provisions and other operating liabilities (including lease liabilities).

Comprehensive information on the development of the key financial indicators can be found in the economic report.

In addition to key financial indicators, non-financial performance indicators are becoming increasingly important.

Specific sustainability targets enshrined in the remuneration system for the Management Board include, on the one hand, the ratio of CO_2 emissions ceramics (in t) to net production volume (in t) and, on the other hand, the extent to which our suppliers comply with our Code of Conduct. However, these non-financial performance indicators are not currently used for internal Group management.

For further details, please refer to the “Sustainability” section.

RESEARCH, DEVELOPMENT AND INNOVATION

Research, development and innovation are essential to maintaining our competitiveness and form the basis for our long-term, sustainable economic success.

Including design development, the Villeroy & Boch Group invested € 30.8 million in research and development in the 2024 financial year (previous year: € 18.9 million). Of this figure, € 25.7 million (previous year: € 14.0 million) was attributable to the Bathroom & Wellness Division and € 5.1 million (previous year: € 4.9 million) was attributable to the Dining & Lifestyle Division. Research and development expenses account for 2.2 % of consolidated revenue (previous year: 2.1 %).

There were 338 employees working in research and development across the Group as at 31 December 2024 (previous year: 196). The change is mainly related to the acquisition of the Ideal Standard companies.

Our research and development activities in the 2024 financial year again concentrated on the planned future conversion of the ceramic firing process to hydrogen or electricity, as well as the continuous enhancement of our ceramic materials, products and production technologies. In the area of fittings, we invested in development projects for new materials and in our production processes. One of the actions we have taken is to develop further automation in the area of machining through the use of modern robot technology and digital image recognition, as well as optimising heat recovery.

Research partnerships for innovative solutions

Decarbonisation, resource efficiency and digital transformation remain focal points of Villeroy & Boch’s projects with partners from applied research and industrial development.

In view of both current and future challenges of sustainable production, the research and development teams at Villeroy & Boch, in cooperation with external experts, have continued their experiments to convert firing processes to non-fossil fuels. A modified chamber kiln operating with hydrogen was used for the first time. This test facility allows ceramic sanitary ware products (toilets and washbasins) to be fired and subsequently analysed from a materials science perspective.

The “FlexIPro” study was released in September 2024 in the presence of industry and political representatives at the Department for Industrial Furnaces and Heat Engineering at RWTH Aachen University. Villeroy & Boch participated as an associated industry partner in the study commissioned by the Competence Centre on Climate Change Mitigation in Energy-Intensive Industries (KEI). In this study, the Fraunhofer Institute for Systems and Innovation Research (ISI) analysed both the opportunities and the technical and economic challenges from a company and system perspective in the targeted energy flexibilisation in the industrial sector. One key finding is that a hybrid energy supply as a key technology increases flexibility whilst also enabling transformation.

The development project “Energy-efficient high-temperature processes for large and geometrically complex components” (HTPgeox) funded by the German Federal Ministry for Economic Affairs and Climate Action (BMWK) was concluded in 2024. The project concluded with a focus on the economic evaluation of the topics covered, which resulted in the following three core elements: system-based detection of anomalies in kiln parameters, detection of defects before firing and optimised firing curves through simulation. Efficiency gains have already been achieved, particularly in the detection of anomalies. The implementation of further elements, such as preventive error detection before firing, is currently being planned and is expected to lead to further increases in energy efficiency.

On the basis of the results of the successfully completed ERDF project (European Regional Development Fund) in 2023, Villeroy & Boch, together with partners from mechatronics and automation technology, researched the use of a sensitive, force-controlled robot to process sanitary ceramics in the follow-up project “SenRob 2.0”. In this project, the foundations already established for dynamic, robot-based processing are to be further developed. This includes a concept for automating the white fettling and for sensor-based quality control. In a development phase and a test phase, defects in the blank are detected, using methods of artificial intelligence (AI) among others, and then processed by robots.

Continuous enhancement of production techniques

The focus in the reporting year was on increasing raw material efficiency: the proportion of glaze recovered in the production process has almost doubled. This was achieved by developing modern filtration technology and reducing glaze consumption by revising the software that controls the glazing robots. These process optimisations were supported by new digitalisation methods and tools. The replacement of ceramic raw materials with resource-saving secondary raw materials in ceramic shard and glaze contributed to more sustainable production.

Product development

In the Bathroom & Wellness Division, Villeroy & Boch has expanded its portfolio with the TwistFlush[e³] technology. This new toilet flushing system, specially designed for use in public and commercial washrooms and in serial housing construction, delivers thorough flushing results with reduced water consumption and minimises cleaning effort thanks to a rimless bowl shape. Ideal Standard launched Alu⁺, a sustainable shower series made of high-quality, recyclable aluminium, which consists of 83 % recycled material. The series includes water-saving technologies that limit the flow rate in hand and rain showers to 8 and 12 l/min respectively, without compromising the shower experience.

At the same time, Ideal Standard presented the premium series Solos, which combines minimalist design with smart functions. The highlight of the series is a tap integrated into the washbasin, with fine lines and narrow edges that create a weightless appearance. The shower solution includes intuitive controls, a range of luxurious spray modes and an overhead shower head with a colour-changing light that creates a spa-like experience.

Furthermore, additive manufacturing processes are the subject of our development work. In the reporting year, in collaboration with a start-up company, we were able to produce prototypes of washbasins with extraordinary designs using a special ceramic 3D printing process. This technique has brought us closer to our goal of achieving high printing speeds and an adequate size for the printed ceramic products. The next development steps will be to adapt the glazing and firing processes to this new design.

In the Dining & Lifestyle Division, the focus of development activities remained on a new production process for cups. Similar to the plate production, more complex items – such as cups with handles – can be efficiently manufactured by pressing ceramic granulate. This technique paves the way for additional innovative items by providing more design freedom.

As part of the continuous improvement of product properties and sustainability, the development of a lithium-free double-fired glaze was initiated and preliminary test series were carried out to examine possible alternative formulations in production.

Product-related developments focused on reactive glazes and the introduction and expansion of coloured clays. We use coloured clays, for example, in the La Boule collection, including the 2024 innovation La Petite Boule. Reactive glazes, on the other hand, are used in the production of the 2024 innovation Perlemor Alga.

We are also continuously working on new applications and design concepts for new decorations. In the Pottery segment, we are focusing on reactive glazes and pushing ahead with technical implementation concepts.

PROCUREMENT

The Villeroy & Boch Group's procurement portfolio encompasses raw materials, energy and supplies for its own production facilities as well as finished and semi-finished goods. The Group also purchases capital goods, packaging materials, transport services and a wide range of additional services. The purchasing organisation operates across company divisions to make the best possible use of economies of scale. Since 1 August 2024, Ideal Standard's central purchasing organisation has been fully integrated into the Group's purchasing organisation. All in all, the value of our procurement volume including investments corresponds to 65 % of our revenue. The aim of our procurement organisation and procurement strategies is to make a sustained contribution to the company's long-term success by providing the required materials and services in the required quality and volume at the right time and the best possible price.

In the 2024 financial year, procurement prices were significantly reduced overall, partly due to the continued low economic growth and the resulting lack of demand. The first synergy effects achieved by combining the purchasing volumes of Ideal Standard and Villeroy & Boch also played a role in the reduction. Identifying and realising further synergy effects is also a priority for our purchasing organisation in 2025.

Supplier relationships are extremely important to us. As part of systematic strategic procurement management, a standardised catalogue of criteria is used to evaluate key suppliers each year in the categories of quality, cost, logistics, service, technology, human rights and environment. The results form the basis for enhancing cooperation. Supplier relationships are structured to minimise potential risks.

To this end, contracts with suppliers are negotiated, compliance with statutory provisions is pursued and corresponding risk management is practised. In particular, by signing our "Code of Conduct", our suppliers commit to adhering to the same standards of integrity, business ethics, working conditions and respect for human rights to which we as a company are dedicated and which we are committed to upholding. The supplier base was expanded during the integration of Ideal Standard.

EMPLOYEES

Workforce

The Villeroy & Boch Group had a total of 12,827 employees as at 31 December 2024 (previous year : 6,358). The acquisition of Ideal Standard added 6,660 employees. The Bathroom & Wellness Division accounted for 10,372 employees (previous year: 3,926), while 1,929 people were employed in the Dining & Lifestyle Division (previous year: 1,884) and 526 in central functions (previous year: 548). 21.7 % of the workforce was employed in Germany (previous year: 42.0 %).

Taken as an average for the year as a whole, our workforce decreased from 6,477 in the previous year to 11,912.

ECONOMIC REPORT

GENERAL ECONOMIC CONDITIONS

The global economy continued to develop moderately during the course of the 2024 reporting year, influenced by economic and political uncertainties. Based on the report of the International Monetary Fund (IMF) dated 17 January 2025, global growth for 2024 is estimated at 3.2 %.
However, the pace of global economic growth varied from region to region. In China, economic expansion remained modest and grew more slowly than expected in 2024 – the IMF's growth estimate was revised to 4.8 %. In the US, the economy expanded by 2.8 %. By contrast, the eurozone economy expanded by just 0.8 %, according to the latest IMF forecast, mainly due to weaker private consumption and reduced investment activity. The German economy once again underperformed in international comparison, and has been stagnating for two years now at roughly the level seen just before the outbreak of the pandemic.

In the Bathroom & Wellness Division, the continued decline in residential construction in Europe, combined with a general reluctance to invest, even in renovations, had a significant impact on our business performance. This was particularly evident in Central and Northern Europe. By contrast, construction activity improved in some markets in Southern and Eastern Europe and in the Near-Middle-East region, which had a positive effect on our bathroom business. In North Africa (Egypt), however, the economy was subdued due to the devaluation of the Egyptian pound combined with high inflation. In China, market growth has stabilised at a lower level, although competitive pressure from domestic competitors is increasing.
Business performance in the Dining & Lifestyle Division was influenced by consumer sentiment among private households. As in the previous year, this was characterised by ongoing consumer restraint due to inflation and high energy and food prices. These effects were felt not only in Europe, but also in the world's largest economies, the US and China.

COURSE OF BUSINESS AND POSITION OF THE GROUP

The Management Board of Villeroy & Boch AG still considers the economic position of the Group to be positive on the whole.
The Villeroy & Boch Group brought the 2024 financial year to a successful close despite the challenging environment. We achieved our targets for the 2024 financial year in terms of revenue, operating earnings before interest and taxes (operating EBIT) and (operating) investments. It was not possible to make a reliable forecast for the rolling operating return on net assets at the end of 2023, i.e. before the completion of the Ideal Standard acquisition.

The table below shows a comparison of the forecast and actual key figures for 2024:

GROUP TARGETS

	Forecast 2024	Actual 2024
Revenue (on a constant currency basis)	significant increase (≥ € 901.9 million)	€ 1,421.0 million
Operating EBIT	significant improvement (≥ € 88.7 million)	€ 97.6 million
Rolling return on net operating assets	no statement	11.2 %
Operating investments (without leasing)	significant increase (≥ € 41.0 million)	€ 58.3 million

In the 2024 financial year, the Villeroy & Boch Group recorded consolidated revenue (including licence revenue) of € 1,421.0 million. The € 1 billion mark was exceeded for the first time at the end of the third quarter of 2024. Ideal Standard contributed revenue of € 512.1 million to the group revenue from 1 March 2024, with the increase in revenue of € 519.1 million or 57.6 % (previous year: € 901.9 million) being mainly acquisition-related.
Despite a challenging market environment, we managed to improve operating EBIT by +10 % from € 88.7 million to € 97.6 million.
At 11.2 %, the Group's rolling operating return on net assets at year-end was 13.6 percentage points below the previous year (24.8 %). The decline was mainly due to the acquisition-related high increase in rolling operating net assets to € 868.2 million (previous year: € 357.6 million).
Investments in property, plant and equipment and intangible assets totalled € 58.3 million (previous year: € 41.0 million) and were thus well above the previous year's level and within the forecast range. Of this, € 13.4 million was invested in Ideal Standard.
Further information on revenue and earnings development in the Bathroom & Wellness Division and the Dining & Lifestyle Division can be found in the following discussion of the Group's results of operations. The development of other key figures is discussed in the "Financial position", "Net assets" and "Other financial performance indicators" sections of the Group management report.

RESULTS OF OPERATIONS

The following information provides an overview of our results of operations in the 2024 financial year.

Consolidated Revenue 2024

Consolidated revenue up 57.6 % due to the acquisition

In the 2024 financial year, the Villeroy & Boch Group generated consolidated revenue (including licence revenue) of € 1,421.0 million, an increase of 57.6 % over the previous year (€ 901.9 million) that was primarily due to the acquisition.

In this context, Ideal Standard contributed sales of € 512.1 million to consolidated revenue from 1 March 2024.

At € 6.6 million, the revenue from our licence business included in the revenue figure were above the previous year (€ 4.8 million).

In our main region EMEA (Europe, Middle East, Africa), we achieved a revenue increase of 72.9 % or € 515.9 million. We were able to achieve this primarily in the regions of Western Europe, Southern Europe and Near-Middle-East/Africa, where we were able to more than double our revenue due to the acquisition.

In the APAC (Asia-Pacific) and Americas regions, we recorded a moderate revenue increase (+1.6 %). We were able to increase our sales in the Asia-Pacific region by 2.2 % or € 3.3 million, with the main contribution coming from sales growth in our growth market of Asia (+2.1 % or € +2.2 million). This enabled us to compensate for the decline in sales in the Americas region.

Revenue by division

in € million	2024	2023	Change in %
Bathroom & Wellness	1,098.9	579.4	89.7
Dining & Lifestyle	319.3	319.3	0.0
Other licence income	2.8	3.2	- 12.5
Consolidated revenue	**1,421.0**	**901.9**	**57.6**

In the 2024 financial year, the Bathroom & Wellness Division generated revenue of € 1,098.9 million, an increase of 89.7 % over the previous year (€ 579.4 million) due to the acquisition. The Ideal Standard companies generated revenue of € 512.1 million since 1 March 2024.

Despite the continued subdued development in the construction sector, we were able to slightly exceed the previous year's revenue level (+1.3 %), adjusted for the acquisition. From a regional perspective, we generated revenue of € 959.0 million (previous year: € 449.6 million) in our main region EMEA (Europe, Middle East, Africa) and were able to more than double our revenue due to the acquisition. In addition, we generated organic growth of 4.6 % in the APAC and Americas regions.

In the business areas of the Bathroom & Wellness Division, we achieved the largest revenue gains in ceramic sanitary ware (€ +217.9 million) and fittings (€ +212.9 million). In the ceramic sanitary ware business, we grew our revenue through Ideal Standard and, in particular, an increase in project business, especially in the Near-Middle-East/Africa and APAC regions. Revenue in the fittings business increased significantly due to the revenue generated by Ideal Standard, the successful performance of our Villeroy & Boch bathroom fittings and the strong local brand Vatette in Northern Europe. We also increased our revenue in the business areas of bathroom furniture (€ +33.3 million or +65.8 %) and wellness (€ +55.6 million or +89.5 %).

In the Dining & Lifestyle Division, we closed the 2024 financial year, in a difficult economic environment and associated general consumer reluctance on the part of customers, with revenue of € 319.3 million. We thus succeeded in keeping revenue stable at the previous year's level (€ 319.3 million). In our main region EMEA (Europe, Middle East, Africa), we achieved an increase in sales revenue of 2.7 % to € 262.0 million (previous year: € 255.1 million).

By contrast, we suffered a decline in sales of 10.8 % or € 6.9 million in the APAC (Asia-Pacific) and Americas regions.

With regard to our sales channels, the revenue trend in the project business for the hotel and restaurant sector, in which we have focused heavily on the upscale segment, is worthy of note, with a revenue increase of € 4.7 million or 13.8 %. In the e-commerce distribution channel, we were able to slightly increase sales revenue compared to the previous year (€ +0.9 million or +1.1 %) thanks to the good performance of our e-shops. By contrast, we had to accept a decline in sales at our stationary retail partners (€ -6.7 million or -7.0 %). Sales revenue in our own retail stores was almost at the previous year's level (€ -0.7 million or 0.7 %). The generally good performance in our outlet business compensated for the decline in consumption in our concession shops.

Orders on hand

Orders on hand in the Villeroy & Boch Group as at 31 December 2024 totalled € 172.0 million, significantly higher than the figure as at 31 December 2023 (€ 109.9 million). This includes Ideal Standard with € 61.1 million. Orders on hand in the Bathroom & Wellness Division amounted to € 150.5 million, compared to € 96.6 million as at 31 December 2023. The change in orders on hand is primarily due to the acquisition. Orders on hand in the Dining & Lifestyle Division totalled € 21.5 million (previous year: € 13.3 million).

Consolidated EBIT

Operating result increases by 10.0 %

In the 2024 financial year, we succeeded in increasing our operating earnings before interest and taxes (operating EBIT) by 10.0 % from € 88.7 million to € 97.6 million despite a challenging market environment. The acquired Ideal Standard companies made a significant contribution to this.

The entire structure of the income statement is dominated by the Ideal Standard acquisition. Due to the acquisition date of 29 February 2024, 10 months are included in the consolidated income statement. As a result, the cost of goods sold was € 860.4 million, € 353.9 million higher than in the previous year (€ 506.5 million). The relative sales margin was 39.5 % and 4.3 percentage points below the level of the previous year (43.8 %) due to the lower-margin Ideal Standard business.

Sales, marketing and development costs of € 369.1 million were up € 105.2 million on the previous year, of which € 102.5 million is attributable to Ideal Standard. Administrative costs of € 74.2 million were also up € 27.3 million on the previous year (€ 46.9 million) due to the acquisition. Other operating expenses and income totalled € -22.4 million (previous year: € 3.8 million), which is mainly attributable to Ideal Standard (€ -11.3 million), lower exchange gains (€ -4.6 million) and a number of individual effects.

Non-operating result impacts Group EBIT

High one-off expenses (€ -58.9 million) were incurred in the context of the Ideal Standard acquisition. These form the main part of the non-operating result.

The non-operating result amounted to € -59.0 million (previous year: € 0.3 million) and mainly includes the realisation through profit or loss of the market values of acquired inventories (€ -22.3 million) and transaction and integration costs (€ -36.6 million).

In the previous year, income from the recognition of the remaining gain on the disposal of our former plant property in Luxembourg and the sale of our Austrian bathroom furniture site were offset by expenses from the recognition of provisions for existing environmental risks in Luxembourg, project costs in connection with the ongoing Ideal Standard Group acquisition process, expenses for a write-down on an equity investment and provisions for continuing the transformation and efficiency enhancement programme.

The components of the non-operating result affect all of the Group's functional areas and are allocated in the consolidated income statement according to the principle of causation.

Taking into account the non-operating result, we were able to achieve earnings before interest and taxes (EBIT) totalling € 38.6 million, which is € 50.4 million below the previous year's figure (€ 89.0 million).

Consolidated EBITDA

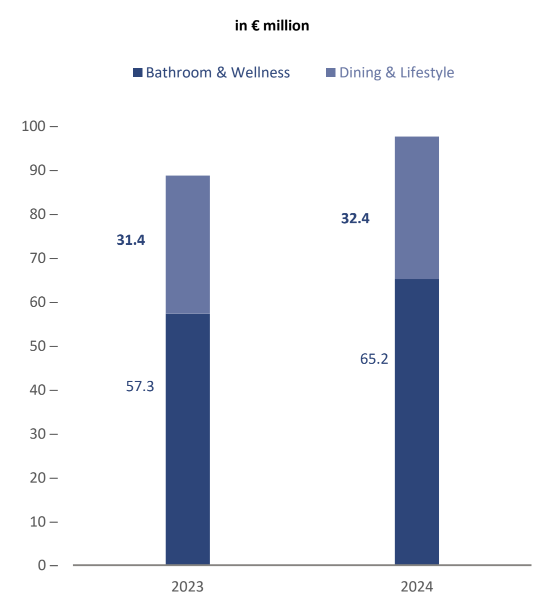
Earnings before interest, taxes, depreciation and amortisation (EBITDA) in the 2024 financial year came to € 112.3 million, 13.1 % lower than in the previous year (€ 129.2 million). The depreciation and amortisation taken into account amounted to € 73.7 million and were thus significantly higher than in the previous year at € 33.5 million (see note 45 in the notes to the consolidated financial statements).

Operating Group EBITDA

Operating earnings before interest, taxes, depreciation and amortisation (operating EBITDA) amounted to € 171.3 million in the 2024 financial year, an increase of 32.9 % over the previous year (€ 128.9 million). The operating EBITDA margin fell by 2.2 percentage points year on year to 12.1 % (previous year: 14.3 %).

Operating result (EBIT) by division

EBIT BY DIVISION



Bathroom & Wellness Division

The Bathroom & Wellness Division generated operating EBIT of € 65.2 million (previous year: € 57.3 million), up € 7.9 million or 13.8 % on the previous year.

Dining & Lifestyle Division

The Dining & Lifestyle Division successfully concluded the 2024 financial year with an operating profit (EBIT) of € 32.4 million (previous year: € 31.4 million), an increase of 3.2 % over the previous year despite the difficult market environment.

Group result

In the 2024 financial year, we generated a consolidated result of € 6.6 million (previous year: € 61.0 million). The significant change compared to the previous year is due to the high one-off expenses resulting from the acquisition (see explanation of the non-operating result), the financial result dominated by the financing of the Ideal Standard acquisition and special tax items also resulting from the acquisition.

Accordingly, the financial result of € -27.3 million was significantly below the previous year (€ -3.6 million) at € 23.7 million. The main factor here was the interest incurred on the promissory note loan taken out to finance the purchase price of the Ideal Standard acquisition.

Income tax expenses of € 4.7 million were € 19.7 million lower than in the previous year (€ 24.4 million) due to the lower earnings. The tax rate for the 2024 financial year was 41.6 %, which was considerably higher than in the previous year (28.6 %). This is mainly due to acquisition-based special tax effects from intercompany financing and valuation effects.

Summarised representation of the results of operations

Summarised representation of the results of operations for the 2024 financial year were as follows:

SUMMARISED REPRESENTATION OF THE RESULTS OF OPERATIONS *

in € million	2024	% of revenue	2023	% of revenue
Revenue	1,421.0	100.0	901.9	100.0
Cost of sales	- 860.4	- 60.5	- 506.5	- 56.2
Gross profit	**560.6**	**39.5**	**395.4**	**43.8**
Selling, marketing and development costs	- 369.1	- 26.0	- 263.9	- 29.3
General administrative expenses	- 74.2	- 5.2	- 46.9	- 5.2
Other expenses/income	- 22.4	- 1.6	3.8	0.4
Result on financial investments accounted according to the equity method	2.7	0.2	0.3	0.0
Operating EBIT	**97.6**	**6.9**	**88.7**	**9.8**
Non-operating result	- 59.0	- 4.2	0.3	0.0
EBIT	**38.6**	**2.7**	**89.0**	**9.9**
Financial result	- 27.3	- 1.9	- 3.6	- 0.4
Earnings before taxes (EBT)	**11.3**	**0.8**	**85.4**	**9.5**
Income taxes	- 4.7	- 0.3	- 24.4	- 2.7
Group result	**6.6**	**0.5**	**61.0**	**6.8**

* The components contained in the non-operational result are assigned to the corresponding functional areas in the consolidated income statement.

Dividend proposal

At the General Meeting of Shareholders on 9 May 2025, the Supervisory Board and the Management Board will propose that the unappropriated surplus of Villeroy & Boch AG be used to distribute a dividend of

€ 0.85 per ordinary share
€ 0.90 per preference share.

We essentially adopt a continuity-focused approach to our dividend policy when calculating dividends. The distribution rate is up to 50 % of the operating result. The dividend distribution totals € 24.6 million. Based on the unchanged number of preference shares held by the company at the payment date, the total cash outflow will probably be € 23.3 million.

FINANCIAL POSITION

Principles and objectives of financial management

We operate a central financial management system encompassing global liquidity management, cash management and the management of market price risks.

The central Group Treasury department performs uniform financial management for the entire Group. The framework is provided by external statutory and regulatory requirements as well as internal guidelines and limits. The integration of

Ideal Standard will continue with the organisational integration into Group Treasury as of 1 January 2025.

Our liquidity management ensures that we are able to meet our payment obligations at all times. Cash inflows and outflows from our operating business form the basis for daily cash account management and short-term and medium-term liquidity planning.

The resulting financing requirements are generally covered by bank loans. Surplus liquidity is invested on the money market in line with risk/reward considerations. With the proviso that our financial trading partners have a good credit standing, expressed in the form of an investment grade rating, we pursue the aim of ensuring an optimal financial result.

Our cash management is also organised and managed centrally. In order to ensure economic efficiency, priority is given to the centralisation of cash flows via cash pooling. An in-house cash system ensures that intercompany cash flows are always executed via internal clearing accounts where this is possible for legal and tax purposes. Internal offsetting therefore reduces the number of external bank transactions to a minimum. Standardised processes and transmission channels have been established for payment transactions. The principles for cash management apply analogously to Ideal Standard, and the harmonisation and further integration of processes will continue in 2025.

The management of market price risks encompasses exchange rate risks, interest rate risks and other price risks.

Our aim is to limit the negative impact of fluctuations on the results of the divisions and the Group. Group-wide risk potential is calculated on a regular basis and corresponding decisions on hedging are taken.

Further information on risk management can be found in the “Report on risks and opportunities” section of the Group Management Report.

Capital structure

Our financing structure as shown in the table below changed as follows in the 2024 financial year:

CAPITAL STRUCTURE

in € million	31/12/2024	31/12/2023
Equity	364.7	388.2
Non-current liabilities	785.9	381.9
Current liabilities	597.3	326.1
Total equity and liabilities	**1,747.9**	**1,096.2**

At the reporting date, total equity and liabilities amounted to € 1,747.9 million, compared with € 1,096.2 million as at 31 December 2023. The significant increase in total equity and liabilities by € 651.7 million is primarily due to the acquisition of Ideal Standard.

Equity decreased by € 23.5 million to € 364.7 million in the reporting period compared to the previous year's reporting date. Retained earnings decreased by € 21.3 million. The consolidated profit of € 6.6 million generated in the 2024 financial year and the valuation effects and currency effects recognised directly in equity were offset by the dividend distribution (€ -27.2 million) in April 2024. Due to the significant increase in total assets resulting from the acquisition of Ideal Standard, the equity ratio (including minority interests) fell from 35.4 % to 20.9 %. Equity covered Group fixed assets of € 919.0 million (previous year: € 287.1 million) to the amount of 39.7 % (previous year: 135.2 %).

Non-current liabilities in the amount of € 785.9 million comprised financial liabilities, pension provisions, deferred tax liabilities, lease liabilities, other provisions, personnel provisions and other liabilities. Non-current liabilities increased by € 404.0 million as against the previous year. This development is essentially due to the rise in non-current financial liabilities (€ 179.1 million), pension provisions (€ 103.6 million) and deferred tax liabilities (€ 72.7 million). The increase in non-current financial liabilities is mainly due to the payment of the second tranche of the promissory note loan in January 2024 and the extension of two expiring bank loans totalling € 50.0 million, which was offset by the reclassification of non-current loans in the amount of € 25.0 million to current financial liabilities. The increase in pension provisions is mainly due to the pension obligations assumed as a result of the acquisition.

Current liabilities, consisting of other liabilities, trade payables, financial liabilities, income tax liabilities other provisions, personnel provisions and lease liabilities, increased by € 271.2 million as against the previous year to € 597.3 million, mainly due to the acquisition. The increase is largely due to the rise in trade payables of € 72.9 million, in other liabilities of € 71.0 million and in financial liabilities of € 63.9 million.

Investments

Investments in property, plant and equipment and intangible assets

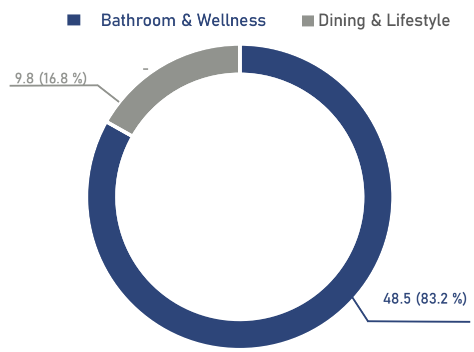
In the 2024 financial year, our investments in property, plant and equipment and intangible assets amounted to € 58.3 million (previous year: € 41.0 million). 48 % of this investment was attributable to Germany (previous year: 54 %). At the end of the year 2024, the Group had obligations to acquire property, plant and equipment and intangible assets in the amount of € 8.0 million. Investment obligations are mainly financed from operating cash flow.

With € 48.5 million or 83.2 %, our investments were concentrated primarily on the Bathroom & Wellness Division.

Investment activity focused on the modernisation and automation of production at the Group's locations in Germany and abroad, particularly its ceramic ware plants in Bulgaria, Thailand, the Czech Republic and Hungary as well as our fittings plant and our bathroom furniture plant in Germany.

BREAKDOWN OF INVESTMENTS BY DIVISION

in € million



We invested € 9.8 million in the Dining & Lifestyle Division. This corresponded to 16.8 % of the total investment volume and was used to purchase new machinery and tools for production at the Merzig and Torgau plants. Further investments were made in optimising the decoration process. The Group also invested in the modernisation of its own retail stores in Germany, Belgium, France, Italy, Switzerland and China. Please see note 6 to the consolidated financial statements for further information on the Group's material investing activities in the reporting period.

Financing

CONDENSED CASH FLOW STATEMENT

in € million	2024	2023
Group result	6.6	61.0
Current depreciation and amortisation of non-current assets incl. reversals	73.7	44.2
Change in non-current provisions	- 21.5	- 1.8
Profit from disposal of fixed assets	- 1.4	- 0.6
Changes in inventories, receivables, liabilities, current provisions and other assets and liabilities	- 9.2	- 27.1
Other non-cash income/expenses	10.2	- 8.1
Net cash flow from operating activities	**58.4**	**67.6**
Net cash flow from investing activities	**- 465.8**	**5.2**
Net cash flow from financing activities	**117.1**	**76.5**
Total cash flows	**- 290.3**	**149.3**
Balance of cash and cash equivalents on 1 January	**374.4**	**226.6**
Change based on total cash flows	- 290.3	149.3
Changes in the scope of consolidation	- 1.4	0.0
Changes due to exchange rate effects	- 0.4	- 1.5
Balance of cash and cash equivalents on 31 December	**82.3**	**374.4**

Our cash flow from operating activities amounted to € 58.4 million (previous year: € 67.6 million) and was mainly characterised by the cash-effective reduction in non-current provisions (€ -21.5 million) and the change in net working capital. This was due in particular to the reduction in trade receivables (€ +15.9 million) and inventories (€ +10.0 million). In addition, there were substantial interest payments (net: € -17.0 million) and tax payments (€ -17.2 million) in 2024.

Cash flow from investing activities of € -465.8 million (previous year: € 5.2 million) includes expenses for the acquisition less acquired cash and cash equivalents totalling € 414.6 million (previous year: € 0.0 million) and investments in intangible assets and property, plant and equipment totalling € 58.3 million (previous year: € 41.0 million) as well as payments for the acquisition of associated companies in the amount of € 12.8 million (previous year: € 0.0 million). The aforementioned investments are offset by payments from the disposal of subsidiaries and other business units in the amount of € 13.1 million (previous year: € 2.6 million), proceeds from the disposal of non-current assets totalling € 4.1 million (previous year: € 0.1 million), proceeds from the disposal of financial assets totalling € 1.4 million (previous year: € 49.6 million) and investments in non-current assets totalling € 1.3 million (previous year: € -6.1 million).

Cash flow from financing activities amounted to € 117.1 million (previous year: € 76.5 million) and mainly comprised the proceeds from the promissory note loan of € 153.1 million taken out for the acquisition of the Ideal Standard Group (previous year: € 126.2 million) and proceeds from borrowings of € 20.6 million (previous year: € -2.1 million), which are offset primarily by the repayment portion of the lease liabilities in the amount of € 30.4 million (previous year: € 17.2 million) and the dividend payment made (€ 27.2 million).

Liquidity

Net liquidity

Our net liquidity amounted to € -370.2 million as at the end of the reporting period (previous year: € 164.9 million). The significant change of € -535.1 million results from the acquisition of Ideal Standard (net: € -414.6 million) and the related purchase price payment, which was partly financed by a promissory note loan issued, as well as the investments made during the 2024 financial year (€ -58.3 million), which were largely financed by cash flow from operating activities.

In addition, the repayment of lease liabilities (€ -30.4 million) and the distribution of the dividend for the previous financial year (€ -27.2 million) contributed to the reduction in the Group's net liquidity.

Cash and cash equivalents, current financial assets and current and non-current financial liabilities were combined in calculating net liquidity.

At 31 December 2024, the Group had unutilised credit facilities totalling € 323.0 million (previous year: € 284.2 million) that were not subject to any restrictions.

NET ASSETS

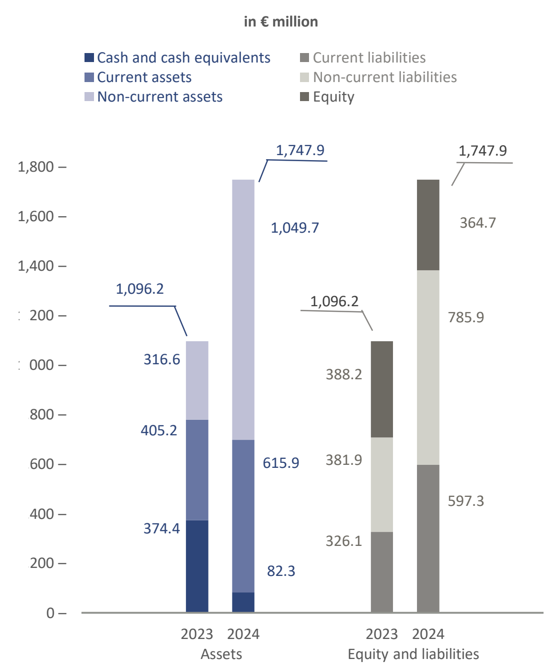
Balance sheet

The Villeroy & Boch Group had total assets of € 1,747.9 million at 31 December 2024 compared with € 1,096.2 million at the end of the previous year. The significant increase in the balance sheet total of € 651.7 million is primarily due to the acquisition of Ideal Standard.

The balance sheet structure is shown in the following graphic:

Year-on-year comparison of the structure of the balance sheet

BALANCE SHEET STRUCTURE



Non-current assets in the amount of € 1,049.7 million (previous year: € 316.6 million) comprised non-current fixed assets including right-of-use assets as well as deferred tax assets and other assets. The change is essentially due to the increase in intangible assets (€ +371.4 million), which include the acquired brand rights, customer relationships and goodwill from the acquisition of Ideal Standard, in property, plant and equipment (€ +197.6 million) and in deferred tax assets (€ +63.4 million).

As a result, the share of total assets attributable to non-current assets increased to 52.6 % (previous year: 26.2 %).

Current assets mainly comprise inventories, trade receivables, cash and cash equivalents, other current assets, income tax receivables and current financial assets. Compared to the previous year, current assets decreased by € 81.4 million to € 698.2 million (previous year: € 779.6 million). Cash and cash equivalents totalled € 82.3 million, € 292.1 million below the previous year's level, which is mainly due to the acquisition-related purchase price payment.

Current assets (excluding cash and cash equivalents) increased by € 210.7 million, from € 405.2 million to € 615.9 million. This was mainly due to the increase in inventories (€ +113.0 million) and trade receivables (€ +95.1 million). The items of the equity and liabilities side of the consolidated financial statements are discussed in the "Capital structure" section of the Group management report under "Financial position".

OTHER FINANCIAL PERFORMANCE INDICATORS

In addition to the key performance indicators of revenue and operating earnings before interest and taxes (operating EBIT), whose development in the past financial year is discussed under "Results of operations", a further focus is on the rolling return on net operating assets. Net operating assets are calculated on the basis of the non-current assets used in operations (comprising intangible assets, property, plant and equipment and right-of-use assets) plus inventories, trade receivables and other operating assets less total liabilities to suppliers, provisions and other operating liabilities (including lease liabilities).

The return on rolling net operating assets is calculated as follows:

RETURN ON ROLLING NET OPERATING ASSETS

$$\text{Return on rolling net operating assets} = \frac{\text{Rolling operating result (EBIT)}}{\text{Rolling net operating assets (ø 12 months)}}$$

As of 31 December 2024, the rolling net operating assets of the Villeroy & Boch Group were composed as follows:

COMPOSITION OF THE ROLLING RETURN ON NET OPERATING ASSETS

Group

in € million	2024	2023
Net operating assets	**868.2**	**357.6**
Property, plant and equipment	708.6	217.9
Inventories	352.1	247.3
Receivables (from third parties)	220.8	110.3
Liabilities	- 156.1	- 79.2
Other assets	- 257.2	- 138.7
Operating result (EBIT)	**97.6**	**88.7**
Return on net operating assets	**11.2 %**	**24.8 %**

At the end of 2024, the Group's rolling operating return on net assets decreased by 13.6 percentage points year on year to 11.2 %. This was due to the significant acquisition-related increase in rolling operating net assets, which is reflected primarily in non-current assets, but also affects inventories, trade receivables and trade payables. In addition, the increase in the rolling operating net assets was disproportionately low compared to the increase in the rolling operating profit.

The rolling net operating assets of the Bathroom & Wellness Division were composed as follows:

COMPOSITION OF THE ROLLING RETURN ON NET OPERATING ASSETS

Bathroom & Wellness

in € million	2024	2023
Net operating assets	**765.3**	**248.4**
Property, plant and equipment	650.5	162.3
Inventories	264.5	149.0
Receivables (from third parties)	188.0	80.0
Liabilities	- 136.8	- 57.1
Other assets	- 200.9	- 85.8
Operating result (EBIT) *	**78.2**	**61.9**
Return on net operating assets	**10.2 %**	**24.9 %**

* Central function earnings components that cannot be influenced by the division are not taken into account in calculating the return on rolling net operating assets. Accordingly, the rolling operating result shown here differs from operating EBIT for the Bathroom & Wellness Division (see information on operating result (EBIT) by division).

As the Ideal Standard companies were not consolidated until 1 March 2024, the rolling return on net operating assets was calculated on the basis of the pro-rata rolling net assets for the months of ownership. The rolling operating return on net assets of the Bathroom & Wellness Division fell from 24.9 % to 10.2 % year-on-year due to the acquisition-related strong increase in rolling operating net assets and the relatively disproportionately low increase in rolling operating earnings.

The rolling net operating assets of the Dining & Lifestyle Division were composed as follows:

COMPOSITION OF THE ROLLING RETURN ON NET OPERATING ASSETS

	Dining & Lifestyle	
in € million	2024	2023
Net operating assets	**102.9**	**109.2**
Property, plant and equipment	58.1	55.6
Inventories	87.7	98.4
Receivables (from third parties)	32.7	30.3
Liabilities	- 19.4	- 22.1
Other assets	- 56.2	- 53.0
Operating result (EBIT) *	**33.0**	**36.4**
Return on net operating assets	**32.1 %**	**33.3 %**

* Central function earnings components that cannot be influenced by the division are not taken into account in calculating the return on rolling net operating assets. Accordingly, the rolling operating result shown here differs from operating EBIT for the Dining & Lifestyle Division (see information on operating result (EBIT) by division).

In the Dining & Lifestyle Division, the rolling operating return on net assets decreased from 33.3 % to 32.1 %. The reduction in rolling operating net assets, particularly as a result of inventory optimisation, only partially offset the cyclically-induced decline in operating earnings.

SUSTAINABILITY

GENERAL EXPLANATIONS[2]

For us, achieving our financial targets is closely connected to the various aspects of sustainability and corporate social responsibility, which ensure that our actions as a company are consistent with not only economic, but also ecological and social considerations. As such, trust-based cooperation with our stakeholders – and particularly our customers, suppliers, employees, social partners and shareholders – and a responsible approach to the environment play a particularly important role within our organisation and our processes.

Sustainable management in the sense of good and transparent corporate governance requires all Villeroy & Boch employees to act with integrity and in accordance with the law in order to ensure the company's long-term success. A Group-wide compliance management system ensures compliance with statutory and official provisions and internal guidelines and directives. This applies in particular to our Code of Conduct, which is required to be observed by all employees. As the company's success is also inextricably linked to the dedication of creative, motivated employees, our human resources strategy focuses on ensuring an attractive work environment with healthy and safe working conditions, fair payment, targeted training opportunities and an active commitment to diversity and equal opportunity.

Our customers trust the high quality of our products. This quality rests on three pillars: stylish design, extremely long service life and an very high level of product safety. We intend to retain this trust in future with technically superior products and sustainable value creation. This is why the requirements we make of our suppliers and our in-house production are so stringent. Alongside compliance with the law as well as with labour and environmental standards, our aim is to achieve our outstanding product quality with the greatest possible resource and energy efficiency. The use of management systems and standardised processes also helps achieve this.

NON-FINANCIAL DECLARATION

Since Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014 and Directives 2004/109/EC, 2006/43/EC and 2013/34/EU as regards sustainability reporting by undertakings (Corporate Sustainability Reporting Directive) has not been implemented by the German legislature as of 31 December 2024, Villeroy & Boch AG is still required in accordance with sections 289b, 315b HGB to expand the management report and Group management report to include a non-financial (Group) declaration. Reportable aspects within the meaning of sections 289c respectively 315c HGB include company-related disclosures on environmental, employee and social matters, respect for human rights and combating bribery and corruption – meaning they relate directly to our sustainability-related activities in the aforementioned areas. In preparing the non-financial declaration, we exercise the option provided by law of alternatively producing a combined, separate non-financial report for the Villeroy & Boch Group and Villeroy & Boch AG in accordance with sections 289b (3) and 315b (3) HGB. This is published online at https://www.villeroyboch-group.com/en/investor-relations/publications/sustainability-reports.html no later than four months after the end of the reporting period. This non-financial report is integrated into our sustainability report for the financial year from 1 January to 31 December 2024, in which we report extensively on our sustainability activities. The combined non-financial report is integrated into our sustainability report for the financial year from 1 January to 31 December 2024, in which we provide detailed information about our activities in the area of sustainability. With the exception of the inclusion of the sustainability reporting in a separate section within the Group management report (ESRS 1.110), the combined non-financial report was

[2] This section is an unaudited part of the Group management report.

prepared using the first set of the European Sustainability Reporting Standards (ESRS) as a guideline. Additional disclosure requirements under sections 289b to 289e and section 315c HGB that go beyond the first set of the ESRS have been complied with.

REPORT ON RISKS AND OPPORTUNITIES

RISK STRATEGY

Our business policy is aimed at sustainably increasing the performance and earnings strength of our company, and hence its enterprise value, for the benefit of our shareholders and other stakeholders. To this end, the Villeroy & Boch Group's business activities open up a wide range of opportunities, but are also accompanied by risks. Therefore, during the financial year we also fully integrated the opportunities and risks associated with the business activities and the acquisition of the Ideal Standard companies into the risk management system. In this context, our entrepreneurial activities are subject to general economic and industry-specific risks as well as the usual financial risks.

In accordance with our approach to risk, potential business risks are identified at an early stage, evaluated and – where possible – minimised or avoided altogether using recognised methods and measures. Risks are consciously accepted when the prospects for success are suitably attractive. The risks in question must also be evaluated in terms of their content and, where feasible, financial aspects. A functional and effective risk management system, fully incorporating the acquired Ideal Standard companies, is in place throughout our organisation. This system ensures the continuity of the Group and the achievement of our corporate goals – in particular financial, operational or strategic targets.

INTERNAL CONTROLS AND RISK MANAGEMENT

Principles of the internal control and risk management system

Our internal control system (ICS) and our risk management system (RMS) are based on the principles, policies and measures introduced by the Management Board with a view to the organisational implementation of Management Board decisions. Our ICS and RMS encompass the management of risks and opportunities in connection with the achievement of business targets, the correctness and reliability of internal and external financial reporting, and compliance with the statutory provisions and regulations that are relevant to Villeroy & Boch. This includes sustainability aspects, which are continuously enhanced to reflect regulatory requirements. Nevertheless, the effectiveness of any ICS or RMS is subject to inherent limitations. For example, no system – not even one that has been assessed and found to be adequate and effective – can guarantee that all actual risks are addressed in advance or that all process violations are ruled out. The purpose of the ICS and RMS is to adequately counteract risks, not to eliminate them altogether.

The risk management system covers all of the areas of our Group and allocates clear responsibilities and duties to all organisational units. In this system, the Management Board defines the principles of the risk policy and risk treatment above and beyond the general principles of Group strategy and ensures that they are implemented. The Code of Conduct limiting the risks of possible breaches of the law and regulations, which applies to all employees and managers throughout the Group, is a further component of this system.

Various coordinated planning, reporting and control processes and early warning systems have been put in place in implementing the system as a whole with the aim of recognising developments that could endanger the Group's continued existence in good time and taking appropriate and effective countermeasures. The risk-bearing capacity of the Villeroy & Boch Group is calculated by comparing its aggregated total value at risk with its current equity.

Our operational risk management covers the entire process, from the early detection of risks to the controlling and handling of risks. Together with the necessary countermeasures, it is primarily the responsibility of the process owner, i.e. decentrally at divisional level. Risk controlling identifies, measures and evaluates all risks. Involving the controlling team for the respective division ensures that risk management is integrated into the decentralised controlling organisation. Risk management functions are also coordinated centrally with the help of IT in order to guarantee a consistent and seamless workflow throughout the Group.

The internal control system comprises the principles, procedures and measures introduced by management in order to ensure

- the effectiveness and economic efficiency of the Group's business activities,
- the sustainability targets,
- the correctness and reliability of internal and external financial and sustainability reporting and
- compliance with the statutory provisions that are relevant to the company.

The principles, organisational structure, workflows and processes of the internal control and risk management system are set out in Group-wide guidelines and work instructions. These specialised provisions are based on laws and regulations as well as supplementary company standards and are adjusted at regular intervals to reflect external and internal developments.

Monitoring of the internal control and risk management processes

As part of its overall responsibility for the internal control and risk management system, the Management Board is largely responsible for ensuring that suitable structures and processes are established to detect, control and minimise risks at an early stage. It is the responsibility of the process managers and legal representatives of the Group companies to implement the defined control objectives in their respective areas of responsibility. They are also responsible for developing an effective and sustainable ICS and a functioning RMS, as well as for continuously monitoring and adjusting these as needed.

Group Internal Audit acts on behalf of the Management Board and, as an independent authority, additionally plays a role in the continuous, risk-oriented review of business processes. The audits focus on evaluating the effectiveness and functionality of the internal control and risk management system in the legal entities and central functions. Group Internal Audit acts not only as a monitoring and control body, but also provides information for improving control mechanisms and detecting weaknesses within existing processes.

In 2024, the Management Board expanded the responsibilities of Group Internal Audit by instructing it to extend its audits to the acquired Ideal Standard companies, which previously had no internal audit of their own. The expansion was implemented by including the audits at Ideal Standard in the approved audit plan for the entire Group. The first internal audits at Ideal Standard were conducted in the third quarter of 2024.

Group Internal Audit conducts its audits independently of individual business processes, thereby ensuring an objective and unbiased assessment of internal control and risk management structures at group level.

The Management Board is regularly informed of the results of Group Internal Audit, particularly with regard to existing control weaknesses and the resulting risks. To remedy any weaknesses identified, Group Internal Audit adopts measures, the implementation of which are monitored. These measures contribute to the continuous improvement of control mechanisms and to preventive and detective monitoring. Specifically, our Group Internal Audit team is responsible for identifying risks within its area of activity (detection function), independently and objectively assessing these risks (evaluation function), submitting recommendations for improvement (advisory function) and reviewing their implementation (tracking function).

The Audit Committee of the Supervisory Board also monitors the effectiveness of the risk management, the internal control and audit system and, in particular, the financial reporting process. As part of the annual audit of the consolidated financial statements of Villeroy & Boch AG, our auditors assess in accordance with section 317 (4) HGB whether the Management Board has adequately satisfied the requirements of section 91 (2) of the German Stock Corporation Act (AktG), especially with regard to the establishment of a monitoring system to identify developments that could endanger the company's continued existence at an early stage, and whether the monitoring system to be set up in accordance with these provisions can fulfil its purpose. According to the audit, the Management Board has taken the measures required under section 91 (2) of the German Stock Corporation Act (AktG), in particular with regard to the establishment of a monitoring system, in an appropriate manner and the monitoring system is suitable in all material respects for identifying developments that could jeopardise the continued existence of the company with sufficient certainty at an early stage. The auditors point out that even a risk early-warning system that has been judged suitable in the course of the audit is subject to system-inherent limitations, so that developments that jeopardise the company's continued existence may still occur without being detected by the system at an early stage.

General internal control and risk management system[3]

The directory of general internal controls serves as the Group-wide basis for the general ICS. It describes all material processes and the resulting risks along with the controls that have been put in place to minimise those risks, meaning that it sets out the control objectives that apply globally. This gives the process owners the tools they need to structure their control environment and achieve their control objectives.

The Management Board assesses the appropriateness and effectiveness of the ICS and the RMS at the end of each financial year. This assessment is based on the annual confirmation by the responsible ICS and RMS officers in the two divisions, supplemented by the confirmations concerning the defined controls in connection with our accounting-related ICS. These confirmations provide an overview of the key elements of the ICS and RMS at Villeroy & Boch AG and its affiliated companies, summarise the activities undertaken to assess their appropriateness and effectiveness, and highlight any critical control weaknesses identified in the course of these activities. The internal control weaknesses identified in the course of this process and by Group Internal Audit assessments are evaluated and corresponding countermeasures are initiated by the persons responsible.

The Management Board issues an overall assessment of the appropriateness and effectiveness of the ICS and RMS as at the end of the reporting period. Based on the overall

[3] This section is an unaudited part of the Group management report.

assessment of these management systems, the Management Board is not aware of any indications that these are not appropriate or effective.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM FOR THE GROUP FINANCIAL REPORTING

As Villeroy & Boch AG is a publicly traded parent company within the meaning of section 264d of the Handelsgesetzbuch (HGB – German Commercial Code), it is required to disclose and explain the key characteristics of its internal control and risk management system with respect to the Group financial reporting process in the Group management report in accordance with section 315(4) HGB. This includes both appropriateness and effective design. Doing so guarantees with reasonable assurance that financial reporting is reliable and that the Group accounting is consistent with legal requirements, generally accepted principles of proper accounting and internal guidelines.

Integrating the Group accounting-related internal control and risk management system into the Group-wide control and risk management system serves to avoid redundancies. It therefore contributes to ensuring efficient business processes and helps to protect company assets and prevent or detect fraudulent activity. It encompasses the organisational, control and monitoring structures that we use to ensure that business transactions and events are properly identified, processed and recognised in financial reporting transparently, correctly, promptly and in full.

The central basis for a proper, uniform and continuous Group financial reporting process is provided by the relevant laws and standards, applicable accounting principles and internal provisions and principles. These are set out in a Group-wide accounting policy that is continuously updated and that is required to be observed by all consolidated Group companies. In addition, clearly defined procedures are specified in the form of uniform accounting, a uniform Group-wide chart of accounts for financial reporting, a Group-wide schedule for the preparation of the financial statements and various manuals. Furthermore, there are clear functional and personnel assignments for the functions performed as part of the financial reporting and consolidation process (e.g. Group reporting, controlling, financial accounting, payroll, taxes and treasury). This ensures the strict separation of the specific areas of responsibility.

In addition to the assignment of appropriate staff resources, the preparation of the consolidated financial statements is supported by uniform, standardised reporting and consolidation software that contains extensive checking and validation routines. In this respect, the internal control and risk management system relating to Group financial reporting provides for both preventive and investigative controls. These include Group-wide binding standards such as systematic and manual reconciliation in the form of regular spot checks, plausibility checks and various risk-, process- or content-oriented controls in the divisions and functions, as well as the fundamental establishment of the separation of functions and predefined approval processes. The principle of dual control is implemented for all material processes relating to Group financial reporting. Strictly regulated access controls and authorisation concepts for the IT systems – both physically and in terms of software – prevent unauthorised data access to Group accounting content in line with the minimum information principle.

To ensure the functionality and effectiveness of the internal control and risk management system in terms of the Group financial reporting process, the Group companies' compliance with the control systems and accounting provisions is regularly monitored by analytical audits, which are performed by the local legal representatives of the Group company, Group Reporting and Group Internal Audit. This monitoring includes identifying and communicating vulnerabilities, initiating appropriate countermeasures and examining whether these are successful. Furthermore, control activities are always adjusted when business circumstances change and the previously defined controls are no longer adequate to the new risk situation. All of the relevant business processes for Group financial reporting in the internal control and risk management system, including evidence of effective controls, are documented in a uniform, audit-proof manner and presented transparently in an IT application that is used throughout the Group. The Ideal Standard companies that have been integrated following the acquisition of Ideal Standard are likewise included in these processes.

INDIVIDUAL RISKS

The following section contains a discussion of the risks that the Villeroy & Boch Group considers to be significant and whose potential occurrence could have a relevant adverse effect on the Group's net assets, financial position and results of operations.

The overview below provides a general summary of the individual risks. Applying a one-year forecast period, it shows the relative importance of the individual risks based on their probability of occurrence and potential financial impact following any risk mitigation measures (net risk).

The risk types are assessed based on the individual risk with the highest financial impact. In this context, a probability of occurrence of less than 30 % is classified as "low" and a probability of more than 60 % as "high". The assessment of the potential financial impact is based on the qualitative criteria "insignificant" (loss < € 1 million), "moderate" (loss between € 1 million and € 5 million) and "significant" (loss > € 5 million). Risks with a very low probability (<= 5 %) are excluded from the assessment.

There are some changes compared to the previous year due to the addition of the Ideal Standard companies. These relate to default and credit risks, as well as tax risks, which are partially covered by insurance and provisions. Subject to further geopolitical uncertainties, the probability of procurement risks occurring has not changed significantly. The integration of the Ideal Standard purchasing volume, which shows a higher procurement share from China, has increased the potential financial impact of this geopolitical risk, which remains significant. We are countering an increase in the risk situation due to a general increase in cybercrime with expanded countermeasures, so there has been no change in the risk profile.

RISK PROFILE OF THE VILLEROY & BOCH GROUP

	Probability of occurrence			Potential financial impact		
Risk type	low	medium	high	insignificant	moderate	significant
General and industry-specific market risks	X					X
Economic performance risks						
Procurement risks	X					X
Product development risks	X				X	
Production risks	X				X	
Environmental protection risks			X			X
Financial and economic risks						
Inventory risks	X				X	
Default and credit risks		X				X
Liquidity risks	X				X	
Exchange rate risks	X					X
Interest rate risks	X			X		
Other price risks	X			X		
Tax risks	X					X
Personnel risks		X			X	
Legal risks		X			X	
IT risks	X					X

General and industry-specific market risks

As a globally active company, we currently market our products in around 140 countries. All international business activities typically involve a wide range of general market risks that depend on macroeconomic developments, societal and geopolitical factors and regulatory conditions.

In addition to geopolitical changes, macroeconomic changes such as economic, exchange rate, inflation or interest rate fluctuations can have a particularly direct impact on the propensity of our customers to invest and spend.

The integration of the Ideal Standard companies and the resulting increase in sales and earnings in the Bathroom & Wellness Division pose a primarily industry-specific risk due to current developments in the construction industry. The tangible increases in costs driven by financing and inflation are making conditions more difficult for construction projects. Furthermore, the risk of potential geopolitical uncertainties could affect our business performance in individual markets. As in the previous year, the potential slowdown in the Chinese construction sector represents a specific risk.

In addition to continued economic sales risks, the Dining & Lifestyle Division remains faced with the challenge of the sustained shift in our customers' consumer behaviour away from physical retail in favour of e-commerce; however, we consider this to be more of an opportunity than a risk. To this end, we will further intensify our initiatives to optimise our store portfolio and our e-commerce strategy.

With regard to the market risks listed, we perform comprehensive risk monitoring by continuously observing and analysing the macroeconomic data and economic and industrial developments that are particularly relevant to our business on a continuous basis. Based on these observations, our operating divisions define, prepare and then implement the adjustments and measures that are necessary both in order to avert potential risks and, more importantly, to exploit opportunities that present themselves.

Economic performance risks

Procurement risks

General procurement risks include the risk of material price developments, the risk that the materials delivered to us will be of poor quality, the risk of supplier insolvency and disruption in supply chains. Villeroy & Boch has defined suitable countermeasures for these risks as part of its risk management. As well as permanently monitoring markets and the financial stability of key suppliers, these include defining and implementing procurement strategies and preventing single sourcing scenarios wherever possible. However, in some exceptional cases – including the key area of raw materials – the current circumstances may be such that there are hardly any alternative sources available on the market. Sources are reviewed on an ongoing basis so that suitable measures can be taken at an early stage. In the reporting year, diversification of supply sources from a geopolitical perspective was prioritised. In particular, measures were introduced to identify alternative procurement sources outside China.

The sustained weakness of the economy and the reduction of excess inventories across the various value chains led to capacity underutilisation among suppliers of products, materials and raw materials in some industries.

Procurement prices fell slightly overall in the year under review, compared to the previous year. Where it is possible and reasonable to do so, Villeroy & Boch counteracts the risk of price changes by engaging in hedging. In the year under review, hedging transactions were carried out for gas, electricity and brass. Swaps with credit institutions were also used for gas and brass. The hedging of these risks was extended to include Ideal Standard's procurement volumes. Further information can be found in the disclosures on financial risks in the “Management of other price change risks” section.

Product development risks

As our competitive position and our revenue and earnings development depend to a large extent on the development of commercially successful products and production technologies, we invest appropriate resources in research and development. Development processes involve an extensive time and resource commitment and are subject to technological challenges and regulatory requirements. Alongside strong competition, these factors mean that not all of the products developed at present or in the future will reach the planned market maturity and prove to be commercially successful.

Additional information on our research and development activities can be found in the section of the same name under “Basic information on the Group”.

Production risks

Production risks result from potential interruptions to operations, for example due to machine or kiln failures. They can have significant financial consequences and adversely affect our business performance. Accordingly, we have a sufficient maintenance budget to ensure the regular servicing of our production facilities and the necessary replacement investments. A rapid response is also guaranteed in the event of any operational problems (e.g. having internal tradespeople on call, external responses in the form of maintenance contracts). The acquisition of Ideal Standard's factories has given us a more diversified production network that is better able to absorb any outages.

Climate change is becoming increasingly important around the world. Governments are adopting stricter regulations on the reduction of emissions or initiating corresponding legislation. As an example, the European Union's Green Deal has the goal of reducing net greenhouse gas emissions to zero by 2050, thereby becoming the first climate-neutral continent. As a tax on CO_2 emissions has been in force in Germany since 2021 – with similar regulations to increase the cost of emissions also expected in other countries in the future – our European production sites are facing additional costs, with a corresponding impact on our international competitiveness. Our future investment activity will continue to focus more on new technologies, especially in the area of firing technology, so that we can integrate ecological and economic business even more strongly than before with a view to achieving our strategic decarbonisation targets. Medium-term diversification in terms of product materials and the associated conversion of production processes also entail risk potentials.

Environmental protection risks

The environmental impact of production can never be avoided altogether. In order to prevent the resulting environmental risks, especially in light of increasingly stringent legislation, Villeroy & Boch analyses environmental and occupational safety laws at regular intervals and initiates suitable organisational measures where relevant.

As part of a continuous review of site contamination, appropriate provisions are recognised for existing risks.

We also continuously monitor emission levels at all of our production sites. As well as analysing the specific environmental impact, this includes monitoring the related occupational safety aspects (e.g. exposure at the respective workplaces). The central basis for continuous monitoring is a dedicated reporting system in which location-related information is bundled and presented for the Group as a whole. We respond by making corresponding investments in environmental and occupational safety as required.

Ensuring that employees are regularly made aware of current environmental and energy-related topics is another preventive measure at Villeroy & Boch. Employees are included in various operational projects in their respective area in order to leverage further potential and minimise risk.

Financial risks

As an international Group, we are exposed to financial and economic risks. In particular, these are:

- Inventory, default and credit risks,
- Liquidity risks and
- Market price risks (exchange rate, interest rate and
- other price risks).

Financial risk is managed globally by our central Group Treasury unit. There are detailed guidelines and provisions for dealing with financial risk, including the separation of trading and settlement functions. Group-wide principles regulate all relevant issues, such as banking policy, financing agreements and global liquidity management.

Management of inventory risks: Property, plant and equipment and inventories are insured against the various risks of actual loss. A detailed reporting system exists for the size, structure, range of coverage and changes to individual items, counteracting the risk of loss in value due to limited usability of inventories. Further information can be found in notes 6 and notes 12 of the notes to the consolidated financial statements. There is no significant concentration of inventory risks within the Group. The acquisition of the operating Ideal Standard companies led to a significant increase in the volume of inventory. However, this did not lead to any change in the nature of these risks or in the way they are managed.

Management of default and credit risks: Default and credit risks describe the uncertainty that a contractual party will fail to meet its contractual obligations. In order to minimise these risks, our guidelines state that business relationships are only entered into with creditworthy business partners and, if necessary, subject to the provision of collateral. Villeroy & Boch has protected the main receivables from customers by trade credit insurance. The default risk for the remaining uninsured receivables is controlled by way of an internal limit system and reporting. Compliance with limits is monitored centrally. In some cases, we counteract potential default risks through the collateral deposited by customers, such as guarantees and mortgages, and through prompt collection measures. Specific valuation allowances are recognised for default risks, if necessary, that occur despite this, and particularly in the event of significant financial difficulties on the part of the debtor and impending bankruptcy (see section 13 of the notes to the consolidated financial statements). For banks, too, minimum requirements with respect to creditworthiness and individual limits for the exposures to be entered into are established based on the ratings issued by international rating agencies and the prices of hedging instruments (credit default swaps) as well as internal examinations of creditworthiness. Compliance with limits is monitored continuously. As Villeroy & Boch deals only with contract partners with an investment grade rating from an international rating agency, the default risks for investments and derivative financial instruments are considered low. The Group also ensures external security for the respective instrument, for example through deposit guarantee systems. There is no significant concentration of default risks within the Group. There were no significant changes in the nature of these risks, or the methods of risk management and measurement in 2024. We also do not anticipate any significant changes in 2025.

Management of liquidity risks: In order to ensure our permanent solvency and financial flexibility, we control short, medium and long-term liquidity risks by maintaining adequate liquidity reserves and sufficient credit facilities with German and foreign banks and through a medium and short-term liquidity projection. To finance the Ideal Standard acquisition, a promissory note loan with maturity bands of 3, 5 and 7 years was taken out at the end of 2023 and the beginning of 2024. The financing requirements of Group companies are generally met in full by internal lending. This allows the cost-effective and permanently adequate coverage of financial requirements for the Group's business operations and site investments. We utilise international cash pooling systems in order to reduce external finance volumes and optimise our financial result. External loans are provided for the Group companies involved only to the extent that legal, tax or other circumstances do not permit internal lending in exceptional cases. We are also applying factoring to working capital management. There is no significant concentration of liquidity risks within the Group. There were no changes to the risk management and measurement methods in 2024. Further information on the management of liquidity risks can be found in note 54 of the notes to the consolidated financial statements.

Management of exchange rate risks: In the course of our global business activities, we are exposed to exchange rate risks arising from transactions in foreign currencies. Currency futures contracted with banks with good credit ratings are predominantly employed as hedging transactions. We generally hedge exchange rate risk over a period of twelve months, though hedges can extend beyond this horizon in exceptional cases. The required hedging volume is first determined by netting receivables and liabilities throughout the Group for each currency pair. As a matter of principle, the remaining exchange rate risk is initially hedged at a level of up to 70 % on the basis of past experience. From the conclusion of the contract, it is demonstrated periodically that possible currency fluctuations in the planned hedged item are offset by the opposing effects of the hedge throughout the term of the contract. The volume identity of planned and recognised foreign currency revenues for transactions already settled is also reviewed and documented at the end of each reporting period. There is no significant concentration of exchange rate risks within the Group. Additional hedging transactions were concluded following the integration of Ideal Standard into the central currency management system. However, natural hedges were simultaneously implemented through operational changes to invoicing, meaning that there was no significant change in the type and scope of these risks in 2024. Nevertheless, the acquisition of Ideal Standard means that there are currency risks in Egypt that cannot be hedged using the usual approach, given the restrictions on convertibility. In this case, the risk is countered by passing on exchange rate fluctuations to the market and holding foreign currency lines in the country. Otherwise, there were no changes in the way risks were managed and measured in 2024. As in the previous years, however, there is an increased risk due to the volatility of various currencies, for example the Norwegian krona and the Thai bahts. These currencies can be expected to see a heightened exchange rate risk once again in 2025. We use a dynamic hedging approach to address these risks. Further information on the management of exchange rate risks can be found in note 54 of the notes to the consolidated financial statements.

Management of interest rate risks: Interest rate risks occur as a result of interest rate fluctuations on the market when funds are invested or borrowed at fixed- and variable-interest rates. The earnings risk arising from interest rate changes is determined on the basis of sensitivity analyses and controlled by Group Treasury. An appropriate relationship is maintained between fixed- and variable-interest borrowings. Fixed-interest loan agreements limit the risk of volatile interest markets. In 2024, an interest rate swap was also concluded for the variable portion of the three-year tranche of the promissory note loan. While the interest rate risk exposure increased as a result of taking out the promissory note loan, there were no changes in the way in which risk is managed and assessed. The cycle of interest rate cuts introduced by the central banks has led to lower interest rates in the variable and short-term segments. Further information on the management of interest rate risks can be found in section 54 of the notes to the consolidated financial statements.

Management of other price risks: As part of our risk management, we identify price change risks in commodity procurement. We use contractual price fixes with suppliers and energy providers as well as capital market-oriented financial products for hedging purposes. The commodity of brass and some of our gas requirements are currently hedged using commodity swaps with banks with good credit ratings. The requirements in accordance with production planning are generally hedged at a level of 70 % for the coming year on the basis of past experience. For the purpose of risk spreading, hedges are conducted in small tranches over a period of two to three years. In 2024, the volume of hedges was covered by corresponding hedged items on a monthly basis. As such, there is no significant concentration of other price risks within the Group for the hedged raw materials. In 2024, Ideal Standard was also integrated into the management of other price change risks. This mainly includes brass for the production of fittings. Further information on the management of commodity price risks can be found in section 54 of the notes to the consolidated financial statements.

Tax risks

The global business activities of the Villeroy & Boch Group mean it is subject to a wide range of country-specific tax laws and regulations. Changes in the applicable tax law situation could have an adverse effect on the taxation of the Group companies.

The Group companies domiciled in Germany and abroad may be subject to an external audit of their tax declarations and payments by the responsible local fiscal authorities. As a matter of principle, the resulting risks relate to all outstanding assessment periods and arise primarily in connection with differing or more restrictive interpretations of existing provisions by the fiscal authorities. These can have a negative financial impact.

Tax risks are continuously identified and systematically reviewed and assessed as part of our risk management system. The central Group tax department analyses and evaluates the corresponding technical issues in conjunction with external tax consulting firms. Adequate provisions have been recognised for tax risks that are already known.

Before the acquisition of the Ideal Standard Group, tax due diligence was performed by external tax advisors. Provisions were recognised in the appropriate amounts for the tax risks identified.

The Villeroy & Boch Group falls within the scope of the *Mindeststeuergesetz* (German Minimum Tax Act – "MinStG"). The Minimum Tax Act came into force on 28 December 2023 with effect from 1 January 2024.

Villeroy & Boch AG is therefore subject to the minimum tax regardless of which other jurisdictions have also implemented the law. Under this new law, the Group is required to pay additional tax in every country with an effective tax rate of less than 15 %. Determining the effective tax rate is complex and involves a large number of specific adjustments. The law provides relief in the form of a temporary "safe harbour" regulation, under which no additional tax is due for the respective year under certain conditions. Investigations to date have found that the CbCR safe harbour rules applied in the majority of countries in 2024, meaning that no tax was payable in those countries. For the countries in which the CbCR safe harbour rules did not apply, a full calculation was carried out and, where necessary, a corresponding provision was created.

Personnel risks

The long-term success of the Villeroy & Boch Group depends to a large extent on its committed and skilled employees and managers. In order to secure new talent and expertise for the long term, the Group places great value on a targeted human resources policy.

Since the acquisition of Ideal Standard in 2024, the number of employees in the company has almost doubled. This dynamic development opens up new opportunities, but also means that the company is responsible for developing and retaining talent over the long term. We want to boost our employees' motivation and satisfaction by offering targeted training opportunities, designing clear career paths and promoting an employee-oriented corporate culture. This simultaneously bolsters our potential for innovation and our competitiveness as an employer.

The focus here is on recruiting and training qualified employees, as well as providing ongoing professional development for the Group's existing staff in the form of management and personal development training and specialised learning programmes. The intensifying competition for new employees is proving to be an ever greater challenge at our locations worldwide. Societal developments, and especially demographic change, lead to a shift in terms of supply and demand on the employment market. In some cases, this is resulting in lengthier recruitment processes to find the necessary replacements for qualified employees in key positions.

At the same time, fluctuation is increasing as attractive vacancies on the employment market mean specialists and managers are more willing to move. This will lead to capacity bottlenecks as not all vacancies can be filled by external candidates. Recruiting “Generation Z” is also proving challenging as they have high expectations of companies in terms of flexibility, salary structures and benefits. Employer loyalty among this age group seems to be lower than other generations, making long-term collaboration difficult. Among other things, we are counteracting this risk by further supporting internal training and development through job rotation, succession planning and investing in attractive employer branding. Within the Group, we offer employees the opportunity to pursue new career paths at Villeroy & Boch and Ideal Standard via the internal job portal. This way, we can offer an option to counteract employee turnover while also meeting their career development needs. Furthermore, in light of digitalisation, we must adapt to the changes in the job profiles that will be required moving ahead. Our human capital management system provides the necessary transparency and systematic support for advancing issues relating to staff development in a targeted manner.

We have pension and pension-related obligations for the provision of retirement benefits to our employees. Changes in the relevant measurement parameters, such as interest rates, mortality rates and the rate of salary growth, constitute a financial risk as they may lead to a change in the volume of these obligations and negatively impact our equity and our earnings. Provisions for pensions are described in note 26 of the notes to the consolidated financial statements.

Legal risks

The progressive internationalisation of our business activities is accompanied by an increase in the number and complexity of the statutory provisions we are required to observe. Accordingly, we are permanently exposed to risks in connection with guarantee obligations and material defects, product liability, competition and antitrust law as well as industrial property rights and potential claims arising from breaches of contract. To the extent that it is foreseeable and economically reasonable to do so, we cover the existing legal risks by concluding insurance policies that are typical for the industry. Where necessary, appropriate provisions are created for any further obligations. Regular production monitoring and continuous improvements ensure the high quality of our products and reduce the potential cost of legal risks. The compliance organisation established by the Management Board ensures responsible and legally compliant behaviour. This compliance organisation also includes the new subsidiaries added by the Ideal Standard acquisition, which have been fully integrated.

IT risks

Villeroy & Boch has detailed, Group-wide security guidelines and risk management requirements that are regularly reviewed for compliance and effectiveness.

Generally speaking, a distinction can be made between the following IT risks:

- non-availability of data and IT systems,
- missing or incorrect provision of data,
- loss or manipulation of data,
- cybercrime
- breaches of compliance (data protection provisions, licensing violations, etc.),
- disclosure of confidential data and information.

Our central IT organisational structure and the use of standardised, Group-wide IT systems and processes are important measures to minimise the probability of risks occurring. To maintain the advantage of a central organisation, a joint team of internal cybersecurity experts from both groups was formed immediately after the acquisition of Ideal Standard. This team is responsible for cybersecurity across the Group. The team works closely with external IT security service providers to comprehensively cover requirements such as 24/7 availability, short-term expert availability and state-of-the-art technology knowledge. The holistic IT security concept is based on best practice standards (NIST 2.0, BSI, ISO 27001) and fully includes all IT service providers. We pay strict attention to compliance with the relevant security certifications when selecting our IT service partners. Annual security tests (penetration tests) and IT security benchmarks conducted by independent experts verify the suitability of the protective measures and reflect the status in comparison with other companies.

The advancing digitisation of our business and production processes and the further increased risk of cyberattacks in 2024 are accelerating the continuous evolution of the IT security architecture. The areas of production and logistics are a key focus here. The partial or complete failure of these operational technologies would inevitably have a negative impact on value chains. Accordingly, the Group continually monitors these systems at all locations and significantly increased its responsiveness in the event of an incident. The business continuity plan forms the basis for good cyber resilience. It contains organisational and technical instructions for maintaining emergency operations. The partial shift in sales activities from retail outlets to online sales, the associated growing importance of electronic revenue volumes and the further digitalisation of the value chain also results in greater potential for losses. Security and early warning systems such as application firewalls, DDoS (Distributed Denial of Service) protection, internal and external continuous vulnerability scanning, and role-based access to the internet mitigate existing risks. In addition, the Group uses standardised, centrally managed firewall technology to protect all locations. Additional security is provided by extensive protective measures for stationary and mobile end devices, malware e-mail filtering, spear phishing simulation and training measures to sensitise users to cyber attacks. The segmentation that has been set up ensures that the internal data networks are encapsulated. Together with the newly established central collection of IT system data (Security Information and Event Management), the impact of cyberattacks can be limited and the response time can be accelerated. We regularly review the IT security measures taken against the market standard.

Overall risk position

The Management Board of Villeroy & Boch AG regularly examines the risk situation of the Group and has satisfied itself as to the effectiveness of the risk management system.

In comparison to the previous year, the risk profile in the 2024 financial year has not changed significantly, although the revenue and earnings level underlying the assessment has increased compared to the previous year, due in part to the integration of the Ideal Standard companies. In the context of the company acquisition and its integration into the risk assessment, we are faced with a new risk situation. However, in relation to the expanded scope of business, this does not represent an increased risk for the Group.

In the opinion of the Management Board, based on the probability of occurrence and potential impact of the risks described above, they do not represent a risk to the continued existence of the Group either in isolation or cumulatively. The Group controls the individual risks using the risk management system and ensures sufficient risk cover is available. The Management Board does not expect this to have a material influence on the Group’s net assets, financial position and results of operation.

REPORT ON OPPORTUNITIES

The Villeroy & Boch Group has a wide range of opportunities to secure its long-term future business success. The following section presents the Group's main opportunities, which go hand in hand with additional earnings potential beyond that generated by planned business activities.

The integration of Ideal Standard has opened up further opportunities, particularly with regard to product and material expertise in the area of fittings, the complementary expansion of market expertise and market access, and expertise in project sales.

Opportunities through material expertise (ceramics and fittings)

Expertise with ceramic materials is a key factor for the success of our company. Ideal Standard's long-standing experience in ceramics enhances this expertise even further. Our combined expertise is what allows us to create impressively precision-engineered, durable and aesthetically pleasing products.

The Bathroom & Wellness Division focuses on combining product design and raw material and production expertise with product functionality and quality. The new Villeroy & Boch flushing technologies, TwistFlush and TwistFlush[e³], are prime examples of this. They use the physical force of the water vortex to ensure perfect cleanliness, save water and promote sustainability in the bathroom. The AquaBlade® water-saving flush technology from Ideal Standard is impressively quiet and splash-free.

Villeroy & Boch's innovative materials like TitanCeram combine selected natural materials such as feldspar, quartz, clay and titanium dioxide to create particularly delicate yet stable washbasins. The matte TitanGlaze gives ceramics a very scratch- and impact-resistant finish thanks to a high-purity, crystalline aluminium oxide. The successful Artis surface-mounted washbasin family is now available in a bi-colour look in addition to classic white. Thanks to our many years of ceramic colour expertise, Villeroy & Boch is able to offer bi-colour products that reflect current colour trends. Ideal Standard also develops material innovations such as the SmartGuard+ surface glaze, which has been on the market for some time. SmartGuard+ contains ionic silver as an element of the glaze and thus inhibits the growth of bacteria. We are working on the ceramics of the future in our own development centre for all of the Group's brands, as well as with selected research partners. We are confident that this will allow us to continue to set ourselves apart from the competition in future.

The Ideal Standard brand's pioneering developments demonstrate the Group's reinforced expertise in the area of fittings. In 2024, with Alu⁺, a complete shower series was introduced that is totally geared towards sustainability. It consists of 83 % recycled aluminium, has no chrome surfaces and no single-use plastics in packaging, and comes with water-saving shower heads and hand showers. The Solos series of fittings exemplifies German engineering and exacting contemporary design standards: The technology is integrated into the wash basin, allowing for extremely slender fittings. A consistent fittings design, reflected throughout the entire bathroom collection, and harmoniously coordinated taps, ceramic elements and furniture are the hallmarks of both the Ideal Standard La Dolce Vita and the Villeroy & Boch Antao collections. Specifically, the application of our expertise in the area of fittings at the corporate level offers a wide range of opportunities for boosting the Villeroy & Boch brand's fittings business. Joint development teams are working on pioneering innovations and platforms to leverage synergies and reach different target groups with a differentiated range.

In the Dining & Lifestyle Division, we concentrated on improving our manufacturing processes. The selective use of modified additives in the glaze has yielded a significant reduction in the re-firing rate and a noticeable improvement in the overall quality of our products. These new additives have been successfully integrated into our production processes, and play a major role in boosting efficiency.

With the insourcing of the preparation of the kiln furniture, a further measure to increase efficiency and improve the company's environmental footprint was completed in 2024. By internally coating the kiln furniture with engobe, we are achieving significantly greater flexibility at noticeably lower costs, while also reducing our CO_2 emissions.

We are also working on the development of an environmentally friendly and sustainable glaze without lithium. Our new recipe has already undergone extensive testing.

Our efforts are making a decisive contribution to strengthening the Group's competitiveness and enabling us to meet market and customer requirements even better in the future.

Opportunities created by current trends in society

All in all, in these unsettled political and challenging social times, we see a return to traditional values such as quality and reliability across all areas of business. Thanks to its 275-year history and quality guarantee, our brand Villeroy & Boch is well placed to capitalise on this social trend. Likewise, the Ideal Standard brand enables us to address a broader target group and expand our range in the high-volume areas of the market with a highly consistent, timeless design.

In recent years, the home has also become increasingly important as a haven and an expression of individual lifestyles. With our Dining & Lifestyle products, customers can design their home to suit their personal tastes and preferences, making it something special. By expanding our gift range, we are also giving customers the opportunity to find the right gift for any major occasion and to bring joy to themselves and others.

In the Bathroom & Wellness Division, we also see a trend towards designing the home as a place for personal well-being. Moreover, an ageing society is placing new demands on the bathroom. Both trends are evident in the area of private homes as well as in public and commercial buildings. We stay abreast of these trends by developing new products and placing a greater focus on project business.

Opportunities through growth markets and project competence

In the Bathroom & Wellness Division, we expect sustained e-commerce growth in the coming year, with the growth channels driven by continuously changing consumer behaviour. By expanding our digital offerings along the entire customer journey, we aim to further strengthen brand loyalty and inspiration among consumers. We see additional growth opportunities from bolstering our project business by incorporating the expertise of Ideal Standard. The complementary use of our brands offers new possibilities here. Targeted optimisations in the sales structures and in the support provided by specific products and services will enhance the customer experience for the professional target groups in this area. The expected recovery in consumer demand, supported by falling interest rates and declining inflation, will also unlock further potential in residential construction. In the hospitality and healthcare sectors, we see growth potential in a broader range of services and a focus on segment-specific solutions.

In our core markets, we see considerable potential for the Bathroom & Wellness Division to achieve greater market penetration in the coming year by utilising the high-performance sales structures of Villeroy & Boch and Ideal Standard, particularly in key markets such as Italy, the United Kingdom, and Germany. Ideal Standard's strong presence in the Middle East and Egypt will enable us to improve market access and generate additional growth opportunities in Egypt, the United Arab Emirates and Saudi Arabia for both core brands. In the APAC region, the dynamic growth will be supported by a new regional management and sales structure, as well as by an expanded product portfolio, for example with ViClean and one-piece toilets.

In China, we are planning to expand our sales structures in the western and southern provinces and to increase our retail business by means of targeted activities at the points of sale for our focus products and our fittings business. In South and East Asia, we will boost our revenue further by focusing our resource allocation in core markets such as Taiwan, Korea and Vietnam. Brand-building exhibitions, planned for example in Hanoi and Ho Chi Minh City, will strengthen our presence in Asia.

In the product segments, we see significant growth potential for the coming financial year in the Bathroom & Wellness Division due to the strategic expansion of our product portfolio. We are planning the Europe-wide introduction of new designs for fittings and showers that are specifically aligned with changing customer preferences. In the premium and luxury segment, we plan to bolster our ceramics business with specific design initiatives that will, in turn, support the expansion of our market position. We will leverage innovative functions to make our volume lines more attractive. We also anticipate that the successful further development of our shower toilet range will help to boost sales.

In the Dining & Lifestyle Division, we remain focused on reinforcing our existing retail structure, particularly in the US market and in a few selected European markets, by pursuing a differentiated product range policy. In addition, we are still committed to strengthening our domestic markets (Germany, Austria and Switzerland) and to achieving further growth in focus markets such as France and Italy. We also see good opportunities in the continuous expansion of our online business.

In the hotel and restaurant sector of the Dining & Lifestyle Division, we continue to see promising opportunities for steady organic growth worldwide. The Luxembourg-based sales team focuses primarily on international hotel groups in the premium segment, particularly in the Middle East, the United States, Europe and Southeast Asia. We offer a premium service throughout the entire decision-making process and the opportunity to create individual decors for our customers. In addition, our activities in social media and extensive reference reporting reinforce our position as an excellent partner for upscale hotels and restaurants, unlocking additional growth potential.

Opportunities through licence partnerships

Granting brand licences is another instrument we use to position the Villeroy & Boch brand outside our core business areas. This helps us attract new target groups and expand our product range. In the brand licence area, current licensing partners offer tiles, lighting, blankets and plaids, bathroom and kitchen textiles, furniture for living and dining rooms, kitchen furniture and indoor and outdoor carpets under the Villeroy & Boch brand.

Opportunities through digitalisation

Following the integration of Ideal Standard, Villeroy & Boch's digitalisation and IT strategy will be applied to the entire Group. The digital transformation opens up a wide range of opportunities to address consumers in a targeted manner, tap into new business areas and optimise our processes. This will allow us to increase efficiency and effectiveness along the entire value chain.

Opportunities of digitalisation for marketing

In recent years, we have continuously upgraded our structures and investment in digitalisation, and are gearing our online activities towards providing our customers with innovative, needs-driven concepts, both offline and online. Our aim is to have a presence wherever customers look for us and to provide them with a consistent shopping and information experience. The steadily growing use of digital channels is leading to increased interest in our online offers. In response to this development and to fully exploit this potential, we relaunched our consumer website for the V illeroy & Boch brand last year with a strong focus on the needs of our customers and a new design based on modern, future-oriented technology. The newly designed website offers an intuitive user experience and presents our products in a fresh, inspiring context.

Alongside the continuous improvement of this website and the optimisation of content for search engines, we will also press ahead with intensified utilisation of online marketing channels and the expansion of our social media activities.

We are intensifying our efforts to advertise our products to the appropriate audience using targeted approaches. This significantly increases the visibility and presence of our brands in digital channels across all regions. Other key elements of our online strategy include activating existing customers via channels such as e-mail marketing and the realignment of the Villeroy & Boch consumer club. More effective, targeted and personalised activation of existing customers will be supported by increased use of our cloud-based omni-channel solution Salesforce, the use of marketing automation and artificial intelligence, and the expansion of our technical and organisational capabilities in this area. These measures will also be implemented at Ideal Standard.

E-commerce is a strategically important sales channel for our Dining & Lifestyle Division. This encompasses our own online shops as well as the sales platforms operated by other providers. After a period of accelerated growth, particularly due to the COVID-19 pandemic, we now expect normalised growth rates as the market develops dynamically. The continuous development and steady professionalisation of our e-commerce activities remains a top priority for the division. Our own online shops and consumer club are key pillars that enable us to interact directly with our customers and provide us with important insights into their behaviour.

Villeroy & Boch is a strong and innovative partner in digital business. Whether for raising the visibility of the brand in general or providing high-quality data and content in the digital sector – both in the online shop and when assisting our customers with the relevant data in the professional area. In the context of digitalisation, we offer a dealer search on our website and send varied digital newsletters to our partners. We have also launched a new B2B customer retention programme called “Vi-Partner”. Digital training with corresponding tools and virtual trade fairs and events take place regularly. The networking of online and offline channels is constantly being advanced and the customer experience improved, which supports the success of our own online business on the one hand while also raising the visibility of our brand among our retail partners.

In the Bathroom & Wellness Division, the focus is on digital services and tools for both Villeroy & Boch and Ideal Standard. Applications like our newly launched inspirational Bathroom Designer Tool, the bathroom planner or our personal online video consultation on the Villeroy & Boch website allow consumers to plan their dream bathroom and draw inspiration. We can efficiently reach both consumers and business customers (such as architects, planners and plumbers) via digital channels. With the Ideal Standard Singular Configurator, for example, even large projects can be specified quickly and easily. We generate valuable leads with additional revenue potential online that we pass on to our dealers with the customer's permission.

We are continuously establishing and improving further contact routes via digital channels to continue optimising the targeted processing of leads together with our dealers. The Villeroy & Boch app also offers our partners a digital solution that provides them with information such as current prices, dimensions or assembly instructions at a glance on their smartphone, tablet or PC. Last but not least, social media platforms such as Pinterest, Instagram and TikTok also offer huge opportunities in the bathroom sector for establishing a large number of contacts with new target groups and demonstrating the diversity and design expertise of our brands.

Opportunities of digitalisation for production

The digital transformation holds vast potential for our production sites. Tried and tested methods have become established as standards in the company and can be applied to other areas. The simultaneous expansion of standardised and integrated IT systems and the networking of machines within the production process form the basis for further optimisation through digitalisation. At some plants, machines are already using modern IoT (Internet of Things) technology to deliver data for evaluation in our cloud-based data lake.

Statistical fault analysis and the stabilisation of process parameters offers the potential to make improvements, while predictive analytics helps improve earnings. The basis for this is provided by recording and collecting all of the relevant data for a product within the manufacturing process. Since mid-year, an alerting app has been helping to provide faster information about anomalies in the production process and their elimination in the Bathroom & Wellness Division.

In the Villeroy & Boch sanitaryware factories, all products are first identified by barcode at measuring stations, and then quality-relevant data is stored in a central analysis system. Examples of this include the ceramic composition, material flow, climatic conditions, tools used or process parameters of the production plants. The aim is to link the recorded data in such a way that, in the first step, influence, critical value ranges and interactions of the process parameters are identified. This enables us to make reliable long-term predictions about the risk of a defective product at the end of the manufacturing process. In processes controlled using defined thresholds, products are discarded at an early stage if the probability of failure exceeds a predefined level. This prevents additional process costs and improves energy efficiency, particularly with regard to the energy-intensive firing process. By continuously improving these analysis systems in all plants, we have already been able to achieve significant improvements in earnings and are in a position to increase them further in the long term. Artificial intelligence (AI) is increasingly being used for this purpose. Examples of this are mapping parts of the development or production process in digital twins to optimise processes in a way that conserves resources in the long term and to detect defects using automated image recognition processes. We expect that the automatically collected data on error patterns and categorisation will further improve the production process, resulting in significantly fewer errors and making the overall process more sustainable.

A knowledge database was established as another important element. The knowledge gained from process digitalisation combined with the specialist knowledge of the experts is stored there. This knowledge database combines simple handling, an AI-powered search engine and the automated linking of related content (video, audio, images, documents from various sources). Thanks to what is known as the “multi-language approach”, knowledge is also accessible worldwide. This is how we ensure that existing knowledge is sustainably stored and made accessible. It also means that new employees can be trained more quickly and easily, and solutions to problems can be provided across the entire organisation. To optimise this even further, we are currently integrating generative AI methods into our approach.

Opportunities of digitalisation for administration

Digitalisation is also having a positive impact on the Group's administrative departments. The use and performance enhancement of uniform IT systems as well as new technologies are making a significant contribution to continuous efficiency improvement. Harmonising and standardising repetitive processes across the Group optimises all areas of activity. In the human resources area, the further development of a cloud-based platform has resulted in a system for modern human resources management that is already being used in Germany and abroad. This system will be rolled out to the Ideal Standard companies from 2025. The use of standardised processes and uniform IT systems makes it possible to expand the bundled processing of business transactions in shared service centres in the areas of finance, internal sales, human resources and purchasing. The further digitalisation of processes using new digital tools, such as robotic process automation, process mining and the use of bots and AI, is aimed at further improving process performance and quality while also boosting efficiency.Opportunities through digital transformation

The Villeroy & Boch Group has a strong organisation which drives the digital transformation of the entire company. In this context, the continuous joint evaluation of future potential is essential for us. One of the results of this in 2024 was the redesign of a company-wide AI programme. This programme covers the ongoing development and implementation of AI methods and expertise in all value creation processes. Particular attention has been paid to the latest advances in generative AI. These efforts are geared towards optimally exploiting the opportunities offered by AI while also identifying challenges at an early stage. One example of this is the introduction of an internal chatbot that can be used by all employees in a secure, data protection-compliant environment instead of freely available AI tools, and that increases efficiency in day-to-day work. In parallel, we have adopted a company-wide AI policy and are offering training to help employees get started with AI. The steadily increasing number of projects implemented in this area proves the value of these initiatives, which build on the successful basic projects of previous years.

Digitalisation remains an important part of the Group's sustainable and future-oriented strategy.

Through the consistent implementation and ongoing development of our digital capabilities, we are tapping into new opportunities, optimising our processes and strengthening our competitiveness. With this approach, we are consolidating our position in the industry and securing our success for the future.

Opportunities through acquisitions

In addition to organic growth, acquisitions also offer potential for the expansion of our business activities.

This was demonstrated by the acquisition of the Ideal Standard Group in the 2024 financial year. On 18 September 2023, Villeroy & Boch signed binding contracts to acquire all operating companies of the Ideal Standard Group after weighing up all opportunities and risks. On 29 February 2024, the takeover was concluded when all antitrust approvals were obtained. The acquisition of the Ideal Standard Group is of strategic importance to Villeroy & Boch’s future performance. The merger creates a powerful partnership with complementary brand and sales strategies: While Villeroy & Boch’s sales activities focus primarily on high-end retail customer business, Ideal Standard has extensive expertise in project business. In addition to bathroom ceramics and other product areas, such as wellness and furniture, Ideal Standard also has an attractive fittings business.

We are also continuously reviewing and evaluating further potential acquisitions.

Non-operating earnings potential

Outside our operating business, we believe that there is earnings potential in the development and marketing of properties that are no longer required for operating purposes, especially in Mettlach and Merzig. A sale agreement subject to conditions precedent has already been concluded for the site of the former mosaic factory in Mettlach. Significant progress was made in 2024 in the creation of the building rights; it is expected that the development plan will be adopted in 2025. Depending on the building rights that can be secured, this could result in high seven-figure income potential over a longer period of time. The site of the former Merzig tile factory, which will become available at the end of 2024, will also be developed and marketed in stages. This will provide further potential income in the future, for example, from the sale of partial areas.

REPORT ON EXPECTED DEVELOPMENT

Looking ahead to 2025, we expect the global economy to grow weakly overall. Economic policy uncertainties and structural problems are hindering a significant strengthening of global economic expansion. The high level of uncertainty regarding economic policy in the US, in particular the threat of trade barriers and tariffs, is having a negative impact. The eurozone economy is expected to see modest growth. By contrast, the German economy is expected to recover only slightly due to structural problems such as the shortage of labour and skilled workers, high levels of bureaucracy and weak private and corporate investment.

The US economy is expected to grow at a stable rate, while China is expected to see a slowdown in growth. The slight economic growth is subject to increased economic and political uncertainties overall, with risks to the globaleconomy due to a possible escalation of geopolitical conflicts and trade disputes that could have an additional dampening effect.

We expect European residential construction, a key indicator for business development in the Bathroom & Wellness Division, to continue to decline as a whole, especially in new construction.

We expect the decline in the renovation business to be less pronounced. By contrast, we anticipate an upturn in the construction industry in the Nordic countries.

Private consumption remains one of the most important factors influencing our Dining & Lifestyle business. Against the backdrop of falling inflation and rising real incomes, we expect to see the first signs of growth.

The forecasts for the development of macroeconomic and industry-specific conditions presented here are based on the figures published by various research institutions and our own estimates.

Revenue, earnings and investments in the Group

Taking into account the expected economic environment, we are aiming for an increase in Group sales in the higher single-digit percentage range in the 2025 financial year and expect a moderate increase in our operating EBIT.

Our rolling operating return on net assets in 2025 is expected to be at the previous year's level.

Investments in property, plant and equipment and intangible assets (operational) in the 2025 financial year are expected to be slightly below the previous year's level and include the further strategic expansion of the two divisions and the conversion of our company software to SAP S/4 HANA. The majority of the total investment volume will be in the Bathroom & Wellness Division.

The forward-looking statements contained in this management report are based on assessments made by the Management Board of Villeroy & Boch AG to the best of its knowledge at the preparation date of the consolidated financial statements. The statements made are subject to various risks and uncertainties as a matter of principle. Accordingly, actual results could deviate from expectations of future performance if any of the uncertainties listed in the report on risks and opportunities or other uncertainties were to occur or if the assumptions underlying the statements proved to be inaccurate.

OTHER DISCLOSURES

Supplementary report – events after the reporting date

There are currently no significant events to report that occurred after the end of the financial year.

Disclosures on the acquisition of treasury shares

Disclosures on the acquisition of treasury shares in accordance with section 160 (1) no. 2 of the German Stock Corporation Act (AktG) can be found in note 19 of the notes to the consolidated financial statements and in note 8 (“Issued capital”) of the notes to the single-entity financial statements of Villeroy & Boch AG.

Takeover disclosures in accordance with section 315a HGB and explanatory report

The disclosures relevant to takeovers in accordance with section 315a(1) HGB can be found in note 17 and note 25 to the consolidated financial statements, with the exception of the information pursuant to § 315a(1)(6) HGB.

The appointment and dismissal of members of the Management Board are governed by sections 84 and 85 of the Aktiengesetz (AktG – German Stock Corporation Act) and section 31 of the Mitbestimmungsgesetz (MitbestG – German Codetermination Act). In accordance with Article 6(1) of the Articles of Association, the Management Board consists of at least two members; the exact number is determined by the Supervisory Board according to the company’s requirements. The Supervisory Board can appoint a member of the Management Board as the Chair of the Management Board.

An amendment of the Articles of Association requires a resolution of the Annual General Meeting in accordance with section 179 AktG. The authority to make amendments in accordance with Article 7(1)(2) that affect the wording only is conferred on the Supervisory Board in accordance with Article 7(8)(2) of the Articles of Association.

In accordance with section 179(2) AktG, resolutions by the Annual General Meeting that amend the Articles of

Association require a majority of at least three quarters of the share capital represented in the resolution, unless a different capital majority is stipulated by the Articles of Association. Article 8(2)(b) of the Articles of Association states that resolutions by the Annual General Meeting require a simple majority of the votes cast and, if a capital majority is required, a simple majority of the share capital represented, unless a larger majority is required by law.

Group declaration on corporate governance

With regard to the Group declaration on corporate governance required by section 315d in conjunction with section 289f of the German Commercial Code (HGB), reference is made to the declaration on corporate governance printed in the 2024 Annual Report, which is available online at https://www.villeroyboch-group.com/en/investor-relations/financial-news/declaration-on-corporate-governance.html.

Mettlach, 5 March 2025

Gabriele Schupp | Dr Peter Domma | Esther Jehle

Georg Lörz | Dr Markus Warncke

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET as of 31 December 2024

in € million	Notes	31/12/2024	31/12/2023
Assets			
Non-current assets			
Intangible assets	5	404.8	33.4
Property, plant and equipment	6	386.4	188.8
Right-of-use assets	7	74.5	44.2
Investment property	8	2.3	4.8
Investments accounted for using the equity method	9	22.7	2.7
Other non-current financial assets	10	28.3	13.2
Fixed assets		**919.0**	**287.1**
Other non-current assets	14	37.9	0.1
Deferred tax assets	11	92.8	29.4
		1,049.7	**316.6**
Current assets			
Inventories	12	342.1	229.1
Trade receivables	13	218.8	123.7
Other current financial assets	10	12.3	23.0
Other current assets	14	23.0	12.3
Income tax receivables	15	19.7	17.1
Cash and cash equivalents	16	82.3	374.4
		698.2	**779.6**
Total assets		**1,747.9**	**1,096.2**

in € million	Notes	31/12/2024	31/12/2023
Equity and Liabilities			
Equity			
Equity attributable to Villeroy & Boch AG shareholders			
Issued capital	17	71.9	71.9
Capital surplus	18	195.6	194.7
Treasury shares	19	- 12.8	- 13.9
Retained earnings	20	203.0	224.3
Revaluation surplus	21	- 93.2	- 92.6
		364.5	**384.4**
Equity attributable to minority interests	22	0.2	3.8
		364.7	**388.2**
Non-current liabilities			
Provisions for pensions	26	251.3	147.7
Non-current provisions for personnel	27	11.9	11.4
Other non-current provisions	28	49.6	29.0
Non-current financial liabilities	29	330.3	151.2
Non-current lease liabilities	30	57.7	31.9
Other non-current liabilities	31	5.9	4.2
Deferred tax liabilities	11	79.2	6.5
		785.9	**381.9**
Current liabilities			
Current provisions for personnel	27	21.2	17.1
Other current provisions	28	47.3	30.5
Current financial liabilities	29	122.2	58.3
Current lease liabilities	30	20.7	13.5
Other current liabilities	31	170.7	99.7
Trade payables	32	164.9	92.0
Income tax liabilities	15	50.3	15.0
		597.3	**326.1**
Total liabilities		**1,383.2**	**708.0**
Total equity and liabilities		**1,747.9**	**1,096.2**

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 December 2024

in € million	Notes	01/01/2024 – 31/12/2024	01/01/2023 – 31/12/2023
Revenue	**33**	**1,421.0**	**901.9**
Costs of sales	34	- 887.0	- 509.7
Gross profit		**534.0**	**392.2**
Selling, marketing and development costs	35	- 376.8	- 265.9
General administrative expenses	36	- 84.7	- 47.3
Other operating income	37	13.8	51.6
Other operating expenses	38	- 50.4	- 41.9
Result of associates accounted for using the equity method	39	2.7	0.3
Operating result (EBIT)		**38.6**	**89.0**
Interest income and other finance income	40	6.9	8.9
Interest expenses and other finance expenses	41	- 34.2	- 12.5
Financial result		**- 27.3**	**- 3.6**
Earnings before taxes (EBT)		**11.3**	**85.4**
Income taxes	42	- 4.7	- 24.4
Group result		**6.6**	**61.0**
Thereof attributable to:			
Villeroy & Boch AG shareholders		5.9	60.7
Minority interests	43	0.7	0.3
Group result		**6.6**	**61.0**
Earnings per share		**in €**	**in €**
Earnings per ordinary share	44	0.20	2.26
Earnings per preference share	44	0.25	2.31

During the reporting period there were no dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 31 December 2024

in € million	Notes	2024	2023
Group result		**6.6**	**61.0**
Other comprehensive income			
Items to be reclassified to profit or loss:			
Gains or losses on translations of exchange differences	21	- 7.0	0.4
Gains or losses on cash flow hedges	21	3.4	3.5
Gains and losses from other changes in value	21	–	1.4
Deferred income tax effect on items to be reclassified to profit or loss	21	0.3	- 1.1
Items not to be reclassified to profit or loss:			
Actuarial gains or losses on defined benefit plans	21	2.0	- 28.0
Gains and losses from other changes in value	21	0.2	0.2
Deferred income tax effect on items not to be reclassified to profit or loss	21	0.4	8.6
Total other comprehensive income		**- 0.7**	**- 15.0**
Total comprehensive income net of tax		**5.9**	**46.0**
Thereof attributable to:			
Villeroy & Boch AG shareholders		5.3	45.7
Minority interests		0.6	0.3
Total comprehensive income net of tax		**5.9**	**46.0**

CONSOLIDATED STATEMENT OF EQUITY for the period 1 January to 31 December 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	17	18	19	20	21		22	
As of 01/01/2023	**71.9**	**194.2**	**- 14.5**	**194.7**	**- 77.6**	**368.7**	**3.8**	**372.5**
Group result				60.7		60.7	0.3	61.0
Other comprehensive income					- 15.0	- 15.0		- 15.0
Total comprehensive income net of tax				**60.7**	**- 15.0**	**45.7**	**0.3**	**46.0**
Employee share program		0.5	0.6			1.1		1.1
Dividend payments				- 31.1		- 31.1	- 0.3	- 31.4
As of 31/12/2023	**71.9**	**194.7**	**- 13.9**	**224.3**	**- 92.6**	**384.4**	**3.8**	**388.2**
As of 01/01/2024	**71.9**	**194.7**	**- 13.9**	**224.3**	**- 92.6**	**384.4**	**3.8**	**388.2**
Group result				5.9		5.9	0.7	6.6
Other comprehensive income					- 0.6	- 0.6	- 0.1	- 0.7
Total comprehensive income net of tax				**5.9**	**- 0.6**	**5.3**	**0.6**	**5.9**
Employee share program		0.9	1.1			2.0		2.0
Change in the scope of consolidation							- 3.6	- 3.6
Dividend payments				- 27.2		- 27.2	- 0.6	- 27.8
As of 31/12/2024	**71.9**	**195.6**	**- 12.8**	**203.0**	**- 93.2**	**364.5**	**0.2**	**364.7**

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 31 December 2024

in € million	Notes	01/01/2024 – 31/12/2024	01/01/2023 – 31/12/2023
Group result		6.6	61.0
Depreciation/Impairment of non-current assets	45 + 38	73.7	44.2
Change in non-current provisions		- 21.5	- 1.8
Profit from disposal of fixed assets		- 1.4	- 0.6
Change in inventories, receivables and other assets		8.5	10.6
Change in liabilities, current provisions and other liabilities		16.5	- 23.6
Taxes paid/received in the financial year		- 17.2	- 16.6
Interest paid in the financial year		- 22.1	- 3.9
Interest received in the financial year		5.1	6.4
Other non-cash income/expenses	49	10.2	- 8.1
Cash flow from operating activities	**49**	**58.4**	**67.6**
Purchase of intangible assets, property, plant and equipment		- 58.3	- 41.0
Investment in non-current financial assets		–	- 6.1
Expenses for acquisitions less cash acquired		- 414.6	–
Investments in the acquisition of associated companies		- 12.8	–
Proceeds from the disposal of financial assets		2.7	49.6
Proceeds from the sale of subsidiaries and other business units		13.1	2.6
Proceeds from the disposal of fixed assets		4.1	0.1
Cash flow from investing activities	**50**	**- 465.8**	**5.2**
Proceeds from the issue of promissory note loans		153.5	126.2
Cash payments/repayments of amounts borrowed	29	20.2	- 2.1
Cash repayments of lease liabilities	30	- 30.4	- 17.2
Cash proceeds from issuing own shares	19	1.5	0.7
Dividends paid to minority shareholders	22	- 0.5	–
Dividends paid to shareholders of Villeroy & Boch AG	23	- 27.2	- 31.1
Cash flow from financing activities	**51**	**117.1**	**76.5**
Sum of cash flows		**- 290.3**	**149.3**
Balance of cash and cash equivalents as of 01.01.		**374.4**	**226.6**
Change based on total cash flows		- 290.3	149.3
Changes in the scope of consolidation		- 1.4	–
Changes due to exchange rates		- 0.4	- 1.5
Net increase in cash and cash equivalents		**- 292.1**	**147.8**
Balance of cash and cash equivalents as of 31.12.	**16+52**	**82.3**	**374.4**

NOTES

GENERAL INFORMATION

Villeroy & Boch Aktiengesellschaft, domiciled in 66693 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 in Germany under 63610. The 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 comprehensive lifestyle provider, 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.

The consolidated financial statements as of 31 December 2024 were prepared in accordance with IFRS® Accounting Standards (hereinafter “IFRS Accounting Standards”) issued by the International Accounting Standards Board (IASB), as adopted by the European Union, taking into account Section 315e of the German Commercial Code (HGB). The consolidated financial statements were supplemented by further notes according to Section 315e HGB.

The financial year is the calendar year. The consolidated financial statements were prepared in euro. Unless stated otherwise, all amounts are disclosed in millions of euros (€ million).

The annual financial statements of Villeroy & Boch AG and the consolidated financial statements of Villeroy & Boch AG are published in the register of companies.

The Management Board of Villeroy & Boch AG approved the consolidated financial statements for submission to the Supervisory Board on 5 March 2025. The Supervisory Board is responsible for examining the consolidated financial statements and declaring whether it approves the consolidated financial statements.

Further explanations on the performance in the 2024 financial year can be found in the above economic report (see Group management report).

The following section describes the main IFRS accounting policies as adopted by the Villeroy & Boch Group in accordance with the relevant provisions.

1. ACCOUNTING POLICIES

Modifications due to the adoption of accounting prinicples

With the exception of the IFRS regulations requiring mandatory application for the first time in the financial year, the accounting policies applied are essentially the same as those applied in the previous year. The changes to the IFRS regulations effective for the first time in the 2024 financial year are presented under note 63 and had no material effect on the accounting policies of the Villeroy & Boch Group.
In addition, various new financial reporting standards were published that are not mandatory for reporting periods ending 31 December 2024. The Villeroy & Boch Group has not adopted these early. The effects of these new regulations on current and future reporting periods, and on foreseeable transactions, are not considered material. Information on developments within the IFRS Framework can be found in note 63.

Intangible assets

Intangible assets with a limited useful life are reduced by straight-line amortisation over their useful life. Amortisation only begins when the assets are placed in service. Useful lives are generally between three and six years. Amortisation is essentially included in general and administrative expenses.
Assets with an indefinite useful life, such as goodwill, are only written down if there is evidence of impairment. The value in use is the basis for determining recoverability. The value in use is calculated by discounting the (net) cash flows attributable to the asset using the discounted cash flow method, applying an appropriate long-term interest rate before income taxes. The cash flows recognised are derived from current medium-term planning, with payments in the years beyond the planning horizon derived from the situation in the final year of the planning period. Planning premises are based on current information. Reasonable assumptions on macroeconomic trends and historical developments are also taken into account. Any impairment losses identified are recognised in profit or loss. If the reason for the recognition of an impairment loss ceases to exist in a future period, the impairment loss is reversed accordingly. The reversal of impairment losses on capitalised goodwill is prohibited. Annual impairment testing for capitalised goodwill is performed at divisional level.
Government-allocated and purchased emission allowances are recognised as intangible assets. They are carried at cost, which amounts to zero in the case of emission allowances allocated free of charge. A provision is recognised in profit or loss if the actual emissions exceed the pollutant emissions corresponding to the emission certificates allocated free of charge. The measurement of the provision takes into account the cost of the certificates still to be purchased as at the reporting date.

Property, plant and equipment

Property, plant and equipment are carried at cost less depreciation in accordance with the useful life. Maintenance and repair costs for property, plant and equipment are recognised in profit or loss. Property, plant and equipment are depreciated on a straight-line basis over their useful life. The following useful lives are applied, unchanged from the previous year, throughout the Group:

ASSET CLASS

	Useful life in years
Buildings (predominantly 33 years)	20 – 50
Operating facilities	10 – 20
Kilns	5 – 15
Technical equipment and machinery	5 – 12
Vehicles	4 – 8
IT equipment	3 – 6
Other operating and office equipment	3 – 10

The estimated useful lives are reviewed regularly. In addition to ordinary depreciation, impairment losses are recognised on property, plant and equipment if the value in use or the net realisable value of the respective asset concerned has fallen below the depreciated cost. If the reasons for the recognition of an impairment loss cease to exist in a future period, the impairment loss is reversed accordingly. Property, plant and equipment under construction are carried at their production costs. Finance costs that arise directly during the creation of a qualifying asset are capitalised. Depreciation on assets under construction only begins when the assets are completed and used in operations.

Leases

A lease is a contract that establishes the right to use an asset (the lease asset) for an agreed period in return for payment of a fee. If the Villeroy & Boch Group leases assets for a total period of fewer than twelve months, or if these are low-value assets, the lease payments are recognised as an expense on a straight-line basis over the lease term.
For all other leases in which the Villeroy & Boch Group is the lessee, the present value of the future leasing payments is carried as a liability. Lease payments are divided into payments of principal and interest in accordance with the effective interest method. Correspondingly, the right to use the lease asset is capitalised at the inception of the lease, generally at the present value of the liability plus directly attributable costs and restoration and demolition obligations. Payments made prior to the inception of the lease and rental incentives

granted by the lessor are also included in the carrying amount of the right-of-use asset.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the term of the lease and the useful life of the lease asset. The regulations for calculating and recognising impairment losses on assets also apply to capitalised right-of-use assets.

The liability is remeasured if the expected lease payments change, e.g. as a result of index-linked fees or new assessments of contractual options. The new carrying amount is adjusted in equity with a corresponding adjustment of the capitalised carrying amount of the right-of-use asset.

Variable lease payments not linked to an index or interest rate are recognised as an expense when incurred. The present value of the lease payments is calculated using the incremental borrowing rate derived from the interest reference rates for the money market yields in the transaction currency. These interest reference rates are supplemented by a risk premium dependent on the term of the lease that reflects the company's credit rating and is based on the difference in yield to first-class bonds with a term of up to 15 years. All facts and circumstances that offer an economic incentive to exercise renewal options or not to exercise termination options are taken into account when determining the term of leases. Changes in the term of a lease as a result of exercising or not exercising such options are only taken into account when they are reasonably certain.

Government grants

Government grants are recognised and measured at the expected amount according to the subsidy notice if the Group fulfils the associated conditions with reasonable certainty and the grant has been approved. Grants and subsidies received for the acquisition or construction of property, plant and equipment and intangible assets reduce their cost insofar as they can be allocated to the individual assets; otherwise, they are recognised as deferred income and subsequently reversed depending on the degree of fulfilment.

Investment property

Investment property is carried at amortised cost. Depreciation is performed in the same way as for property, plant and equipment used in operations. The fair value of these properties are determined in order to check whether additional impairment is required for the land and buildings. Fair values are calculated by independent experts and by in-house staff. The experts contracted typically calculate market values using the gross rental method. In these cases, the market value is also calculated using the asset value method as a control. The basis for the internal determination of market values are mainly the official comparative prices from the land value maps of expert committees, supplemented by property-specific fair values for the respective structures.

Investments accounted for using the equity method

An associate is a company over which the Villeroy & Boch Group has significant influence. The Villeroy & Boch Group has significant influence when it has the opportunity to participate in the financial and operating policy decisions of the investee without control or joint management. Investments in associates are accounted for using the equity method, under which the cost at the acquisition date is adjusted to reflect the proportionate future results of the respective associate, among other factors. Resulting changes in equity are reported in the operating result in the statement of comprehensive income.

Financial instruments

Financial instruments arise from contracts which lead to a financial asset or financial liability or an equity instrument. They are recognised in the statement of financial position as soon as the Villeroy & Boch Group concludes a contract to this effect. In accordance with IFRS 9, based on the characteristics of the contractual cash flows and the nature of the respective business model, each financial instrument is allocated to one of four measurement categories in accordance with the classification described in note 54 and, depending on the category, measured either at amortised cost or fair value. Financial instruments are derecognised when the claim for settlement expires.

Inventories

Inventories are carried at the lower of acquisition or production costs and net realisable value. The production costs of inventories include the directly allocable direct costs (e.g. material and labour costs allocable to construction) and overheads incurred in the production process. Measurement is performed using the standard cost method. For the majority of raw materials, supplies and merchandise, acquisition cost is determined using the sliding moving average method and contains all expenses incurred in order to bring such inventory items to their present location and condition. Value allowances are recognised to an appropriate extent for inventory risks arising from the storage period and/or impaired realisability. Net realisable value is defined as the proceeds that are expected to be realised less any costs incurred prior to the sale. In the event of an increase in the net realisable value of inventories written down in prior periods, write-downs are reversed in profit or loss as a reduction of the cost of goods sold in the statement of comprehensive income.

Increases in production costs per unit due to production stoppages or underutilisation are accounted for by an appropriate cost adjustment for idle capacity.

Financial assets

On initial recognition, trade receivables (see note 13) and other current financial assets (see note 10) are carried at fair value. As these financial assets do not contain any significant financing components, their fair value generally corresponds to the transaction price. These are subsequently carried at amortised cost using the effective interest method less write-downs.

On initial recognition, all other financial assets are measured at fair value plus transaction costs unless they are recognised at fair value through profit or loss (see note 54).

Impairment of financial assets is determined using the expected credit loss method. The simplified approach is applied for trade receivables. A loss allowance reflecting the lifetime expected credit losses must be recognised on initial recognition and at each subsequent reporting date. In order to measure expected credit risks, the assets are grouped based on the existing credit risk characteristics and the respective maturity structure (see note 13). The general approach is not applied at the Villeroy & Boch Group because non-current receivables relate solely to counterparties with extremely good ratings. Accordingly, write-downs on all other receivables are recognised only on an ad hoc basis.

Impairment is used to adequately reflect the default risk, while actual cases of default result in the derecognition of the respective asset.

Cash and cash equivalents

Cash and short-term investments (cash equivalents) are defined as cash on hand, PayPal balance, demand deposits and time deposits with an original term of up to three months. Cash is carried at its amortised cost.

Treasury shares

Treasury shares reduce equity in the amount of their original cost.

Pension obligations

Provisions equal to the defined benefit obligations (DBO) already earned are recognised for obligations under defined benefit pension plans. The expected future increase in salaries and pensions are also taken into account. If pension obligations are covered in full or in part by fund assets, the market value of these assets is offset against the DBO if these assets are classified as trust assets and administered by third parties. Actuarial gains and losses, such as those arising from the change in the discounting factor or assumed mortality rates, are recognised in the revaluation surplus. Of the annual pension costs, the service cost is reported in staff costs and the interest cost in net other finance costs. Provisions are not recognised for defined contribution plans as the payments made are recognised in staff costs in the period in which the employees perform the services granting entitlement to the respective contributions.

Other provisions

Provisions are recognised for legal or constructive obligations to third parties arising from past events where an outflow of resources is likely to be required to settle the obligation and the amount of this outflow can be reliably estimated. Provisions are carried at the future settlement amount based on a best estimate. Provisions are discounted as necessary.

Liabilities

On initial recognition, financial liabilities are measured at their fair value including transaction costs. Subsequent measurement is at amortised cost using the effective interest method. Other financial liabilities are measured at amortised cost.

Contingent liabilities

Contingent liabilities are possible obligations, predominantly arising from guarantees, which were established in the past but whose actual existence is dependent on the occurrence of a future event and where recourse is not likely as at the end of the reporting period. Contingent liabilities are not recognised in the statement of financial position.

Revenue recognition

Revenue from the sale of goods is recognised when the related performance obligation has been fulfilled by transferring the goods to the customer. Goods are deemed to have been transferred when the customer gains control of them. For wholesale transactions, the time at which this occurs must be assessed based on the individually agreed terms of delivery. For consignment or commission agency models, revenue is recognised at the time of resale to the end customer. In the Group’s retail outlets, revenue is recognised immediately at the time of the transaction when the goods are paid for, whereas in the Group’s online shops, revenue is recognised when goods are delivered to customers.

Regarding the key terms of payment, the Group grants commercial customers terms of payment specific to their country and industry, though these do not usually exceed 90 days. Similarly, the agreement of advance and down payments is not uncommon for individual customer groups. The underlying contracts do not include significant financing components in either scenario.

The amount of revenue to be recognised is determined by the transaction price, i.e. the amount of consideration that Villeroy & Boch is expected to receive in exchange for the transfer of goods – less trade discounts, rebates, and customer bonuses. Unlike trade discounts and rebates, bonuses are not granted on invoices – rather, they are subsequent, performance-based repayments made to customers. As soon as it is assumed that the customer has satisfied the agreed terms for granting bonuses, this amount is deferred as a revenue deduction by way of a corresponding liability. Projections for customers bonuses deferred over a year are prepared on the basis of data specific to the customer and country (the most likely amount method). Some contracts allow customers to return products within a set period. These rights of return give rise to variable consideration, which is recognised at its expected value. Estimates of variable consideration are not limited as the uncertainty regarding the amounts to be included is only temporary because projections are constantly updated.

Furthermore, Villeroy & Boch also generates revenue from licensing its brand rights to third parties. The underlying performance obligation is fulfilled by the licensee during the term of the contract by way of production under the label of the Villeroy & Boch Group. The resulting sales-based licence income is recognised on an accrual basis in accordance with the terms of the licence agreement.

Recognition of miscellaneous income and expenses

Dividend income is recognised when a legal claim to payment arises. Interest income is deferred on the basis of the nominal amount and the effective interest method. Rental income from investment property is recognised on a straight-line basis over the term of the relevant lease. Revenue from intercompany transactions is only realised when the assets ultimately leave the Group. Operating expenses are recognised in profit or loss as incurred economically. Rental expenses from short-term leases, i.e. contracts with a term of not more than 12 months, and rental expenses from contracts for low-value assets are recognised on a straight-line basis over the agreed period.

Rental expenses on the basis of variable lease payments that were not taken into account in the measurement of the right-of-use asset are recognised in profit or loss when they occur.

Research and development costs

Research costs arise as a result of original and planned investigation undertaken in order to gain new scientific or technical knowledge or understanding. In accordance with IAS 38, they are expensed as incurred. Development costs are expenses for the technical and commercial implementation of existing theoretical knowledge. Development ends with the start of commercial production or utilisation. Costs incurred during development are capitalised if the conditions for recognition as an intangible asset are met. Due to the risks existing until market launch, these conditions are regularly not met in full.

Taxes

Income tax expense represents the total of current and deferred taxes. This year, current tax expense also includes tax expense from global minimum taxation (Pillar 2) for the first time.

Current and deferred taxes are recognised in income unless they are associated with items taken directly to equity. In these cases, the corresponding taxes are also recognised directly in equity.

Current tax expense is determined on the basis of the taxable income for the financial year. Taxable income differs from the result for the year reported in the statement of comprehensive income, as it excludes those income and expense items that are only taxable or tax-deductible in prior/subsequent periods or not at all. The current tax liabilities of the Villeroy & Boch Group are recognised on the basis of the applicable tax rates. Deferred taxes are calculated in the individual countries on the basis of the expected tax rates at the realisation date. These comply with the legislation in force or substantially enacted as at the end of the reporting period.

Rounding of amounts

Unless stated otherwise, all amounts reported in the financial statements and the notes are rounded to full millions of euro with one decimal place.

SUMMARY OF SELECTED VALUATION METHODS

Item	Measurement methods
ASSETS	
Intangible assets	
Goodwill	(Amortised) cost (Subsequent measurement: Impairment test)
Other acquired intangible assets	(Amortised) cost
Property, plant and equipment	(Amortised) cost or production costs
Right-of-use assets	(Amortised) cost
Investment property	(Amortised) cost
Financial assets	
Trade accounts receivables	(Amortised) cost using the effective interest method less write-downs
Other financial assets	(Amortised) cost using the effective interest method or at fair value in OCI
Securities (Debt instrument)	At fair value in OCI with realisation of gains or losses on disposal or at fair value through profit or loss
Securities (Equity instrument)	At fair value in OCI without realisation of gains or losses on disposal or at fair value through profit or loss
Hedging instruments	At fair value in OCI (Ineffective parts: at fair value through profit or loss)
Inventories	Lower of cost or net realisable value
Cash and cash equivalents	(Amortised) cost (nominal amount)
EQUITY AND LIABILITIES	
Provisions	
Provisions for pensions	Projected unit credit method
Provisions for personnel	
Termination benefits	Discounted settlement amount (most likely)
Other long-term employee benefits	Projected unit credit method
Other provisions	Discounted settlement amount (most likely)
Financial liabilities	
Other financial liabilities	(Amortised) cost
Finance Liabilities	(Amortised) cost using the effective interest method
Lease Liability IFRS 16	Present value of future lease payments using the effective interest method
Promissory note loan	(Amortised) cost using the effective interest method
Hedging instruments	At fair value in OCI (Ineffective parts: at fair value through profit or loss)
Trade payables	(Amortised) cost using the effective interest method

Management estimates and assumptions

In preparing the consolidated financial statements, assumptions and estimates were required to a certain extent that affected the reporting and the amount of the recognised assets, liabilities, income, expenses and contingent liabilities. These affect, for example, impairment testing for the assets recognised in the statement of financial position, the Group-wide determination of economic useful lives, the assessment of the contractual term of leases, the timing of the settlement of receivables, assessments of the risk of default and the expected loss given default, the evaluation of the utilisation of tax loss carryforwards and the recognition of provisions.

The main sources of estimate uncertainty are future measurement factors such as interest rates, assumptions of future financial performance and assumptions on the risk situation and interest rate development. The underlying assumptions and estimates are based on the information available when these consolidated financial statements were prepared.

In the current financial year, significant assumptions and estimates were made by management, particularly in connection with the allocation of the purchase price to the assets and liabilities acquired from Ideal Standard. Assumptions had to be made primarily with regard to future earnings development and forward-looking valuation factors such as the discount rate in order to value the acquired assets and uncover hidden reserves. Other estimates related to the utilisation of tax loss carryforwards, the determination of the amount of the variable purchase price and the determination of the economic useful lives of acquired assets.

At the end of the year under review, there were no assumptions concerning the future or other major sources of estimation uncertainty at the end of the reporting period with a significant risk of requiring a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In individual cases, the actual values may deviate from the projected estimates. Changes are recognised as soon as better information becomes available. The carrying amounts of the affected items are presented separately in the respective notes.

2. BASIS OF CONSOLIDATION

In addition to Villeroy & Boch AG, the consolidated financial statements include 18 (previous year: 14) German and 74 (previous year: 37) foreign subsidiaries that Villeroy & Boch AG – directly or indirectly – controls and has included in consolidation. The change in the basis of consolidation of the Villeroy & Boch Group was as follows:

VILLEROY & BOCH AG AND CONSOLIDATED COMPANIES:

	Germany	Abroad	Total	Previous year
As at 1 January 2024	**14**	**37**	**51**	**52**
Disposals due to liquidation (a)	–	- 1	- 1	- 1
Disposal due to loss of control (b)	–	- 1	- 1	–
Additions through business acquisitions (c)	4	39	43	–
As at 31 December 2024	**18**	**74**	**92**	**51**

(a) Disposal due to liquidation:

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

(b) Disposal due to loss of control:

We have lost control of Argent Australia Pty. Ltd as a result of permanently waiving an option, which had previously been exercisable at any time, to acquire a further 10 % of the shares in the company. As a result, the company will leave the scope of consolidation with effect from 31 December 2024 and will be accounted for as an associate using the equity method in the future (see note 9 and note 22.). The deconsolidation of Argent Australia Pty. Ltd. resulted in a gain of € 0.7 million. This gain reduced the cost of goods sold by € 0.2 million, increased other operating income by € 0.6 million and reduced the tax result by € 0.1 million.

(c) Additions through business acquisitions:

As of 29 February 2024, Villeroy & Boch acquired 100 % of the shares in the following four companies, thereby obtaining (direct and indirect) control over a total of 43 companies in 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 will make the Villeroy & Boch Group one of the leading bathroom product manufacturers in Europe in terms of revenue.

Ideal Standard complements Villeroy & Boch's business model in the area of Bathroom & Wellness. The complementary strengths in terms of regional presence, sales strategies, and product and brand portfolios increase the Group's competitiveness.

In terms of geography, Villeroy & Boch is particularly well established in Central and Northern Europe and Asia. Ideal Standard is extremely successful with its brand portfolio in the UK, Italy and the Middle East/North Africa region in particular. In terms of sales, Villeroy & Boch is primarily focused on the high-end private customer business, while Ideal Standard has extensive expertise in the project business, including in the public and healthcare sectors and for developers of large residential, hotel and commercial real estate. In addition to bathroom ceramics, Ideal Standard also has a highly profitable fittings business.

The following table shows the assets and liabilities recognised as at the acquisition date (29 February 2024):

in € million	29/02/2024
Goodwill	155.6
Other fixed assets	468.0
Inventories	129.0
Other receivables and assets	209.1
Cash and cash equivalents	36.3
Total assets acquired	**998.0**
Minority interest	0.1
Pension provisions	115.0
Other provisions and liabilities	265.3
Financial liabilities	116.8
Lease liabilities	46.4
Total liabilities acquired	**543.6**
Acquired intangible assets incl. goodwill	**454.4**
Purchase price payment	450.9
Variable purchase price component	3.5
Cost of acquisition (purchase price payment)	**454.4**

At the acquisition date, the trade receivables comprised gross amounts due of € 120.4 million and valuation allowances of € 6.1 million.

The other receivables and assets do not include any valuation allowances.

The following table shows the recognised assets and liabilities as of 31 December 2024:

in € million	31/12/2024
Goodwill	155.6
Other fixed assets	436.2
Inventory	125.4
Other receivables and assets	208.9
Cash and cash equivalents	24.5
Total assets	**950.6**
Minority interests	0.1
Pension provisions	113.9
Other provisions and liabilities	292.7
Financial liabilities	60.1
Lease liabilities	40.7
Total liabilities	**507.5**
Net assets	**443.1**

The purchase price of € 450.9 million was paid in cash. In addition to the purchase price already paid, the purchase agreement includes a variable purchase price component that is coupled to Ideal Standard's future economic performance. The currently expected value of € 3.5 million was determined using a discounted cash flow model. The key parameters incorporated into the model as significant are the expected future earnings of Ideal Standard and the discount rate. The range of outcomes deemed likely falls between € 0.7 million and € 6.3 million.

The difference arising from the initial consolidation amounts to € 386.6 million. This amount was mainly allocated to trademarks with an indefinite useful life (€ 168.8 million), non-current assets (€ 71.9 million), inventories (€ 22.3 million) and trademarks and customer relationships with a limited useful life (€ 35.7 million). After taking deferred taxes into account, goodwill amounts to € 155.6 million.

The 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 their fair value at the time of acquisition. In doing so, hidden reserves and liabilities were uncovered. The adjustments to the amounts and the recognition of newly identified assets and liabilities are final since the measurement period of one year after the acquisition has expired.

In the course of the acquisition, contingent liabilities for environmental risks amounting to € 9.4 million were recognised. The risks arise from locations previously operated by Ideal Standard that have already been sold. In particular, the development of the sites may reveal the need for remediation of contaminated sites from previous industrial use, for which Villeroy & Boch is responsible as the legal successor to the previous owner and operator. The timing of the expenditure depends on the new operator's development efforts and is expected to occur within the next two to eight years.

The acquisition-related costs amount to € 14.1 million, of which € 6.4 million is included in the expenses for the current financial year. In the period between the acquisition date and the reporting date, the Ideal Standard Group contributed € 512.1 million to sales and € -0.9 million to net income. If the acquisition had been finalised on the first day of the financial year, the Ideal Standard Group would have contributed € 618.2 million to consolidated revenue and a € -1.1 million to consolidated net income.

Other information:

The primary purposes and registered offices of the individual companies of the Villeroy & Boch Group are as follows:

NUMBER OF GROUP COMPANIES

	Germany	Abroad	2024	Germany	Abroad	2023
Shareholding: 100 %						
Division						
Bathroom & Wellness	6	53	59	3	23	26
Dining & Lifestyle	4	19	23	4	19	23
Other business purposes	9	7	16	8	2	10
Reconciliation	- 1	- 9	- 10	- 1	- 9	- 10
Total	**18**	**70**	**88**	**14**	**35**	**49**
Shareholding: 50 % to 99 %						
Bathroom & Wellness	–	3	3[1]	–	2	2
Other business purposes	–	1	1	–	–	–
Group total	**18**	**74**	**92**	**14**	**37**	**51**

Property and operator companies for restaurants and a hotel in the Villeroy & Boch Group are shown in the "Other business purposes" category. Some companies, such as Villeroy & Boch AG, operate in both divisions. Multiple entries are eliminated in the "Reconciliation" line.

Details of the subsidiaries not wholly owned in which the Villeroy & Boch Group holds non-controlling interests can be found in note 22. Further information on the structure of the Villeroy & Boch Group can be found under "Business model of the Group" in the management report.

Furthermore, the Villeroy & Boch consolidated financial statements includes seven associates accounted for using the equity method (see note 9). The most recent annual financial statements available in accordance with local law were used as the basis for accounting using the equity method. Corresponding adjustments to the uniform Group accounting policies are generally not made for reasons of materiality.

As at 31 December 2024, the Villeroy & Boch Group recognises immaterial shares in three Group companies as financial assets (see note 10(a)). These unconsolidated subsidiaries are not material to the presentation of the earnings, asset and financial situation of the Villeroy & Boch Group, either individually or cumulatively (see note 62).

The list of shareholdings in accordance with section 315e(1) in connection with 313(2) HGB is shown in note 62.

The Villeroy & Boch Group uses the following national options as regards the preparation, audit and disclosure of annual financial statement documents:

The Villeroy & Boch Group is exercising the exemption from the preparation, audit and disclosure of separate financial statements and, if applicable, a separate management report provided for by section 264(3) HGB for nearly all German subsidiaries in the 2024 financial year. The formal requirements have been satisfied by the respective Group company and by Villeroy & Boch AG. The companies in question are indicated accordingly in the list of shareholdings (see note 62).

The two Dutch companies Ucosan B.V., Roden, and Villeroy & Boch Tableware B.V., Oosterhout, exercise the options relating to the preparation, publication and auditing of annual financial statements in accordance with Article 2:403 of the Dutch Civil Code. The accounting data of both companies, as consolidated subsidiaries, are included in the consolidated financial statements of Villeroy & Boch AG, which have been filed with the Dutch commercial register.

In accordance with section 314 of the Luxembourg Commercial Code, no consolidated financial statements or Group management report are prepared for Villeroy & Boch S.à r.l., Faiencerie de Septfontaines-lez-Luxembourg. The accounting data of the company is included as a consolidated subsidiary in the consolidated financial statements of Villeroy & Boch AG, which have been filed in German language with the Luxembourg commercial and companies register.

3. CONSOLIDATION PRINCIPLES

The annual financial statements of the companies included in the Villeroy & Boch Group's consolidated financial statements are prepared in accordance with uniform Group accounting principles and included in the consolidation. The end of the reporting period for the consolidated companies is the same as for Villeroy & Boch AG as the ultimate parent company. The consolidated financial statements include the transactions of those companies that are considered subsidiaries and associated companies to the Villeroy & Boch AG at the reporting date.

Subsidiaries are those companies in which the Villeroy & Boch AG can determine the relevant business activities unilaterally – either directly or indirectly. The relevant business activities include all activities that have an essential influence on the profitability of the company. Domination is given only if the Villeroy & Boch AG can control the relevant activities of the subsidiary company, has a legal claim to variable returns on investment in the subsidiary company and can influence the returns. In general, domination within the Villeroy & Boch Group is given when the Villeroy & Boch AG holds a direct or indirect majority of the voting rights. Potential substantial voting rights are also taken into account. Consolidation begins on the date on which control becomes possible and ends when this possibility no longer exists.

As part of capital consolidation, the acquisition costs of the subsidiaries at the acquisition date are offset against the remeasured equity interest attributable to them. Any positive differences arising are recognised as goodwill (see note 1 – Accounting policies: Intangible assets). Negative differences are recognised immediately in profit or loss after being checked again. Incidental costs of acquisition for business combinations are recognised in other operating expenses. Any hidden reserves and liabilities identified as a result of subsequent consolidation are carried forward in the same way as the corresponding assets and liabilities.

Non-controlling interests in the acquired company are measured in the amount of the corresponding share of the identifiable net assets of the acquired company and reported in equity under "Non-controlling interests" in the consolidated financial statements of Villeroy & Boch AG (see note 22). Transactions with non-controlling interests that do not result in a loss of control are recognised as an equity transaction. For a business acquisition achieved in stages, the acquirer's previously held equity interest in the acquiree as at the time it achieves control is remeasured in profit or loss. Subsequent adjustments of contingent purchase price components are recognised in profit or loss. With respect to the elimination of intercompany balances, the reconciled receivables and liabilities of the companies included in consolidation are offset against each other. Revenue, income and expenses between the consolidated companies are eliminated, as are intercompany profits and losses from non-current assets and inventories. The results of subsidiaries acquired or sold in the course of the year are included in the consolidated statement of comprehensive income from the actual acquisition date or until the actual disposal date accordingly.

If any differences in tax expenses are expected to reverse in later financial years, deferred taxes are recognised for consolidation measures in profit or loss.

When including an associated company in consolidation for the first time, the differences arising from initial consolidation are treated in accordance with the principles of IAS 28.

Shares in affiliated companies of minor significance are recognised at fair value through profit or loss (see note 10).

In this financial year, the composition of the consolidated entity was examined regularly (see note 2). The consolidation principles applied in the previous year were retained.

4. CURRENCY TRANSLATION

On the basis of the single-entity financial statements, all transactions denominated in foreign currencies are recognised at the prevailing exchange rate at the date of their occurrence. They are measured at the closing rate as at the end of the respective reporting period. The single-entity statements of financial position of consolidated companies prepared in foreign currencies are translated into euro in accordance with the functional currency concept. For all foreign Group companies, the functional currency is the respective national currency, as these companies perform their business activities independently from a financial, economic and organisational perspective. For practical reasons, assets and liabilities are translated at the middle rate at the end of the reporting period, while all statement of comprehensive income items are translated using average monthly rates. Differences resulting from the translation of the financial statements of foreign subsidiaries are recognised outside profit or loss (see note 21(a)). Currency effects arising from net investments in foreign Group companies are also reported in the revaluation surplus (see note 21(b)). They continue to be reported in this item of the statement of financial position even in the event of a partial repayment of the net investment. When consolidated companies leave the consolidated Group, any currency effects from net investments previously not affecting the net income are reversed to profit or loss.

The euro exchange rates of key currencies changed as follows during the past financial year:

CURRENCY

€ 1 =		Exchange rate at end of reporting period		Average exchange rate	
		2024	2023	2024	2023
British pound	GBP	0.83	0.87	0.85	0.87
Chinese yuan	CNY	7.58	7.85	7.81	7.65
Swedish krona	SEK	11.46	11.10	11.40	11.45
Egyptian pound	EGP	52.75	33.89	49.08	32.76
Australian dollar	AUD	1.68	1.63	1.64	1.63
US dollar	USD	1.04	1.11	1.09	1.08
Bulgarian lev	BGN	1.96	1.96	1.96	1.96
Romanian leu	RON	4.98	4.97	4.97	4.94
Hungarian forint	HUF	411.35	382.80	394.38	384.95
Mexican peso	MXN	21.55	18.72	19.69	19.28
Thai baht	THB	35.68	37.97	38.37	37.63

NOTES TO THE CONSOLIDATED BALANCE SHEET

5. INTANGIBLE ASSETS

Intangible assets developed as follows:

in € million	Concessions, industrial property rights, customer lists	Software licences and other intangible assets	Goodwill	Total
Accumulative cost				
As at 1 January 2023	**1.5**	**22.0**	**39.4**	**62.9**
Additions	–	1.3	–	1.3
Disposals	–	- 0.5	–	- 0.5
As at 1 January 2024	**1.5**	**22.8**	**39.4**	**63.7**
Changes in the scope of consolidation	204.6	17.5	155.3	377.4
Currency adjustments	–	0.0	- 0.2	- 0.2
Additions	–	2.4	–	2.4
Disposals	- 0.7	- 1.0	–	- 1.7
As at 31 December 2024	**205.4**	**41.7**	**194.5**	**441.6**
Accumulative amortisation and impairment				
As at 1 January 2023	**1.5**	**19.3**	**8.8**	**29.6**
Amortisation	–	1.5	–	1.5
Impairment losses	–	- 0.3	–	- 0.3
Disposals	–	- 0.5	–	- 0.5
As at 1 January 2024	**1.5**	**20.0**	**8.8**	**30.3**
Amortisation	1.5	6.4	–	7.9
Impairment losses/Write Up	–	–	–	–
Disposals	- 0.7	- 0.7	–	- 1.4
As at 31 December 2024	**2.3**	**25.7**	**8.8**	**36.8**
Residual carrying amounts				
As at 31 December 2024	**203.1**	**16.0**	**185.7**	**404.8**
As at 31 December 2023	–	2.8	30.6	33.4

The asset group “Concessions, industrial property rights and customer lists” primarily includes capitalised brand rights (€ 173.1 million) and acquired customer lists (€ 31.5 million) that were acquired as part of the takeover of Ideal Standard. Brand rights amounting to € 168.8 million have an indefinite useful life and are not subject to scheduled amortisation.

In the current financial year, goodwill increased by € 155.6 million due to the acquisition of Ideal Standard. The deconsolidation of Argent Australia Pty. Ltd. offset this by € 0.3 million (see note 2). The goodwill arising from the acquisition of Ideal Standard was allocated to the Bathroom & Wellness Division as the cash-generating unit.

The key figures of the Bathroom & Wellness Division are presented in the segment report in note 53. Capitalised goodwill was tested for impairment on the basis of the calculation of value in use. To do so, the present value of future excess cash flows from this division was determined in line with planning. The forecast cash flows are discounted over the detailed planning period until 2028 using an interest rate before income tax of 10.7 % p.a. (previous year: 10.5 % p.a.), while subsequent cash flows are discounted using an interest rate before income tax of 9.5 % p.a. (previous year: 9.5 % p.a.) and applying a growth rate. The discount rate was determined on the basis of the weighted average cost of capital for the industry, taking into account the debt ratio and the relevant market and country risks. The planning period was extended from three to four years in order to take the synergy and integration effects into account appropriately.

In forecasting the future cash flows for the first four years, the legal representatives assumed moderate revenue growth. The growth rates are based on past experience, taking into account a slight economic recovery in Europe and reduced growth rates in China.

The forecast future cash flows also assume an increase in personnel expenses as well as a reduction in inflation leading to a corresponding rise in demand. Moderate growth in perpetuity is shown by applying a growth discount of 1.15 % to the cash flows from the 2029 financial year onwards. The present value calculated in this way was greater than the net assets of the division, so that no impairment loss was required to be recognised on this item.

The Group conducted an analysis of the sensitivity of impairment testing to changes in the most important assumptions in order to determine the recoverable amount for the Bathroom & Wellness cash-generating unit. The sensitivity analysis of the capitalised earnings values presented below takes the change in an assumption into account, with the other variables remaining unchanged from the original calculation. An alternative calculation of the capitalised earnings values was carried out to determine the effects of changes in the underlying interest rates and results on the amount of the capitalised earnings values. It is not possible to linearly extrapolate these values in the event of deviating changes in the assumptions or to add them together when combining changes in individual assumptions.

	Change in actuarial assumption	Effect on defined benefit obligation as at	
		31/12/2024	31/12/2023
	Plus 1 %	- 101.3	- 51.4
Discount rate	Minus 1 %	125.4	63.4
	Plus 10% per year	99.0	52.6
Change of the free cash-flow	Minus 10% per year	- 99.0	- 52.6

Both a 10 % reduction in free cash flow or a 1 % increase in the discount rate would mean that the recoverable amount would no longer exceed the carrying amount of the net operating assets of the Bathroom & Wellness Division. A 3.5 % reduction in free cash flow or a 0.3 % increase in the discount rate would reduce the leeway in the Bathroom & Wellness Division to zero, but would not result in an impairment.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment used in operations developed as follows in the year under review:

in € million	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Property, plant and equipment under construction	Total
Accumulated acquisition or production costs					
As at 1 January 2023	**190.2**	**374.1**	**95.8**	**30.0**	**690.1**
Currency adjustments	0.0	0.3	- 0.2	0.2	0.3
Additions	0.6	6.9	4.8	27.4	39.7
Disposals	- 5.7	- 9.3	- 3.4	–	- 18.4
Reclassifications	6.9	7.8	2.6	- 11.7	5.6
As at 1 January 2024	**192.0**	**379.8**	**99.6**	**45.9**	**717.3**
Change in the scope of consolidation	75.9	99.8	- 0.5	8.3	183.5
Currency adjustments	- 0.4	- 4.1	–	- 1.2	- 5.7
Additions	3.6	10.7	4.9	36.8	56.0
Disposals	- 0.7	- 11.5	- 5.4	- 0.3	- 17.9
Reclassifications	20.6	16.0	3.7	- 25.1	15.2
As at 31 December 2024	**291.0**	**490.7**	**102.3**	**64.4**	**948.4**
Accumulative depreciation and impairment					
As at 1 January 2023	**127.5**	**307.0**	**80.2**	**–**	**514.7**
Currency adjustments	0.1	0.1	- 0.3	–	- 0.1
Depreciation	2.9	14.1	5.7	–	22.7
Impairments	–	–	–	–	–
Disposals	- 3.6	- 8.5	- 3.0	–	- 15.1
Reclassifications	6.3	–	–	–	6.3
As at 1 January 2024	**133.2**	**312.7**	**82.6**	**–**	**528.5**
Change in the scope of consolidation	**–**	**–**	**- 0.3**	**–**	- 0.3
Currency adjustments	- 0.2	- 1.8	0.2	–	- 1.8
Depreciation	5.4	25.6	6.2	–	37.2
Impairments	–	–	0.0	–	0.0
Disposals	- 0.6	- 11.5	- 5.3	–	- 17.4
Reclassifications	15.8	–	–	–	15.8
As at 31 December 2024	**153.6**	**325.0**	**83.4**	**–**	**562.0**
Residual carrying amounts					
As at 31 December 2024	**137.4**	**165.7**	**18.9**	**64.4**	**386.4**
As at 31 December 2023	58.8	67.1	17.0	45.9	188.8

The acquisition of Ideal Standard increased the carrying amount of property, plant and equipment by € 184.0 million. In addition, property, plant and equipment with a value of € 56.0 million (previous year: € 39.7 million) was acquired in the financial year. Of this figure, € 11.2 million (previous year: € 9.1 million) related to the Mettlach 2.0 site development project. These investments by central functions were allocated to the two divisions on a pro rata basis. The Bathroom & Wellness Division accounted for investments of € 46.5 million (previous year: € 28.8 million). Investment in the Bathroom & Wellness Division focused on international locations. In Thailand, for example, construction of a new factory hall continued. In addition, investments were made in a washbasin die-casting press both in Thailand and the Czech Republic. In Hungary, a toilet die-casting plant was purchased. Furthermore, investments were made in the capacity expansion by means of a board storage system and cutting saw in Treuchtlingen. Investments were also made in automation at the Bulgaria and Wittlich sites. € 9.5 million (previous year: € 10.9 million) was invested in the Dining & Lifestyle Division. The Dining & Lifestyle Division invested primarily in the modernisation of the production plants in Merzig and Torgau. In particular, investments were made in optimising the decoration process. Furthermore, new pressing tools were purchased. In addition, investments were made in modernising our own retail stores in Germany, Belgium, France, Italy, Switzerland and China.

Facilities worth € 25.1 million were completed and integrated into operational value added in the reporting period (previous year: € 11.7 million). Of this, € 7.5 million was invested in Hungary, where the main investments were in reducing the energy consumption of the kilns, automation and a roof renovation. In addition, facilities with a value of € 7.0 million were completed at Villeroy & Boch AG. These primarily related to renovation measures in connection with the Mettlach 2.0 project, a new photovoltaic system and the optimisation of the tunnel kiln in terms of energy efficiency. In addition, facilities with a value of € 2.2 million were completed in Romania. These primarily include new pressing tools. In the previous year, new facilities were used for the first time mainly in Germany (€ 3.4 million), Hungary (€ 3.1 million) and France (€ 1.5 million). The disposals during the financial year under review, with acquisition costs totalling € 17.9 million (previous year: € 18.4 million) and with accumulated depreciation totalling € 17.4 million (previous year: € 15.1 million), resulted primarily from the scrapping of assets that were no longer usable and had already fully depreciated. In the current financial year, changes in use led to reclassifications of real estate and land in Germany, Luxembourg and Belgium between property, plant and equipment and investment property (see note 8).

7. RIGHT-OF-USE ASSETS

The Villeroy & Boch Group leases (as the lessee) sales premises, warehouses, office space, other facilities and movable assets. Capitalised right-of-use assets developed as follows in the year under review:

in € million	Land and buildings	Other equipment, operating and office equipment	Total
Accumulative cost			
As at 1 January 2023	**81.5**	**12.2**	**93.7**
Currency adjustments	- 0.6	–	- 0.6
Additions	13.3	5.9	19.2
Disposals	- 5.2	- 2.9	- 8.1
As at 1 January 2024	**89.0**	**15.2**	**104.2**
Changes in the scope of consolidation	- 8.9	44.0	35.1
Currency adjustments	0.6	- 1.4	- 0.8
Additions	9.8	7.2	17.0
Disposals	- 4.2	- 6.6	- 10.8
As at 31 December 2024	**86.3**	**58.4**	**144.7**
Accumulative amortisation and impairment			
As at 1 January 2023	**44.0**	**8.4**	**52.4**
Currency adjustments	- 0.3	–	- 0.3
Depreciation	12.5	3.3	15.8
Disposals	- 4.9	- 3.0	- 7.9
As at 1 January 2024	**51.3**	**8.7**	**60.0**
Changes in the scope of consolidation	- 5.6	–	- 5.6
Currency adjustments	0.4	- 0.7	- 0.3
Depreciation	12.9	12.6	25.5
Disposals	- 2.6	- 6.8	- 9.4
As at 31 December 2024	**56.4**	**13.8**	**70.2**
Residual carrying amounts			
As at 31 December 2024	**29.9**	**44.6**	**74.5**
As at 31 December 2023	37.7	6.5	44.2

In the financial year, we capitalised new right-of-use assets worth € 17.0 million (previous year: € 19.2 million). Additions in the financial year mostly result from the renewal and extension of existing leases.

The disposals in the financial year predominantly resulted from the premature termination of contracts.

Straight-line depreciation of € 25.5 million (previous year: € 15.8 million) is based on the following useful lives of the assets:

in € million	2024	2023
Land and buildings	1 – 27 years	1 – 27 years
Other equipment, operating and office equipment	1 – 7 years	1 – 7 years

The right-of-use assets capitalised at the inception of a lease are offset by corresponding current and non-current lease liabilities (see note 30). Long-term lease liabilities are discounted (see note 30).
The Villeroy & Boch Group exercises both options of not capitalising leases with a total term of not more than twelve months or leases for low-value assets. Expenses for leases and lease payment components not capitalised break down as follows in the financial year:

in € million	31/12/2024	31/12/2023
Expenses for variable payments for property leases	- 7.8	- 8.2
Expenses for short-term property leases	- 3.2	- 1.9
Expenses for leases of low-value assets	- 1.1	- 0.4
Expenses for short-term leases for movable assets	- 2.3	- 0.8
Expenses for variable payments for leases for movable assets	- 0.1	- 0.2
Expenses for retrospective amendments to leases	–	- 0.7
Expenses for leases not included in capitalisation	**- 14.5**	**- 12.2**

Expenses from variable rental payments mostly result from the rental of retail space for which the rent is wholly or partially dependent on the revenue generated on the respective space. Only the variable portion of the revenue-based rent is recognised directly in profit or loss. Contractually agreed minimum revenue-based rent is recognised as part of the cost of the respective right-of-use asset.

The Villeroy & Boch Group currently leases (as the lessor) selected free land and buildings that are capitalised as property, plant and equipment (see note 6). The significant risks and rewards of these properties remain with Villeroy & Boch. Income of € 0.4 million (previous year: € 1.0 million) was generated from these operating leases. We expect the following future minimum lease payments from our lessees:

in € million	2024	2023
Due within next 12 months	0.2	0.2
Due between 13 and 24 months	0.1	0.1
Due between 25 and 36 months	0.1	0.1
Due between 37 and 48 months	0.1	0.1
Due between 49 and 60 months	0.1	0.1
Due between 61st month and end of contract	0.6	0.7
Total expected lease payments	**1.1**	**1.3**

No significant income was generated in the current financial year from the subletting of rental properties that are not currently in operational use and have not been cancelled. Any ancillary costs and other obligations are borne by the sublessees. The subleases end before or at the expiry date of the Group's lease on the respective property.

The Villeroy & Boch Group also leases (as the lessor) selected space in investment property (see note 8).

8. INVESTMENT PROPERTY

Investment property developed as follows:

in € million	Land	Buildings	Asset not used for business purposes 2024	2023
Accumulative cost				
As at 1 January	**0.5**	**57.0**	**57.5**	**63.1**
Transfer	0.5	- 15.8	- 15.3	- 5.6
As at 31 December	**1.0**	**41.2**	**42.2**	**57.5**
Accumulative depreciation				
As at 1 January	**–**	**52.7**	**52.7**	**58.5**
Depreciation	–	0.5	0.5	0.5
Impairments	–	2.6	2.6	–
Exchange rate effects	–	- 0.1	- 0.1	–
Transfers	–	- 15.8	- 15.8	- 6.3
As at 31 December	**–**	**39.9**	**39.9**	**52.7**
Residual carrying amounts				
As at 31 December	**1.0**	**1.3**	**2.3**	**4.8**

This item primarily includes land and buildings in the Saarland region, as well as in Hungary, France, Luxembourg and Belgium. This year, land in Belgium, Luxembourg and Germany was reclassified to this item due to a change in use.

The closure of logistics and production buildings in Germany, which had previously been leased to a tile manufacturer that closed down its production at the site, resulted in impairment losses of € 2.6 million in the current financial year.

The fair value of all the properties reported in this item is € 11.1 million as at 31 December 2024 (previous year: € 14.2 million). These fair values are categorised in level 3 of the fair value hierarchy of IFRS 13.

The Group generated the following amounts from its investment property:

in € million	31/12/2024	31/12/2023
Rental income	1.8	1.9
Property management and similar expenses	0.2	0.0

Rent is expected to develop as follows:

in € million	31/12/2024	31/12/2023
Due within next 12 months	1.3	1.9
Due between 13 and 24 months	0.9	1.3
Due between 25 and 36 months	0.9	0.9
Due between 37 and 48 months	0.9	0.9
Due between 49 and 60 months	0.9	0.9
Due between 61st month and end of contract	4.5	5.5
Total expected lease payments	**9.5**	**11.4**

Future rents rise in line with the trend in the consumer price index applicable at the time. The tenants usually bear all maintenance expenses.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of this year, the Villeroy & Boch Group is accounting for seven companies (previous year: one) using the equity method of IAS 28.

Of these companies, two are considered material. Details of the associated companies considered material can be found in the following table:

VILLEROY & BOCH AG AND CONSOLIDATED COMPANIES:

Name of the associated company	Germany	Abroad	Total
Argent Australia Pty. Ltd.	Sale of sanitary ware	Australia	45%
Azura Egypt for Manufacture of Sanitary Ware S.A.E	Production of sanitary ware	Egypt	49%

The other non-material associates are listed in the table below, with section 315e(1) in conjunction with section 313(3)(4) HGB being applied to one associate in Germany.

VILLEROY & BOCH AG AND CONSOLIDATED COMPANIES:

Name of the associated company	Germany	Abroad	Total
V&B Trading Egypt S.A.E	Sales of sanitary ceramics	Egypt	49%
Ideal Standard Yapi Malzemeleri Anonim Sirketi	Sales of sanitary ceramics	Türkiye	50%
Sevlievogas 2000 AD	Regional gas network operator	Bulgaria	50%
Sanitaire Benchekrown-Slaoui S.A.	Other	Morocco	20%

The summarised financial information regarding the Group's significant associates can be found in the two tables below. The summarised financial information corresponds to the amounts of the associates' prepared financial statements.

The summarised financial information for Argent Australia Pty. Ltd. is as follows:

in € million	31/12/2024
Non-current assets	4.4
Current assets	13.5
Non-current liabilities	3.0
Current liabilities	7.6
Net assets (100 %)	**7.3**
Group share of net assets (45 %)	3.3
Goodwill	2.0
Book value of the share in the associated company (45 %)	**5.3**
Revenue	24.7
Results	1.2
Group share of Results (45 %)	–

As the deconsolidation of the company took place on 31 December 2024 and the at-equity accounting only started on this date, the company's result was taken into account in the consolidated income statement. The summarised financial information of Azura Egypt for Manufacture of Sanitary Ware S.A.E is as follows:

in € million	31/12/2024
Non-current assets	5.0
Current assets	14.7
Non-current liabilities	0.5
Current liabilities	0.7
Net assets (100%)	**18.5**
Group share of net assets (49 %)	9.1
	- 3.3
	- 0.2
Goodwill	5.3
Book value of the share in the associated company (49 %)	**10.9**
Revenue	2.2
Results	5.2
Group share of results (49 %)	**2.7**

The book value of the other interests in associates, which are not material when considered separately, amounts to € 3.8 million, with a share of profit totalling € 0.2 million.

10. OTHER FINANCIAL ASSETS

Other financial assets include:

in € million	Carrying amount	Remaining term		Carrying amount	Remaining term	
	31/12/2024	Less than 1 year	More than 1 year	31/12/2023	Less than 1 year	More than 1 year
Deposits	5.2	0.3	4.9	3.0	1.2	1.8
Fair values of hedging instruments	5.5	3.2	2.3	5.8	1.9	3.9
Other financial assets	22.7	8.80	13.90	19.9	19.90	0.00
Securities	1.6	–	1.6	1.7	–	1.7
Equity investments	2.1	–	2.1	2.1	–	2.1
Loans	1.1	–	1.1	1.3	–	1.3
Shares in non-consolidated affiliated companies	2.4	–	2.4	2.4	–	2.4
Total financial assets	**40.6**	**12.3**	**28.3**	**36.2**	**23.0**	**13.2**

As at the end of the reporting period, the Group's hedging instruments comprised currency futures (€ 3.5 million; previous year: € 5.4 million) and commodity hedges for brass and gas (€ 2.0 million; previous year: € 0.4 million).

Capitalised security deposits in the amount of € 5.2 million (previous year: € 3.0 million) were provided to the respective lessors in cash. The fair value of these deposits is equal to their carrying amounts.

The other current financial assets decreased by € 11.1 million from € 19.9 million in the previous year to € 8.8 million. The main reason for the decline is the collection of the purchase price from the sale of the bathroom furniture plant in Mondsee, Austria, and the collection of the purchase price from the sale of the former sanitaryware plant in Mexico. In addition, the "Other current financial assets" mainly include claims against associated companies, creditors with debit balances, claims for returned goods and a number of immaterial individual items.

The other non-current financial assets increased to € 13.9 million in connection with the acquisition of Ideal Standard.

Securities are categorised as level 1 in the fair value hierarchy of IFRS 13 and are attributable in full to the special fund of the ordinary shareholders.

On the occasion of the 100-year anniversary of the Mettlach mosaic factory on 17 January 1970, the ordinary shareholders provided a fund intended to pay for the professional education and training of employees of the Villeroy & Boch Group and their families, the promotion of research and science and for the Investor Relations and Corporate Governance of the Villeroy & Boch Group. Changes in the value of the special fund are recognised in the revaluation surplus (see note 21(f)).

A 2.29 % holding in the share capital of V & B Fliesen GmbH, Merzig, with a fair value of € 2.1 million (previous year: € 2.1 million) is reported under equity investments. It is recognised at fair value through profit or loss. The value was unchanged compared with the previous year.

Loans to third parties primarily include mandatory government loans in France. Loans to third parties are carried at amortised cost and mature as follows:

in € million	2024	2023
Gross carrying amount as at 31 December	**1.1**	**1.3**
Of which: Not past due as at end of reporting period	1.1	1.3
Due within one year	0.1	0.2
Due in two to five years	0.2	0.2
Due in more than five years	0.8	0.9

Shares in Non-consolidated affiliated companies are recognized at fair value through profit or loss and contain the equity interest in Villeroy & Boch Innovations GmbH, Mettlach (see note 2). No need for impairment was identified for this equity interest as part of the fair value calculation (previous year: € 4.0 million). The business relations with this company are presented in note 57.

Loss allowances for other financial assets is based on the expected credit loss model (see note 51). As in the previous year, this item contained no past due receivables as at 31 December 2024. There are no significant concentrations of default risks within the Group as such risks are distributed across a large number of contractual partners.

11. DEFERRED TAX ASSETS AND LIABILITIES

The following deferred taxes are reported in the statement of financial position:

in € million	31/12/2024	31/12/2023
Deferred tax assets from temporary differences	79.9	27.2
Deferred tax assets from tax loss carryforwards	12.9	2.2
Deferred tax assets	**92.8**	**29.4**
Deferred tax liabilities	**79.2**	**6.5**

Deferred tax assets from tax loss carryforwards amounted to € 12.9 million (previous year: € 2.2 million). They relate to loss carryforwards and interest carryforwards of domestic and foreign Group companies.

Deferred taxes from temporary differences are due to different carrying amounts in the consolidated statement of financial position and the tax base in the following items:

		Deferred tax assets		Deferred tax liabilities	
in € million	Notes	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Intangible assets	5	2.6	0.2	51.0	1.1
Property, plant and equipment	6	2.7	1.1	8.0	1.8
Rights of use	7	0.2	0.1	7.4	9.0
Financial assets	10	0.2	0.2	3.1	3.8
Inventories	12	9.8	7.1	0.0	0.0
Other assets	14	42.8	0.9	17.2	2.7
Special tax items		0.0	0.0	2.8	3.4
Provisions for pensions	26	36.4	16.0	10.0	0.0
Other provisions	28	22.6	9.2	0.7	0.0
Lease liabilities	30	7.7	9.3	0.3	0.0
Other liabilities		1.1	2.0	0.9	0.5
Write-downs		- 24.0	- 3.1	0.0	0.0
Subtotal		**102.1**	**43.0**	**101.4**	**22.3**
Offsetting of deferred tax assets/liabilities		- 22.2	- 15.8	- 22.2	- 15.8
Deferred taxes from temporary differences		**79.9**	**27.2**	**79.2**	**6.5**

The € 52.7 million change in deferred tax assets from temporary differences to € 79.9 million (previous year: € 27.2 million) is essentially attributable to the increase in deferred taxes on other assets of € 41.9 million (see note 14) and provisions for pensions of € 20.4 million (see note 26) due to the acquisition.

The change in deferred tax liabilities from temporary differences of € 72.7 million to € 79.2 million (previous year: € 6.5 million) is mainly due to the acquisition-related increase in deferred taxes on intangible assets of € 49.9 million (see note 5).

Deferred tax assets are recognised only to the extent that it is probable that the corresponding tax benefit will be recovered. In addition to the past results of operations and the respective business expectations for the foreseeable future, the assessment of probability also takes into account the tax loss carryforwards subject to restrictions on offsetting. Deferred tax assets not likely to be recovered increased acquisition-related from € 17.9 million to € 217.6 million in the current financial year. As at the end of the financial year, the company reported tax loss carryforwards subject to restrictions on offsetting of € 17.5 million (previous year: € 30.3 million). The majority of tax loss carryforwards with loss restrictions (€ 10.1 million) relate to Group companies domiciled in Mexico. Deferred taxes on these loss carryforwards were written off in full as their recovery is not probable.

Villeroy & Boch AG did not recognise deferred tax liabilities for taxable temporary differences in connection with shares in subsidiaries and associates in the amount of € 4.4 million (previous year: € 1.4 million), as it is able to control the timing of the reversal and the temporary differences are not expected to reverse in the foreseeable future.

12. INVENTORIES

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

in € million	31/12/2024	31/12/2023
Raw materials and supplies	50.9	37.0
Work in progress	54.8	19.2
Finished goods and goods for resale	236.4	172.9
Carrying amount	**342.1**	**229.1**

Inventories were broken down between the individual divisions as follows:

in € million	31/12/2024	31/12/2023
Bathroom & Wellness	261.1	144.1
Dining & Lifestyle	81.0	85.0
Total	**342.1**	**229.1**

The € 4.0 million decline in inventories in the Dining & Lifestyle Division to € 81.0 million is due to higher sales volumes and a lower inflow of finished goods. The € 117.0 million increase in inventories in the Bathroom & Wellness Division to € 261.1 million is primarily due to the acquisition of Ideal Standard and the stockpiling of fittings to secure the planned revenue growth in 2025.

A valuation allowance of € 49.7 million was recognized for inventory risks arising from the storage period or reduced usability. This increased by € 10.9 million in the financial year compared to the previous year. An increase of € 13.0 million is attributable to the acquisition of Ideal Standard, of which € 13.7 million had already been recognised at the time of initial consolidation.

13. TRADE RECEIVABLES

Trade receivables are carried at their transaction price less expected losses over the agreed payment period on first-time recognition. Villeroy & Boch grants its customers country- and industry-specific payment terms. The geographical allocation of these receivables by customer domicile was as follows:

in € million	31/12/2024	31/12/2023
Germany	29.8	27.1
Rest of euro zone	79.5	25.5
Rest of world	120.9	76.4
Gross carrying amount	**230.2**	**129.0**
Write-down due to expected losses	- 2.0	- 0.6
Write-down due to objective indications and overdue items	- 9.4	- 4.7
Write-downs	**- 11.4**	**- 5.3**
Total trade receivables	**218.8**	**123.7**

€ 167.5 million (previous year: € 80.5 million) of trade receivables relate to the Bathroom & Wellness Division and € 51.3 million (previous year: € 43.2 million) to the Dining & Lifestyle Division.

Receivables from unconsolidated affiliated companies amounted to € 0.0 million (previous year: € 0.0 million) (see note 57). Write-downs are calculated using the simplified approach. A loss allowance reflecting the lifetime expected credit losses must be recognised on initial recognition and at each subsequent reporting date. There is trade credit insurance for trade receivables. This covers most of the Villeroy & Boch Group's receivables. The cover note or recoverable collateral are limited by limits defined for customers or customer groups.

In addition, factoring agreements with financial institutions have existed in the Villeroy & Boch Group since the acquisition of Ideal Standard. Trade receivables are sold for cash at their nominal value less a discount. The programme currently covers Group companies in France, the United Kingdom, Italy, the Netherlands, Germany and Belgium. There are no rights of recourse for the majority of the receivables sold and the receivables are derecognised in full. This does not apply to a smaller portion of the receivables sold, as all material risks and opportunities, primarily the default risk, remain within the Group. When receivables with rights of recourse are transferred to the respective financial institution, the amount received is simultaneously recognised as a current financial liability (see note .29). In accordance with the agreement with the factor, customers settle their liabilities by payment to an escrow account at a third-party bank. From there, the funds are transferred to the Villeroy & Boch Group and the financial institution. The receivables sold are held to collect cash flows and recognised at amortised cost. The carrying amount of the trade receivables transferred to the financial institution is € 6.3 million and the carrying amount of the corresponding liabilities is € 6.3 million. Due to the short-term maturities, the carrying amounts correspond to the fair values.

The expected credit risk of the receivables not insured or sold under factoring agreements is estimated at 1 %. Any additional write-downs on these receivables are analysed at the end of each reporting period using an impairment matrix to determine the expected credit losses. The rates to be applied are determined on the basis of the number of days overdue and the credit rating of the respective counterparty. For receivables that are more than three months overdue, we apply a probability of default of 40 %, a probability of default of 60 % is assumed for receivables that are six months overdue, while we apply a probability of default of either 80 % or 90 % for receivables that are twelve months overdue, depending on whether the counterparty is domiciled in Germany or abroad. Receivables are written off altogether if we have information that a counterparty is in serious financial difficulty and there is no longer any realistic expectation of payment. This is the case when a counterparty is in liquidation or insolvency proceedings, for example. The following table shows the current level of receivables and the associated write-downs.

	2024		2023	
in € million	**Gross**	**Write-downs**	**Gross**	**Write-downs**
Receivable due in 90 days or less	179.2	- 1.8	107.2	- 0.9
Receivable due between 91 and 180 days	12.0	- 0.2	2.8	–
Receivable due in 181 days or more	3.2	–	0.1	–
Total receivables not due yet	**194.4**	**- 2.0**	**110.1**	**- 0.9**
Receivable in default for 90 days or less	18.6	- 1.1	13.9	- 0.1
Receivable in default between 91 and 360 days	20.8	- 3.0	1.9	- 1.8
Receivable in default for 361 days or more	- 3.6	- 5.3	3.1	- 2.5
Receivable in default for 361 days or more	**35.8**	**- 9.4**	**18.9**	**- 4.4**
Total gross amount	**230.2**	**- 11.4**	**129.0**	**- 5.3**
Write-downs	- 11.4	–	- 5.3	–
Net carrying amount	**218.8**	**–**	**123.7**	**–**

Within the write-downs on trade receivables, loss allowances are recognised for uninsured receivables using the simplified impairment model as follows: A write-down of € 2.0 million (previous year: € 0.6 million) was recognised to take account of the general default risk for receivables that are not yet due and receivables that are up to 90 days overdue. Write-downs for default risks in connection with overdue receivables were recognised in the amount of € 2.6 million (previous year: € 2.3 million) and related to probabilities of default of between 40 % and 80 % (previous year: between 40 % and 80 %). The specific valuation allowances recognised in the case of objective evidence of impairment or payment difficulties amounted to € 5.4 million (previous year: € 2.8 million). Impairment developed as shown in the following table:

in € million	2024			2023		
	General default risk	**Impairment on an individual basis**	**Total**	**General default risk**	**Impairment on an individual basis**	**Total**
As at 1 January	**0.6**	**4.7**	**5.3**	**0.9**	**4.9**	**5.8**
Change in the scope of consolidation	2.4	4.0	6.4	0.0	–	–
Additions	0.2	2.1	2.3	0.3	1.9	2.2
Currency adjustments	0.0	- 0.2	- 0.2	- 0.0	- 0.1	- 0.1
Utilisation	–	- 0.4	- 0.4	0.0	- 0.6	- 0.6
Reversals	- 1.2	- 0.8	- 2.0	- 0.6	- 1.4	- 1.9
As at 31 December	**2.0**	**9.4**	**11.4**	**0.6**	**4.7**	**5.3**

Write-downs account for 5.0 % of the total amount of trade payables (previous year: 4.1 %). There are no significant concentrations of default risks within the Group as such risks are distributed across a large number of customers. The further assessment of the effects of current economic conditions and the forecast direction of developments as at the end of the reporting period did not result in an additional increase in the expected loss rates for trade receivables compared with the previous year.

14. OTHER NON-CURRENT AND CURRENT ASSETS

Other assets are composed as follows:

in € million	Carrying amount	Remaining term		Carrying amount	Remaining term	
	31/12/2024	Less than 1 year	More than 1 year	31/12/2023	Less than 1 year	More than 1 year
Other tax receivables	6.2	6.2	–	7.3	7.3	–
Advance payments	4.1	4.1	–	2.5	2.4	0.1
Contract assets	0.3	0.3	–	0.1	0.1	–
Net defined benefit asset	37.9	–	37.9	–	–	–
Prepaid expenses	12.4	12.4	–	2.5	2.5	–
Total other assets	**60.9**	**23.0**	**37.9**	**12.4**	**12.3**	**0.1**

Other assets increased by € 48.5 million to € 60.9 million in the financial year.

This is mainly due to the net pension assets of € 37.9 million acquired as part of the acquisition of Ideal Standard. In addition, deferred income increased by € 9.9 million to € 12.4 million in the current financial year, mainly due to the-acquisition. This item mainly includes insurance premiums and purchase invoices for licences that have to be deferred.

Other tax receivables in the amount of € 6.2 million (previous year: € 7.3 million) primarily include VAT credit of € 3.4 million (previous year: € 5.2 million).

15. INCOME TAX RECEIVABLES AND INCOME TAX PAYABLES

The income tax receivables of € 19.7 million (previous year: € 17.1 million) primarily include outstanding corporate income tax claims. € 2.9 million (previous year: € 4.1 million) of this figure relate to foreign Group companies. In addition, the total amount includes € 1.1 million in receivables from the German fiscal authorities in connection with the reimbursement of research subsidies (previous year: € 1.1 million). The recognised income tax liabilities of € 50.2 million (previous year: € 15.0 million) include provisions for tax risks in the amount of € 39.7 million (previous year: € 6.9 million). Of this, € 32.7 million (previous year: € 0.0 million) relates to the reflection of historical tax risk positions from the acquisition of the Ideal Standard Group and € 5.0 million (previous year: € 5.4 million) to additional transfer price risks.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were composed as follows as at the end of the reporting period:

in € million	31/12/2024	31/12/2023
Cash on hand incl. cheques	0.3	0.5
Current bank balances	52.5	76.3
Cash equivalents	29.5	297.6
Total cash and cash equivalents	**82.3**	**374.4**

The significant decline in cash and short-term deposits by € 292.1 million to € 82.3 million is mainly due to the purchase price payment of € 450.9 million for the acquisition of the Ideal Standard Group and the dividend payment of Villeroy & Boch AG of € 27.2 million. The decline in cash and short-term deposits is partially offset by the proceeds from the second tranche of the promissory note loans raised.

Cash is held solely in the short term and at banks of good credit standing that are predominantly members of a deposit protection system (see note 54). Accordingly, we do not anticipate any defaults within the next twelve months. We continually observe the creditworthiness of our banking partners in order to counteract any significant increase in default risk.

17. ISSUED CAPITAL

The issued capital of Villeroy & Boch AG as at the end of the reporting period was unchanged at € 71.9 million and is divided into 14,044,800 fully paid-up ordinary shares and 14,044,800 fully paid-up non-voting preference shares. Both share classes have an equal interest in the share capital.

The holders of non-voting preference shares receive a dividend from the annual unappropriated surplus that is € 0.05 per share higher than the dividend paid to holders of ordinary shares, or a minimum preferred dividend of € 0.13 per preference share. If the unappropriated surplus in a given financial year is insufficient to cover the payment of this preferred dividend, any amount still outstanding shall be paid from the unappropriated surplus of subsequent financial years, with priority given to the oldest amounts outstanding. The preference dividend for the current financial year is only paid when all amounts outstanding are satisfied. This right to subsequent payment forms part of the profit entitlement for the respective financial year from which the outstanding dividend on preference shares is granted. Each ordinary share grants one vote.

The numbers of different shares outstanding were as follows:

Number of shares	2024	2023
Ordinary shares		
Ordinary shares outstanding	14,044,800	14,044,800
Preference shares		
Ordinary shares issued	14,044,800	14,044,800
Treasury shares as at 31 December	1,438,181	1,565,954
Shares outstanding	12,606,619	12,478,846

A resolution of the General Meeting of Shareholders on 26 March 2021 authorised the Management Board of Villeroy & Boch AG to acquire and to use ordinary treasury shares and/or preference treasury shares in accordance with the following rules:

a) Until 25 March 2026 inclusively, the Management Board is authorised to acquire ordinary or preference shares of the company up to an amount of ten percent of the share capital of the company at the time this authorisation becomes effective or, if lower, ten percent of the share capital of the company at the time this authorisation is exercised. The authorisation to acquire treasury shares granted to the company by the General Meeting of Shareholders on 23 March 2018 will be revoked after the new authorisation takes effect, to the extent that it has not yet been utilised. The shares acquired on the basis of this authorisation together with other treasury shares already acquired by the company and still owned or attributable to it in accordance with sections 71a et seq. of the German Stock Corporation Act (AktG) must not account for more than 10 % of the share capital. The acquisition can be restricted to the shares of just one class.
At the discretion of the Management Board, preference treasury shares can be acquired either
   - on the stock exchange or
   - on the basis of a public offer to all preference shareholders or on the basis of an invitation to all preference shareholders to submit offers to sell in accordance with the principle of equal treatment.

   At the discretion of the Management Board, ordinary treasury shares can be acquired either
   - on the basis of a public offer to all ordinary shareholders or on the basis of a public invitation to all ordinary shareholders to submit offers to sell in accordance with the principle of equal treatment or
   - from individual ordinary shareholders by disapplying the put options of the other ordinary shareholders

b) The Management Board is authorised to use the shares acquired on the basis of the above authorisation under a) or one or more prior authorisations for all legally permitted purposes. The treasury shares can be sold on the stock market or on the basis of an offer to all shareholders in accordance with the principle of equal treatment and used for the following purposes in particular, including with shareholders' subscription rights disapplied:

- sale in exchange for cash consideration;
- sale in exchange for non-cash consideration;
- distribution in kind in addition to or instead of a cash distribution;
- sale in connection with share-based remuneration or employee share schemes issued to persons currently or previously employed by the company or dependent enterprises or enterprises majority-owned by the company.

The Management Board is also authorised to redeem treasury shares without such redemption or its execution requiring a further resolution by the General Meeting of Shareholders.

c) The Supervisory Board is authorised to issue the preference treasury shares acquired on the basis of the above authorisation under a) or one or more prior authorisations to members of the Management Board in the context of their remuneration.

d) All the above authorisations can be utilised individually or collectively, on one or several occasions, in full or in part, in pursuit of one or more purposes. The authorisations under a) and b), items (1), (2) and (5) can also be utilised by dependent companies or companies majority-owned by Villeroy & Boch AG or by third parties acting on their behalf or on behalf of Villeroy & Boch AG. The above authorisations cannot be utilised for the purposes of trading in treasury shares (section 71(1) no. 8 sentence 2 AktG).
The Management Board can exercise the above authorisations under a), b) and d) only with the approval of the Supervisory Board.

18. CAPITAL RESERVES

Capital reserves were increased from € 194.7 million to € 195.6 million in the current financial year through the issue of treasury shares in connection with the employee share scheme (see note 19).

19. TREASURY SHARES

The cost for the 1,438,181 (previous year: 1,565,954) preference treasury shares was € -12.8 million (previous year: € 13.9 million). Under IAS 32.33, the total cost of these shares reduces equity. All transactions were performed on the stock market on the basis of the applicable resolutions of the General Meeting of Shareholders and with the approval of the Supervisory Board. There were no share transactions with related companies. Transactions with related individuals only occurred in the context of Management Board remuneration. In this regard, 10,134 own preference shares were issued to members of the Management Board. This initially reduced the number of own preference shares from 1,565,954 to 1,555,820. Treasury stock was reduced by € 0.1 million in the amount of the original acquisition costs. The amount in excess of the acquisition costs increased the capital reserves by € 0.1 million (see note 18). Treasury shares are not entitled to dividends. The utilisation of the preference shares held is restricted by the resolutions adopted.

The General Meeting of Shareholders on 26 March 2021 resolved that preference treasury shares can be issued in conjunction with a share-based remuneration or employee share scheme of the company (see note 17).

The third employee share scheme that was launched in September 2024 allows all employees of Villeroy & Boch AG and its Group companies based in Germany the opportunity to participate directly in the company's success. All employees who had been with the company for at least one year were permitted to acquire a maximum of 230 shares at a price of € 16.68 in the period from 2 September 2024 to 4 October 2024. For each two shares purchased, the entitled employees were granted a third share for free. The number of preference treasury shares was furthermore reduced by 117,639 from 1,555,820 to 1,438,181 as a result (see note 17). We received cash funds of € 1.3 million in connection with the acquisition of shares by employees. The issuance of the free shares was recognised in staff costs as variable remuneration of € 0.6 million. Treasury shares were reduced by € 1.0 million – their original cost – to € 12.8 million as a result. The amount in excess of the cost increased capital reserves by € 0.8 million (see note 18). The fair value of the shares issued was calculated based on the average traded price for Villeroy & Boch preference shares on the stock market in the last trading week before the start of the programme from 26 August 2024 to 30 August 2024. An appropriate valuation discount was taken into account based on the contractually stipulated holding period of at least two years.

20. RETAINED EARNINGS

The retained earnings of the Villeroy & Boch Group in the amount of € 203.0 million (previous year: € 224.3 million) contain the retained earnings of Villeroy & Boch AG and the proportionate results generated by consolidated subsidiaries since becoming part of the Group.

in € million	2024	2023
As at 1 January	**224.3**	**194.7**
Consolidated earnings attributable to Villeroy & Boch AG shareholders	5.9	60.7
Dividend distribution	- 27.2	- 31.1
As at 31 December	**203.0**	**224.3**

21. REVALUATION SURPLUS

The revaluation surplus comprises the reserves of “Other comprehensive income”:

in € million	2024	2023	Change
Items to be reclassified to profit or loss:			
Currency translation of financial statements of foreign Group companies (a)	- 26.3	- 24.5	- 1.8
Currency translation of long-term loans classified as net investments in foreign Group companies (b)	- 7.1	- 2.0	- 5.1
Cash flow hedges (c)	3.1	- 0.3	3.4
Other valuation results (f)	0.0	0.0	- 0.0
Deferred tax effect on items to be reclassified to profit or loss (d)	- 0.6	- 0.9	0.3
Items not to be reclassified to profit or loss:			
Actuarial gains and losses on defined benefit obligations (e)	- 93.0	- 95.0	2.0
Other valuation results (f)	0.9	0.7	0.2
Deferred tax effect on items not to be reclassified to profit or loss (g)	29.8	29.4	0.4
As at 31 December	**- 93.2**	**- 92.6**	**- 0.6**

(a) Reserve for currency translation of financial statements of foreign Group companies

Results of Group companies that report in foreign currency are translated into euro in accordance with the functional currency concept (see note 4). The translation of these financial statements resulted in a net effect of € -1.8 million in the 2024 financial year (previous year: € -3.3 million).

(b) Reserve for currency translation of long-term loans classified as net investments in foreign Group companies

Within the Villeroy & Boch Group there are loans that finance a net investment in a foreign operation. Loans in foreign currency are measured using the respective closing rate at the end of the reporting period. Currency effects from loans classified as a net investment are therefore reported in this revaluation surplus. This net change in equity in the period under review amounted to € --5.1 million (previous year: € +3.7 million).

(c) Reserve for cash flow hedges

The Villeroy & Boch Group uses financial derivatives to reduce the risks of planned operating currency, interest, and raw material transactions (see note 54). These hedges are reported at fair value in the statement of financial position as other financial assets (see note 10) or other liabilities (see note 31). Changes in fair value amounted to € 5.4 million in the period under review (previous year: € 4.4 million). Cumulative prior-period changes in value in the amount of € -2.0 million (previous year: € 0.9 million) were reclassified to profit or loss in the year under review as the hedged item was also recognised in profit or loss at the same time. The net change in equity in the period under review amounted to € +3.4 million (previous year: € +3.5 million).

(d) Reserve for deferred tax effect on items to be reclassified to profit or loss

As at the end of the reporting period this reserve also includes the deferred tax on the recognised cash flow hedge reserve. This developed as follows:

in € million	2024	2023
As at 1 January	**- 0.9**	**- 1.0**
Additions	0.2	0.0
Disposals	0.1	0.1
As at 31 December	**- 0.6**	**- 0.9**

On settlement of the respective hedging instrument, the deferred taxes recognised in this reserve will be reclassified to profit or loss.

(e) Reserve for actuarial gains and losses on defined benefit plans

The reserve for actuarial gains and losses on defined benefit plans (see note 26) arises on the remeasurement of benefit obligations as a result of the modification at the end of the reporting period of actuarial parameters, such as the discount rate, the benefit period or the long-term salary trend. In the reporting period, this item changed by € +2.0 million from € -95.0 million to € -93.0 million (see note 26).

(f) Reserve for miscellaneous gains and losses on measurement

This reserve comprises:

in € million	2024	2023	Change
Valuation gains and losses on securities that are not reclassified to the income statement	0.2	0.0	0.0
Valuation results on long-term obligations to employees	0.7	0.7	0.0
As at 31 December	**0.9**	**0.7**	**0.0**

The Villeroy & Boch Group recognises listed securities (see note 10 a). These financial instruments are measured at their respective fair value. The fair value is the market price and is assigned to the first level of the fair value hierarchy. Changes in value during the holding period are recognised in the revaluation surplus in equity. On derecognition, the gains and losses on securities reported in this item are directly reclassified to the retained earnings.

Provisions for personnel (see note 27) include long-term obligations to employees of Villeroy & Boch (Thailand) Co. Ltd. that are recognised in the amount of the actuarial present values. Actuarial gains and losses, such as those arising from the change in the discounting factor or assumed mortality rates, are recognised in this item. In the reporting period, this item changed by € 0.0 million from € 0.7 million to € 0.7 million.

(g) Reserve for deferred tax effect on items not to be reclassified to profit or loss

As at the end of the reporting period, this reserve exclusively contained the deferred tax on the reserve for actuarial gains and losses on defined benefit plans. This resulted in a change in net equity in the financial year of € +0.4 million (previous year: € +8.6 million).

22. EQUITY ATTRIBUTABLE TO MINORITY INTERESTS

Non-controlling interests in equity amounted to € 0.2 million (previous year: € 3.8 million). There are non-controlling interests in four Group companies (see note 62). Due to the lapse of an option to acquire an additional 10 % of the shares in Argent Australia Pty. Ltd., which could have been exercised at any time, we have lost our de facto control over the company. Consequently, the company is accounted for as an associate using the equity method (see note 9). Otherwise, there are no significant minority interests.

23. DISTRIBUTABLE AMOUNTS AND DIVIDENDS

The information presented here relates to the appropriation of the retained earnings of Villeroy & Boch AG calculated in accordance with German commercial law.
The net profit of Villeroy & Boch AG for 2024 amounted to € 41.0 million. Taking into account the profit carryforward of € 27.7 million, the unappropriated surplus amounts to € 68.7 million.

At the next General Meeting of Shareholders on 9 Mai 2025, the Management Board of Villeroy & Boch AG will propose that the unappropriated surplus be used to distribute a dividend as follows:

0.85 € per ordinary share
0.90 € per preference share
The proposal for the appropriation of profits is for a dividend of:

Ordinary share:	12.0 million
Preference share:	12.6 million
	24.6 million

If the company still holds treasury shares at the time of the resolution on the appropriation of profits, the dividend payment for the preferred capital will be reduced by the amount attributable to the treasury shares. The amount attributable to treasury shares is to be carried forward to new account.

The dividend shown in the table below was paid to the bearers of Villeroy & Boch shares in previous years:

	06/04/2024		26/04/2023	
Eligible share class	**Dividend per unit in €**	**Total dividend in € million**	**Dividend per unit in €**	**Total dividend in € million**
Ordinary shares	1.00	14.1	1.15	16.1
Preference shares	1.05	13.1	1.20	15.0
		27.2		**31.1**

24. CAPITAL MANAGEMENT

The primary goals of central capital management in the Villeroy & Boch Group are ensuring liquidity and access to the capital markets at all times. This provides the Group with freedom of action and sustainably increases its enterprise value.
The Villeroy & Boch Group's non-current sources of finance consist of:

in € million	31/12/2024	31/12/2023
Equity	364.7	388.2
Provisions for pensions (note 26)	251.3	147.7
Non-current financial liabilities (note 29)	330.3	151.2
Non-current sources of finance	**946.3**	**687.1**

25. VOTING RIGHT NOTIFICATIONS

In accordance with section 160(1) no. 8 of the German Stock Corporation Act (AktG), the published content of disclosures on holdings in Villeroy & Boch AG reported in accordance with section 33(1) or (2) of the German Securities Trading Act (WpHG) (sections 21 et seq. WpHG of the version applicable prior to 3 January 2018) must be disclosed. This information can be found in the annual financial statements of Villeroy & Boch AG published in the register of companies (see note 1).

26. PROVISIONS FOR PENSIONS

There are various defined benefit pension plans (benefit plans) within the Villeroy & Boch Group. The regional distribution of the pension provisions to be recognised for these plans and of the net pension assets were as follows:

in € million	31/12/2024	31/12/2023
Germany	234.8	136.0
United Kingdom	0.0	0.0
Rest of euro zone	10.4	7.4
Rest of world	6.1	4.3
Provisions for pensions	**251.3**	**147.7**
Germany	1.8	0.0
United Kingdom	34.7	0.0
Rest of euro zone	0.3	0.0
Rest of world	1.1	0.0
Net Defined benefit asset	**37.9**	**0.0**

In Germany, there is a final salary plan based on years of service, several fixed-amount plans based on years of service, and defined contribution pension plans, the latter partially financed by gross compensation conversions of those entitled to benefits. In the United Kingdom, there are funded defined benefit pension plans, while in Sweden there is a final salary plan (closed to new entrants). The pension plans in Switzerland, Sweden, Ireland, the United Kingdom, Germany, Greece and Mexico are partially covered by the investment of financial assets with external managers. In the United Kingdom, Sweden and Ireland, these cover commitments exceed the value of the pension provisions.

In the Villeroy & Boch Group, 14,304 people (previous year: 7,551) have a defined benefit pension plan. Their regional distribution is as follows:

Headcount	31/12/2024	31/12/2023
Germany		
Members	2,369	1,942
Vested former members	1,671	1,477
Pensioners	3,144	2,337
Total	**7,184**	**5,756**
United Kingdom		
Members	–	–
Vested former members	920	–
Pensioners	1,589	–
Total	**2,509**	**–**
Rest of euro zone		
Members	491	356
Vested former members	195	38
Pensioners	87	75
Total	**773**	**469**
Rest of world		
Members	809	883
Vested former members	1,628	170
Pensioners	1,401	273
Total	**3,838**	**1,326**
Persons with a commitment	**14,304**	**7,551**

Provisions for pensions were measured by using the following company-specific parameters:

	2024		2023	
in %	Ø	Range	Ø	Range
Discount rate	3.1	1.9 – 9.1	3.0	2.0 – 9.25
Expected long-term wage and salary trend	3.0	1.2 – 7.0	3.0	1.2 – 10.0
Expected long-term pension trend	1.8	0.0 – 3.0	2.0	0.0 – 3.8

Average values (Ø) are calculated as a weighted mean on the basis of present values. The discount rate is determined on the basis of senior fixed-interest corporate bonds. The country-specific discount rates range from 1.1 % in Switzerland to 9.2 % in Mexico. In the previous year, the country-specific discount rates ranged from 1.9 % in Switzerland to 9.1 % in Mexico. A discount rate of 3.4 % (previous year: 3.0 %) is used in Germany, while a rate of 5.5 % is used in the United Kingdom (previous year: 4.6 %). Estimates of future salary and pension trends take into account length of service with the company and other labour market factors, as well as inflation expectations. The pension obligations for the German companies in the Group are measured, as in the previous year, using the biometric data of the 2018 G Heubeck mortality tables. Country-specific mortality tables were used in the other Group companies.

The pension plans are summarised below. The majority of the pension provisions are attributable to German companies. The majority of the net pension assets are attributable to the United Kingdom. The present value of defined benefit obligations can be reconciled to the provision reported in the statement of financial position as follows:

in € million	31/12/2024	31/12/2023
Present value of defined benefit obligations	258.8	172.2
Fair value of plan assets	- 7.5	- 24.5
Pension provision (Pension plans not covered or partially covered by plan assets)	**251.3**	**147.7**
Present value of defined benefit obligations	264.9	0.0
Fair value of plan assets	- 302.8	0.0
Net pension assets (Pension plans overfunded by plan assets)	**- 37.9**	**0.0**
Total present value of the entitlements	**523.7**	**172.2**
Total market value of plan assets	**- 310.3**	**- 24.5**

The present value of pension obligations developed as follows:

in € million	2024	Germany	United Kingdom	Others	2023
As at 1 January	**172.2**	**136.0**	**0.0**	**36.2**	**149.2**
Changes in the scope of consolidation	**399.9**	108.0	280.8	11.1	**0.0**
Current service cost	3.3	0.9	1.0	1.4	1.1
Interest income and interest expenses	21.0	7.2	12.6	1.2	5.5
Actuarial gains and losses arising from		**0.0**	**0.0**		
Changes in demographic assumptions	- 0.3	0.0	- 0.4	0.1	0.0
Changes in financial assumptions	- 28.3	- 1.0	- 26.8	- 0.5	21.7
Changes in other assumptions	- 5.0	- 1.1	- 3.7	- 0.2	6.5
Past service cost	- 0.1	0.0	0.0	- 0.1	- 0.1
Contributions from plan participants	1.0	0.0	0.0	1.0	0.7
Benefits paid	- 33.9	- 15.2	- 16.0	- 2.7	- 12.7
Disposals	- 1.5	0.0	0.0	- 1.5	0.0
Currency changes arising from non-euro-denominated plans	- 4.6	0.0	- 2.0	- 2.6	0.3
As at 31 December	**523.7**	**234.8**	**245.5**	**43.4**	**172.2**

There were the following changes to plan assets:

in € million	2024	Germany	United Kingdom	Others	2023
As at 1 January	**24.5**	**0.0**	**0.0**	**24.5**	**22.3**
Change in the scope of consolidation	322.5	2.1	316.6	3.8	0.0
Interest income and interest expenses	0.1	0.0	0.0	0.1	0.2
Revenue from plan assets without interest	0.7	0.0	0.0	0.7	0.4
Gains and losses from plan assets	- 32.1	0.0	- 33.5	1.4	0.2
Contributions from the Villeroy & Boch Group as employer	1.4	0.0	0.6	0.8	2.1
Contributions from plan participants	1.0	0.0	0.0	1.0	0.7
Benefits paid	- 18.3	- 0.1	- 16.0	- 2.2	- 1.7
Currency changes arising from non-euro-denominated plans	11.9	0.0	12.6	- 0.7	0.3
Divestitures	- 1.4	0.0	0.0	- 1.4	0.0
As at 31 December	**310.3**	**2.0**	**280.3**	**28.0**	**24.5**

The plan assets are distributed primarily among the companies in the United Kingdom (90.3 %), Sweden (5.7 %), and Switzerland (2.0 %). In the previous year, the plan assets were distributed among the companies in Switzerland (25.1 %) and in Norway (6.0 %) and Sweden (68.9 %) and Mexico (0.0 %). Their portfolio structure was as follows:

	31/12/2024		31/12/2023	
	in € million	%	in € million	%
Annuities/annuity funds	101.8	33	9.9	40
Equities/equity funds	6.5	2	5.7	23
Property/REITs	2.3	1	2.5	10
Cash and cash equivalents	4.3	1	0.2	1
Others	83.6	27	0.0	–
Investments on an active market	**198.5**	**64**	**18.3**	**74**
Insurance policies	9.6	5	6.2	26
Shares in property funds	16.0	3	0.0	–
Others	86.2	28	0.0	–
Plan assets	**310.3**	**100**	**24.5**	**100**

Risks

The risks associated with defined benefit obligations in the Villeroy & Boch Group essentially relate to the basic actuarial assumptions for the future on the basis of past developments in the calculation of the carrying amount. This present value is influenced by discounting rates in particular. An increase in returns on the capital market for prime industrial bonds would result in a further reduction in the obligations. A simulation calculation is presented in the section “Sensitivities, forecast development and duration” below.

There are risks within plan assets, such as equity price risk and issuer default risk, as a result of the selection of the individual investments and their composition in a securities account. Given the small overall volume of plan assets, the Villeroy & Boch Group considers these risks to be appropriate and non-critical overall. The return on plan assets is assumed in the amount of the discounting rates determined on the basis of senior, fixed rate industrial bonds. If the actual returns on plan assets fall short of the discounting rates used, the net obligation under pension plans will increase.

Sensitivities, forecast development and duration

The sensitivity analysis for the present values of obligations shown below takes into account the change in one assumption while the other variables are not changed compared to the original calculation:

The interval for disclosing sensitivities for the discount rate and the pension trend was unchanged as against the previous year at +/- 0.1 %. The sensitivity for life expectancy was calculated with an interval of +/- 1 year.

An alternative valuation of pension obligations was carried out to determine the effects of the amount of pension obligations in the event of changes in the underlying parameters. It is not possible to extrapolate these values on a straight-line basis in the event of differing changes in assumptions, nor to add them together in the event of combinations of changes in individual assumptions. The following development in the present value of obligations is forecast for the subsequent year:

in € million	Forecast 2025	Forecast 2024
Defined benefit obligations as at 31 December 2024 or 2023 resp.	**522.4**	**172.2**
Forecast service cost	2.8	1.4
Forecast interest costs	22.3	4.9
Forecast pension payments	- 35.8	- 12.0
Forecast defined benefit obligations	**511.7**	**166.5**

In determining the forecast pension obligations, the demographic assumptions about the composition of participants are taken from the current scenario. The calculation of pension obligations in the coming year is based on the situation on the valuation date.

The weighted duration of pension provisions in the Villeroy & Boch Group as at 31 December 2024 was 11.2 years (previous year: 9.9 years). The weighted duration for the pension plans of German companies amounted to 11.2 years (previous year: 9.2 years). The duration of the pension plans in the United Kingdom is 11 years.

	Change in actuarial assumption	Effect on defined benefit obligation as at	
		31/12/2024	31/12/2023
Present value of defined benefit obligations		**522.4**	**172.2**
	Increase by 0.1 %	518.0	172.9
Discount rate	Reduction by 0.1 %	528.9	171.5
	Increase by 1 year	543.9	173.5
Life expectancy	Reduction by 1 year	504.2	170.9
	Increase by 0.1 %	527.7	181.2
Pension trend	Reduction by 0.1 %	519.1	164.1

27. NON-CURRENT AND CURRENT PROVISIONS FOR PERSONNEL

Provisions for personnel at the Villeroy & Boch Group are based on the legal, tax and economic circumstances of the respective country. These provisions developed as follows in the reporting period:

in € million	Non-current provisions for:						
	Anniversary bonuses	Severance pay	Partial retirement	Other	Total	Current provisions	Total amount
As at 1 January 2023	**5.2**	**6.5**	**0.3**	**1.0**	**13.0**	**17.5**	**30.5**
Currency adjustments	–	- 0.1	–	–	- 0.1	–	- 0.1
Utilisation	- 0.5	- 0.9	- 0.2	- 0.2	- 1.8	- 14.3	- 16.1
Reversals	- 0.1	- 1.1	–	–	- 1.2	- 1.5	- 2.7
Additions	0.3	0.8	0.1	0.3	1.5	15.2	16.7
Reclassifications	–	–	0.1	- 0.1	–	0.2	0.2
As at 1 January 2024	**4.9**	**5.2**	**0.3**	**1.0**	**11.4**	**17.1**	**28.5**
Changes in the scope of consolidation	0.9	- 0.6	–	–	0.3	–	0.3
Currency adjustments	–	0.2	–	–	0.2	0.1	0.3
Utilisation	- 0.7	- 0.3	- 0.2	- 0.2	- 1.4	- 18.8	- 20.2
Reversals	–	–	–	–	–	- 1.8	- 1.8
Additions	0.4	0.5	0.1	0.4	1.4	24.6	26.0
Reclassifications	–	–	0.1	- 0.1	–	–	–
As at 31 December 2024	**5.5**	**5.0**	**0.3**	**1.1**	**11.9**	**21.2**	**33.1**

Provisions for anniversary bonuses are recognised by Group companies that have undertaken to pay their employees corresponding cash or non-cash benefits on the occasion of work anniversaries. Villeroy & Boch AG recognises an obligation of € 3.5 million (previous year: € 3.6 million).

This corresponds to 63.3 % (previous year: 74.2 %) of this provision. As in the previous year, these provisions were measured applying the biometric assumptions of the 2018 G Heubeck mortality tables.

The provisions for severance pay are recognised for legally required termination benefits that, for instance, must be paid when an employee changes employer or retires.

These are generally non-recurring payments for employees in Thailand, Austria, Italy, Australia, Romania and India. 68.4 % of the provision relates to the claims of employees of Villeroy & Boch Thailand (previous year: 57.3 %).

Under the partial retirement programme, employees have the option to reduce their working hours in accordance with certain personal requirements for a period determined by law prior to retirement. 44.5 % of the provision relates to the employees of Villeroy & Boch AG (previous year: 52.8 %).

Other non-current provisions for personnel primarily include the demographic fund and the provision for death benefits. The fund is used as an instrument for coping with demographic change. Measures for preventive health care, the improvement of working conditions and support for working hours according to life phases will also be financed in this way in future.

Current provisions for staff mainly include provisions for variable remuneration bonuses in the amount of € 19.1 million (previous year: € 15.1 million).

The measurement of current and non-current provisions for staff is based on external expert opinions, contractual arrangements with employees, available past data and government regulations.

28. OTHER NON-CURRENT AND CURRENT PROVISIONS

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

in € million	Other non-current provisions	Other current provisions for:						
		Restructuring	Warranties	Recultivation and demolition	Legal and consultancy fees	Miscellaneous	Total	Total amount
As at 1 January 2023	**18.8**	**2.1**	**7.7**	**6.1**	**2.2**	**10.3**	**28.4**	**47.2**
Currency adjustments	0.1	–	- 0.1	–	–	- 0.1	- 0.2	- 0.1
Utilisation	- 0.3	- 0.5	- 0.9	- 0.4	- 1.9	- 4.7	- 8.4	- 8.7
Reversals	0.0	–	- 0.1	- 1.5	- 2.3	- 1.3	- 5.2	- 5.2
Additions	11.3	3.5	- 0.8	–	2.7	9.8	15.2	26.5
Reclassifications	- 0.9	- 0.2	–	0.9	–	–	0.7	- 0.2
As at 1 January 2024	**29.0**	**4.9**	**5.8**	**5.1**	**0.7**	**14.0**	**30.5**	**59.5**
Change in the scope of consolidation	19.7	0.4	2.3	–	0.3	2.5	5.5	25.2
Currency adjustments	- 0.1	–	- 0.3	–	–	0.3	–	- 0.1
Utilisation	- 0.7	- 4.1	- 0.3	0.2	- 0.4	- 4.9	- 9.5	- 10.2
Reversals	- 1.5	- 0.8	- 0.1	1.4	–	- 1.5	- 1.0	- 2.5
Additions	1.0	12.2	0.4	–	0.5	11.2	24.3	25.3
Reclassifications	2.2	- 0.1	–	- 2.2	–	- 0.2	- 2.5	- 0.3
As at 31 December 2024	**49.6**	**12.5**	**7.8**	**4.5**	**1.1**	**21.4**	**47.3**	**96.9**

In particular, non-current provisions relate to recultivation and demolition obligations for several properties at existing or former production sites and to obligations to remove leasehold improvements.

€ 47.4 million of the non-current provisions recognised relate to provisions for environmental obligations (previous year: € 27.1 million). This item increased by € 19.7 million in the 2024 financial year as a result of the acquisition of Ideal Standard. This was due to the assumption of provisions for properties in Bulgaria, France, Germany, England, Italy and the Czech Republic. In addition, the Villeroy & Boch Group already had corresponding obligations in Germany, Luxembourg, France, Sweden, Hungary and Romania. There were no significant changes here in the current financial year.

The implementation and partial expansion of restructuring plans resulted in utilisations of € -4.1 million and additions of € 12.2 million in the 2024 financial year, which related almost exclusively to the restructuring provision for staff.

This obligation was calculated on the basis of company-specific updated empirical values. Provisions for these costs were recognised in full and are expected to be utilised in full within the next twelve months.

The Villeroy & Boch Group typically sells its products with a warranty specific to the country and sector. The provision for warranties was measured on the basis of past division-specific data. In addition, current information on any new risks in connection with new materials, changes in production processes or other factors influencing quality were also taken into account in measurement.

Miscellaneous other provisions included provisions for commission, audit fees and a large number of individual items.

29. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

Non-current and current financial liabilities are structured as follows:

in € million	Carrying amount	Remaining term		Carrying amount	Remaining term	
	31/12/2024	Less than 1 year	More than 1 year	31/12/2023	Less than 1 year	More than 1 year
Other tax receivables	173.1	122.2	50.9	83.3	58.3	25.0
Prepaid expenses	279.4	–	279.4	126.2	–	126.2
Total other assets	**452.5**	**122.2**	**330.3**	**209.5**	**58.3**	**151.2**

The increase in non-current liabilities from promissory note loans results from the payment of the second tranche of the promissory note loan of € 153.5 million in January 2024. To ensure the medium- to long-term financing base for the purchase price payment for the acquisition of Ideal Standard, the company placed its first promissory note loan with a total volume of € 280 million in 2023. The promissory note loan comprises twelve loans in all, half of which are variable-interest. The individual loans mature in three, five and seven years. The fair value of the variable-rate loans and the short-term loans corresponds to the book value. The fair value of the long-term fixed-rate loans was calculated using level 2 input parameters and amounted to € 105.9 million as of the reporting date (previous year: € 51.1 million). The interest rate on the promissory note loan is linked to compliance with a financial covenant that is reviewed as of 31 December of each year. The covenant measures the Group's debt-equity-ratio in relation to its profitability. If the conditions of the covenant are not met, the interest rate of the promissory note loan increases by 0.5 %. The conditions of the covenant were met in both the current financial year and the previous year. As at 31 December 2024, the composition of the issued promissory note loan was as follows:

PROMISSORY NOTE LOAN IN € MILLION

in € million	Interest structure	Nominal Value 2024	Fair value 2024	Nominal Value 2023	Fair value 2023
up to 1 year	fixed interest rate	–	–	–	–
1 to 5 years	fixed interest rate	85.0	84.8	60.5	60
Over 5 years	fixed interest rate	30.0	29.9	16.5	17
up to 1 year	variable interest rate	–	–	–	–
1 to 5 years	variable interest rate	130.0	129.8	44.5	44
Over 5 years	variable interest rate	35.0	34.9	5.0	5
Total promissory note loan		**280.0**	**279.4**	**126.5**	**126.2**

Non-current liabilities to banks increased by € 25.9 million to € 50.9 million due to the extension of two bank loans of € 25 million, each maturing in 2024 to 2027. An offsetting effect results from the reclassification of a bank loan of € 25.0 million maturing in 2025 to current financial liabilities. The fair value of the long-term fixed-interest bank loan was calculated using level 2 input parameters and amounted to € 23.5 million as of the reporting date. The fair value of the variable-interest and short-term bank loans corresponds to their carrying amount of € 50 million.

As of 31 December 2024, current financial liabilities amounted to € 122.2 million (previous year: € 58.3 million). The increase of € 63.9 million is mainly due to the acquisition of Ideal Standard.

Due to the acquisition of Ideal Standard, sale-and-leaseback transactions were taken over in Bulgaria. These resulted in financial liabilities that are included in current financial liabilities in accordance with IFRS 9 at a value of € 1.1 million and in non-current financial liabilities in the amount of € 0.9 million (see note 54).

In addition, since the acquisition of Ideal Standard, the Group's current financial liabilities also include factoring liabilities totalling € 6.3 million.

The bank loans include negative pledges on the part of Villeroy & Boch AG. Two loan agreements with a total volume of € 50.0 million and the promissory note loan could end prematurely in the event of a change of control at Villeroy & Boch AG.

30. NON-CURRENT AND CURRENT LEASE LIABILITIES

Lease liabilities relate exclusively to future payment obligations from the long-term rental of assets (see note 7). They are recognised at the present value of the payments to be made to the lessor over the lease term. Current and non-current lease liabilities developed as follows in the financial year:

in € million	Long term lease liability	Short term lease liability	Total amount
As at 1 January 2023	**29.2**	**12.7**	**41.9**
Cash changes	–	- 17.2	- 17.2
Non-cash changes:			
First-time application	19.2	–	19.2
Interest capitalisation	- 1.5	–	- 1.5
Reclassifications	- 18.0	18.0	–
Currency adjustments	3.0	–	3.0
As at 1 January 2024	**31.9**	**13.5**	**45.4**
Cash changes	–	- 30.4	- 30.4
Change in the scope of consolidation	34.0	8.8	42.8
Non-cash changes:			
First-time application	17.0	–	17.0
Interest capitalisation	- 3.6	–	- 3.6
Reclassifications	- 28.8	28.8	–
Currency adjustments	7.2	–	7.2
As at 31 December 2024	**57.7**	**20.7**	**78.4**

Interest expenses for lease liabilities of € -3.6 million were recognised in profit or loss in the financial year (previous year: € -1.5 million).

The Group’s undiscounted obligations from capitalised leases are due as follows:

in € million	2024	2023
Due within next 3 months	7.0	4.1
Due between 4 and 12 months	17.8	11.1
Due between 13 and 24 months	18.5	11.6
Due between 25 and 36 months	12.1	8.4
Due between 37 and 48 months	8.0	5.0
Due between 49 and 60 months	5.8	3.0
Due between 61st month and end of contract	21.4	7.4
Total undiscounted lease payments	**90.6**	**50.6**
Interest portion included	- 12.2	- 5.2
Recognised lease liability	**78.4**	**45.4**

Some leases contain price adjustment clauses in addition to renewal, purchase and termination options. Such options are only included in the calculation of the lease liability when it is reasonably certain that the lease will be renewed or not terminated. Variable lease payments not linked to the development of an index or price, such as revenue-based rent components, are also not permitted to be included in lease liabilities. These unrecognised contract clauses could result in the following theoretical additional payments:

in € million	31/12/2024	31/12/2023
Future potential outflows due to		
Variable lease payments	1.6	2.0
Renewal and termination options	9.7	12.4
Leases for which the asset has not yet been provided	0.3	0.6
	11.6	**15.0**

In addition to payments of principal and interest for the recognised lease liability, amounts recognised in the statement of cash flow also include payments for unrecognised short-term leases and for leases for low-value assets. Payments of principal are reported under cash flows from financing activities and payments of interest are reported under cash flows from operating activities.

in € million	Notes	31/12/2024	31/12/2023
Cash flow from operating activities			
Expenses for short-term leases	7	**- 5.5**	- 2.7
Expenses for leases for low-value assets	7	- 1.1	- 0.5
Expenses for variable lease payments	7	- 7.9	- 8.4
Miscellaneous lease expenses	7	- 0.2	- 0.7
Income from the rental of property, plant and equipment	7	0.4	1.0
Income from the rental of investment property	8	2.2	1.7
Interest expenses for lease liabilities	30	- 3.5	- 1.5
Change in cash flow from operating activities		**- 15.6**	**- 11.1**
Cash flow from financing activities			
Payments for the principal portion of lease liabilities	30	- 30.4	- 17.2
Change in cash flow from financing activities		**- 30.4**	**- 17.2**
Total change in cash and cash equivalents from cash outflow for leases		**- 46.0**	**- 28.3**

31. OTHER NON-CURRENT AND CURRENT LIABILITIES

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

in € million	Carrying amount	Remaining term		Carrying amount	Remaining term	
	31/12/2024	Less than 1 year	More than 1 year	31/12/2023	Less than 1 year	More than 1 year
Bonus liabilities	98.5	98.5	–	51.0	51.0	–
Fair values of hedging instruments	2.4	2.0	0.4	6.1	3.8	2.3
Liabilities to affiliated, non-consolidated companies	2.9	2.9	–	0.2	0.2	–
Miscellaneous other liabilities	16.1	10.9	5.2	8.2	6.6	1.6
Total financial assets	**119.9**	**114.3**	**5.6**	**65.5**	**61.6**	**3.9**
Personnel liabilities	37.4	37.4	–	18.7	18.7	–
Other tax liabilities	14.3	14.3	–	13.6	13.6	–
Contract liabilities	4.1	4.1	–	4.6	4.6	–
Deferred income	0.9	0.6	0.3	1.5	1.2	0.3
Total other liabilities	**56.7**	**56.4**	**0.3**	**38.4**	**38.1**	**0.3**
Total amount	**176.6**	**170.7**	**5.9**	**103.9**	**99.7**	**4.2**

* Financial instruments are described in note 54.

The increase in other financial liabilities is mainly due to the increase in bonus liabilities from agreements with customers. These have increased by € 47.5 million to € 98.5 million. An increase of € 50.2 million is attributable to Ideal Standard, of which € 44.1 million had already been recognised at the time of initial consolidation.

The measurement of hedging instruments (see note 54) includes currency hedges in the amount of € 1.9 million (previous year: € 2.3 million) and commodity hedges in the amount of € 0.5 million (previous year: € 3.8 million).

The other liabilities to affiliated, non-consolidated companies consist mainly of interest-bearing loans from these subsidiaries as part of the general cash clearing (see note 57).

The other financial liabilities primarily include the variable purchase price component from the acquisition of Ideal Standard (see note 2), debtors with credit balances and a number of other immaterial individual items.

The increase in other liabilities is mainly due to the increase in personnel liabilities. An increase of € 21.4 million is attributable to the acquisition of Ideal Standard. Contract liabilities include advance payments received on orders amounting to € 4.1 million (previous year: € 4.6 million). In the 2024 financial year, € 2.5 million (previous year: € 6.6 million) of the advance payments received and recognised as of 31 December 2023 were settled by delivery and € 0.3 million (previous year: € 0.4 million) were refunded as the transaction did not go ahead. Other tax liabilities primarily include VAT in the amount of € 5.7 million (previous year: € 8.4 million) and payroll and church tax in the amount of € 7.1 million (previous year: € 4.3 million).

Deferred income includes, among other things, rent payments received and government grants.

32. TRADE PAYABLES

Based on the domicile of the respective Group company, trade payables related to:

in € million	31/12/2024	31/12/2023
Germany	52.9	44.8
Rest of euro zone	21.9	9.3
Rest of world	90.1	37.9
Carrying amount as at 31 December	**164.9**	**92.0**

70.0 million of the sharp increase in trade payables is attributable to Ideal Standard. Liquidity risk management is discussed in note 54.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

33. REVENUE

Revenue breakdown

The Villeroy & Boch Group generates revenue from the sale of goods and merchandise. The income generated from the licence business is also reported as a component of consolidated revenue. A breakdown of revenue – by type of revenue and by division and region – is shown in segment reporting under note 53.

Contract balances

Please see the relevant sections for information on the development of contract balances in relation to trade receivables (note 13), contract assets (note 14) and contract liabilities (note 31) please refer to the notes.

Revenue of € 2.4 million (previous year: € 6.6 million) was recognised in the 2024 financial year that was included in net advance payments (€ 3.4 million) at the start of the reporting period. The amount of revenue recognised in the 2024 financial year from performance obligations that were settled in prior periods was € 3.2 million (previous year: € 9.5 million).

Performance obligations

Please see "Revenue recognition" under note 1 "Accounting policies" for detailed information on performance obligations in contracts with customers.

As at the end of the reporting period, the total amount of outstanding performance obligations, i.e. the Group's orders on hand, was € 172.0 million (previous year: € 109.9 million), € 171.7 million (previous year: € 109.7 million) of which are expected to be fulfilled in the coming twelve months and € 0.3 million (previous year: € 0.2 million) of which thereafter. Orders on hand in the Group increased by € 61.1 million year on year, mainly due to the acquisition of Ideal Standard. The amounts stated do not include subsequent deductions to be granted or revenue-based income anticipated from licence business.

34. COST OF SALES

The cost of goods sold in the current financial year amounted to € 887.0 million (previous year: € 509.7 million). Of this, € -378.3 million was attributable to Ideal Standard. The cost of goods sold includes the costs of the products and merchandise sold. In accordance with IAS 2, this includes not only directly allocable costs such as the cost of materials, staff costs and energy costs, but also overheads and allocable depreciation of production facilities.

35. SELLING, MARKETING AND DEVELOPMENT COSTS

This item contains the costs of sales and marketing (including the costs of sales representatives, advertising and logistics, licence costs) and research and development expenses in the amount of € -376.8 million (previous year: € -265.9 million). The Ideal Standard Group accounted for € -109.5 million of this. The expenses for research and technical development are broken down across the two divisions as follows:

in € million	2024	2023
Bathroom & Wellness	- 25.7	- 14.0
Dining & Lifestyle	- 5.1	- 4.9
Total	**- 30.8**	**- 18.9**

The Bathroom & Wellness Division includes expenses for research and technical development totalling € -11.5 million from the Ideal Standard companies consolidated for the first time.

36. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses in the amount of € -84.7 million (previous year: € -47.3 million) comprise staff costs and non-staff operating expenses incurred in management and administrative functions. The acquired Ideal Standard Group resulted in general administrative expenses totalling € -34.9 million.

37. OTHER OPERATING INCOME

Other operating income is composed as follows:

in € million	2024	2023
Reversal of liabilities	3.4	1.1
Exchange rate gains	2.0	6.6
Reversal of provisions *	1.9	5.6
Book profits on the disposal of non-current assets	1.5	0.8
Income from government grants	1.4	2.1
Reversal of write-downs on receivables	0.8	1.6
Reimbursement for damages	0.4	0.2
Income from the reversal of the potential repayment obligation in Luxembourg (see note 31)	–	24.7
Income from the sale of the bathroom furniture plant	–	5.9
Other	2.4	3.0
Total	**13.8**	**51.6**

* Not including amounts in other income statement items (cost of goods sold, selling, marketing and development costs and general and administrative expenses)

38. OTHER OPERATING EXPENSES

Other operating expenses were composed as follows:

in € million	2024	2023
Personnel and other integration costs Ideal Standard	- 18.9	-
Consulting services integration Ideal Standard (Prior year: project costs acquisition)	- 10.2	- 8.4
Other consulting services	- 4.1	- 3.4
Service costs	- 3.3	- 2.7
Exchange rate losses	- 3.1	- 0.8
Addition to write-downs on receivables	- 2.5	- 3.9
Costs for recultivation and demolition	- 0.9	- 11.3
Costs for maintenance/repairs	- 0.6	- 0.2
Reorganisation costs	- 0.4	- 0.9
Book losses on the disposal of non-current assets	- 0.1	- 0.2
Impairment of non-consolidated affiliated companies	–	- 4.0
Other	- 6.3	- 6.1
Total	**- 50.4**	**- 41.9**

39. RESULTS OF FINANCIAL ASSETS ACCOUNTED FOR USING THE EQUITY METHOD

This item includes the pro rata result from the investment in seven associated companies in the amount of € 2.7 million (previous year: € 0.3 million). Further details can be found in note 9.

40. INTEREST INCOME AND OTHER FINANCIAL INCOME

Financial income consisted of:

in € million	2024	2023
Interest income from:		
Cash and cash equivalents	4.4	6.3
Loans and receivables	2.0	0.9
Provisions	0.4	0.6
Total interest income	**6.8**	**7.8**
Dividends from securities	–	0.2
Other financial income	0.1	0.9
Total financial income	**6.9**	**8.9**

The decline in interest income is primarily due to the lower interest income from cash and cash equivalents resulting from the decline in liquid funds (see note 16). Other financial income fell in the current financial year, as the previous year was largely influenced by one-off effects from the liquidation of Villeroy & Boch AG's securities account at Deutsche Bank.

41. INTEREST EXPENSES AND OTHER FINANCIAL EXPENSES

Finance expenses related to:

in € million	2024	2023
Interest expenses from:		
Provisions	- 9.5	- 5.7
Lease liabilities	- 3.6	- 1.5
Overdraft facilities	- 3.4	- 3.1
Non-current loans	- 14.4	- 1.0
Other borrowing	- 3.1	0.0
Total interest expenses	**- 34.0**	**- 11.3**
Other finance expenses	- 0.2	- 1.2
Total finance expenses	**- 34.2**	**- 12.5**

Interest expenses rose by € -22.7 million to € -34.0 million, primarily due to higher interest on long-term loans. This is mainly due to the issue of the promissory note loan to secure the medium- to long-term financing of the acquisition of Ideal Standard. (see note 29). Other financial expenses fell in the current financial year, as the previous year was influenced by one-off effects from the liquidation of Villeroy & Boch AG's securities account at Deutsche Bank. Apart from this, there have been no significant changes compared to the previous year.

42. INCOME TAXES

Income taxes include the taxes on income paid or due and deferred taxes. The German tax law applicable in the 2024 financial year stipulates a tax rate of 31.2 % (previous year: 31.0 %) for the German companies of the Villeroy & Boch Group, taking different trade tax rates into account. The respective country-specific income tax rates used for foreign companies vary from 9.0 % to 30.0 % (previous year: 9.0 % to 30.0 %).

in € million	2024	2023
Taxes paid or due in Germany	- 4.5	- 2.1
Taxes paid or due outside Germany	- 15.5	- 12.3
Current taxes	**- 20.0**	**- 14.4**
Deferred taxes	15.3	- 10.0
Income taxes	**- 4.7**	**- 24.4**

The expected income tax expense (current and deferred) based on the overall German tax rate of 31.2 % differs from the reported income tax expense as follows:

in € million	2024	2023
Earnings before taxes (EBT)	**11.3**	**85.4**
Expected income tax (EBT × tax rate of 31.2 %)	- 3.5	- 26.4
Differences arising from foreign tax rates	4.0	6.7
Tax effects arising from:		
Non-deductible expenses	- 16.4	- 4.2
Adjustment/write-downs on deferred taxes	7.4	- 3.7
Tax-free income	4.5	1.1
Tax in previous years	2.0	2.9
Change of tax rates	0.1	0.1
Other deferred taxes	- 2.8	- 0.9
Actual income tax expense	**- 4.7**	**- 24.4**
Actual tax rate in %	**41.4**	**28.5**

The reconciliation of the deferred tax assets and liabilities recognised in the statement of financial position to the deferred taxes recognised in the income statement is as follows:

in € million	2024	2023
Change in statement of financial position item:		
Deferred tax assets (note 11)	10.6	- 2.2
Deferred tax liabilities (note 11)	5.7	- 0.7
Changes in the scope of consolidation	- 25.5	–
Sub-total	**- 9.3**	**- 2.9**
Charged without affecting profit or loss (note 21(g))	- 1.9	- 7.6
Changes in the scope of consolidation	25.5	–
Currency adjustments	0.9	0.5
Deferred taxes recognised in income statement	**15.3**	**- 10.0**

The Villeroy & Boch Group falls within the scope of the German Minimum Tax Act (MinStG), the provisions of which apply to financial years beginning on or after 31 December 2023. Under the legislation, the Group is required to pay additional tax for all countries with an effective tax rate of less than 15 %. Determining the effective tax rate is extremely complex and involves a number of specific adjustments. The legislation provides relief in the form of a temporary "safe harbour" provision under which no additional tax is due for the respective year under certain conditions.

On 28 December 2023, the minimum tax law came into force with effect from 1 January 2024. Therefore, the legal framework has applied to Villeroy & Boch AG, which is based in Germany, since 1 January 2024, regardless of which other jurisdictions have also implemented the law.

The research conducted to date indicates that in 2024, 35 out of 42 countries will be in compliance with the CbCR safe harbour rules. The CbCR safe harbour rules do not apply to Belgium, Mexico, Romania, Spain, the USA and the United Arab Emirates. For these countries, a full calculation was carried out in accordance with the provisions of the minimum tax law, according to which a tax provision for the purposes of the minimum tax law in the amount of € 0.4 million is recognised at the level of the top-level Group company, Villeroy & Boch AG. This amount is mainly attributable to the United Arab Emirates, as well as the USA and Romania.

43. MINORITY INTERESTS

Non-controlling interests in consolidated earnings amounted to € 0.7 million (previous year: € 0.3 million). Group companies with non-controlling interests are shown in the list of shareholdings (see note 62). The key figures are presented in note 22.

44. EARNINGS PER SHARE

Earnings per share are calculated by dividing the portion of consolidated net income attributable to the shareholders of Villeroy & Boch AG by the weighted number of shares outstanding:

Ordinary shares	31/12/2024	31/12/2023
Number of shares outstanding	14,044,800	14,044,800
Pro rata consolidated net income (in € million) *	2.8	31.8
Earnings per share (in €) *	0.20	2.26

Preference shares	31/12/2024	31/12/2023
Number of shares outstanding	12,606,619	12,478,846
Pro rata consolidated net income (in € million) *	3.1	28.9
Earnings per share (in €) *	0.25	2.31

* each in relation to the shares outstanding

The portion of consolidated net income attributable to the shareholders of Villeroy & Boch AG is allocated in accordance with the appropriation of earnings set out in the Articles of Association (see note 17). The development in treasury shares is described in note 19. There were no dilution effects during the reporting periods.

45. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

Depreciation, amortisation and impairments in the financial year broke down as follows:

in € million	2024	2023
Amortisation of intangible assets	7.9	1.5
Impairment/Write up on intangible assets	–	- 0.3
Depreciation of property, plant and equipment	37.2	22.7
Depreciation of right-of-use assets	25.5	15.8
Impairment losses on right-of-use assets	2.6	–
Depreciation of investment property	0.5	0.5
Total depreciation, amortisation and impairments	**73.7**	**40.2**

Depreciation is based on standard Group useful lives (see note 1). Of the scheduled depreciation and amortisation, € 29.7 million is attributable to Ideal Standard.

46. COST OF MATERIALS

The cost of materials comprised the following:

in € million	2024	2023
Cost of raw materials and supplies (including primary products)	- 260.6	- 136.2
Cost of purchased goods	- 212.6	- 133.1
	- 473.2	**- 269.3**
Cost of purchased services	- 92.5	- 57.5
Total cost of materials	**- 565.7**	**- 326.8**

In the current financial year, material expenses totalling € -264.9 million are attributable to Ideal Standard.

47. PERSONNEL EXPENSES

Personnel expenses were composed as follows:

in € million	2024	2023
Wages and salaries	- 401.8	- 234.7
Post-employment benefits:		
Expenses for defined benefit plans (see note 26)	- 1.2	- 0.9
Expenses for defined contribution plans	- 18.5	- 17.4
Termination benefits	- 14.7	- 7.7
Other services	- 34.2	- 34.0
Total staff costs	**- 470.4**	**- 294.7**

Of the personnel expenses totalling € -470.4 million, € -170.5 million are attributable to Ideal Standard. The cost of defined contribution pension plans essentially relates to employer contributions to statutory pension schemes.
“Other benefits” include employer contributions to health insurance, trade association dues and similar expenses.

Average number of employees

NUMBER OF EMPLOYEES

	2024	2023
Wage earners	7,005	3,280
Salaried employees	4,907	3,197
Average	**11,912**	**6,477**

Of the workforce as a whole, a total of 2,734 people are employed in Germany (previous year: 2,665), with the remaining 9,178 employed outside Germany (previous year: 3,812). The divisions employ:

NUMBER OF EMPLOYEES

	2024	2023
Bathroom & Wellness	9,517	4,107
Dining & Lifestyle	1,873	1,852
Other	522	518
Average	**11,912**	**6,477**

48. OTHER TAXES

The cost of other taxes was € -6.4 million in the reporting period (previous year: € -3.9 million).

Companies based in Germany accounted for € -1.9 million (previous year: € -0.9 million) and Group companies abroad for € -4.5 million (previous year: € -3.0 million).

"Other taxes" include mainly real estate tax expenses of € -1.6 million (previous year: € -1.6 million).

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

49. CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities is calculated by using the indirect method. Here, the Group result after taxes is adjusted for non-cash income and expenses, such as depreciation and amortisation, and changes in operating assets affecting cash are taken into account.

The cash flow from operating activities amounted to € 58.4 million (previous year: € 67.6 million) in the 2024 financial year. Based on a lower net profit compared to the previous period, cash flow was mainly affected by the decline in non-current other provisions and pension provisions. This was partly offset by the acquisition-adjusted reduction in inventories. In addition, the sharp increase in interest payments of € 22.1 million due to the issue of the promissory note loans and taxes paid of € 17.2 million contributed to a lower cash flow from operating activities compared to the previous year. The "Other non-cash income and expenses" item includes:

in € million	2024	2023
Interest from the provision for pensions and similar obligations	6.5	5.3
Expenses/income from deferred taxes	- 26.2	10.5
Reversals/Additions to tax provisions	32.9	7.2
Income from the reversal of the potential repayment obligation in Luxembourg (see note 31)	–	- 24.7
Income from the sale of the bathroom furniture plant in Mondsee (see note 10)	–	- 5.9
Result from financial assets accounted for using the equity method	- 2.7	- 0.3
Other non-cash items	- 0.3	- 0.2
Total	**10.2**	**- 8.1**

50. CASH FLOW FROM INVESTING ACTIVITIES

The cash flow from investing activities of € -465.8 million (previous year: € 5.2 million) mainly comprised the payments for the acquisition of Ideal Standard of € -414.6 million (previous year: € 0.0 million) (see note 2). In addition, investments in property, plant and equipment and intangible assets totalling € -58.3 million (previous year: € -41.0 million) were made in the 2024 financial year, with a further € 12.8 million (see note 9) spent on the acquisition of associates. These were offset by the collection of the purchase prices from the sale of the bathroom furniture plant in Mondsee, Austria, and the sale of our former sanitary ware plant in Mexico for a total of € 13.1 million (previous year: € 2.6 million) (see note 10).

51. CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities amounted to € 117.1 million (previous year: € 76.5 million). The main items included here were the proceeds from the second tranche of the promissory note loan of € 153.5 million (previous year: € 126.2 million). Additionally, proceeds from borrowing amounted to € 20.2 million (previous year: € -2.1 million). Offsetting effects resulted from payments of lease liabilities of € -30.4 million (previous year: € -17.2 million) and the dividend paid in the 2024 financial year of € -27.2 million in total (previous year: € -31.1 million).

Liabilities from financing activities developed as follows in the financial year:

in € million	Liabilities from financing activities			
	Liabilities to banks	Liabilities from promissory note loans	Liabilities from leasing	Total amount
As at 31 December 2023	**83.3**	**126.2**	**45.4**	**254.8**
Payments/proceeds	20.2	153.5	- 30.4	143.3
Cash flow from financing activities	**20.2**	**153.5**	**- 30.4**	**143.3**
Changes in the scope of consolidation	69.4	–	42.8	112.2
Additions	–	–	17.0	17.0
Interest payments	- 8.6	- 13.5	–	- 22.1
Interest expenses	8.7	13.6	- 3.6	18.8
Currency Effects/others	0.1	- 0.4	7.2	6.9
As at 31 December 2024	**173.1**	**279.4**	**78.4**	**530.9**

52. CASH AND CASH EQUIVALENTS

As at the end of the reporting period, cash and cash equivalents amounted to € 82.3 million (previous year: € 374.4 million), a decrease of € 292.1 million as against the previous year.

NOTES TO THE GROUP SEGMENT REPORT

53. GROUP SEGMENT REPORT

The Villeroy & Boch Group is divided into the operating divisions described below, which bundle the Group activities for our product business. The divisions are consistent with the internal organisational and reporting structure and are the reportable segments as defined by IFRS 8.

The Bathroom & Wellness Division of the company offers a wide range of products, including ceramic bathroom collections, ceramic kitchen sinks, fittings, bathroom furniture, showers, bathtubs, pipe connectors, installation systems and matching accessories.

The Dining & Lifestyle Division offers a wide range of porcelain, glass and cutlery, as well as home accessories and gifts in different styles and price segments.

In addition to net sales, operating result (operating EBIT) of the divisions is the key indicator for making decisions on the allocation of resources and determining the profitability of the divisions. Furthermore, the rolling operating return on net assets is also used to measure the earnings power of the Group and the individual divisions. This is calculated from the operating net assets as at the end of the month as an average of the last twelve months in relation to earnings before interest and taxes (before central function expenses). Group financing and income taxes are managed on a Group-wide basis and are not allocated to the individual divisions. Pricing for interdivision transfers is based on standard market conditions.

The divisions of the Villeroy & Boch Group generated the following revenue:

	Revenue from sales of goods to external customers		Revenue from licence		Inter-segment revenue		Total	
in € million	2024	2023	2024	2023	2024	2023	2024	2023
Bathroom & Wellness	1,098.7	579.5	0.2	- 0.1	–	–	1,098.9	579.4
Dining & Lifestyle	315.7	317.6	3.6	1.7	–	–	319.3	319.3
Transition/Other	–	–	2.8	3.2	–	–	2.8	3.2
Total segment revenue	**1,414.4**	**897.1**	**6.6**	**4.8**	**–**	**–**	**1,421.0**	**901.9**
Eliminations	–	–	–	–	–	–	–	–
Consolidated revenue	**1,414.4**	**897.1**	**6.6**	**4.8**	**–**	**–**	**1,421.0**	**901.9**

The operating result of the two divisions was calculated as operating segment earnings (EBIT) as follows:

in € million	31/12/2024	31/12/2023
Bathroom & Wellness	65.2	57.3
Dining & Lifestyle	32.4	31.4
Operating EBIT	**97.6**	**88.7**
Non-operating result[1]	- 59.0	0.3
EBIT	**38.6**	**89.0**
Financial result (see notes 40 and 41)	- 27.3	- 3.6
Earnings before taxes (EBT)	**11.3**	**85.4**
Income taxes (see note 42)	- 4.7	- 24.4
Group result	**6.6**	**61.0**

[1] For changes in the non-operating result, see Group management report; Results of operations

The main expense items per segment are as follows:

in € million	31/12/2024	31/12/2023
Bathroom & Wellness		
Cost of sales	- 744.8	- 368.3
Selling, marketing and development costs	- 245.1	- 136.6
General administrative expenses	- 70.7	- 30.2
Dining & Lifestyle		
Cost of sales	- 142.2	- 141.4
Selling, marketing and development costs	- 131.7	- 129.4
General administrative expenses	- 14.0	- 17.1

The following assets and liabilities were assigned to the divisions:

	Assets		Liabilities		Net assets	
in € million	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Bathroom & Wellness	1,215.5	400.7	352.0	152.3	863.5	248.4
Dining & Lifestyle	195.9	200.5	95.9	91.0	100.0	109.5
Reconciliation	336.5	495.0	935.3	464.7	- 598.8	30.3
Total	**1,747.9**	**1,096.2**	**1,383.2**	**708.0**	**364.7**	**388.2**

The rolling net operating assets of the two divisions were as follows as at the end of the reporting period:

	Rolling assets		Rolling liabilities		Rolling operating net assets	
in € million	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Bathroom & Wellness	1,122.2	400.0	356.9	151.6	765.3	248.4
Dining & Lifestyle	186.1	191.8	83.2	82.6	102.9	109.2
Total	**1,308.3**	**591.8**	**440.1**	**234.2**	**868.2**	**357.6**

Segment assets include intangible assets, property, plant and equipment, right-of-use assets, inventories, trade receivables and other assets. Segment liabilities include provisions, trade payables, lease liabilities and other liabilities.

Reconciliation essentially includes financial assets, cash and short-term deposits, investment property, deferred tax assets, provisions for pensions, financial liabilities and deferred tax liabilities that cannot be allocated to either of the two divisions.

Other segment information:

in € million	Additions to intangible assets and property, plant and equipment 31/12/2024	31/12/2023	Additions to right-of-use assets 31/12/2024	31/12/2023	Total 31/12/2024	31/12/2023
Bathroom & Wellness	48.5	29.6	9.3	7.6	57.8	37.2
Dining & Lifestyle	9.8	11.4	7.7	11.6	17.5	23.0
Total	**58.3**	**41.0**	**17.0**	**19.2**	**75.3**	**60.2**

in € million	Depreciation and amortisation of intangible assets and property, plant and equipment 31/12/2024	31/12/2023	Depreciation and amortisation of right-of-use assets 31/12/2024	31/12/2023	Total 31/12/2024	31/12/2023
Bathroom & Wellness	- 40.3	- 19.3	- 15.6	- 6.2	- 55.9	- 25.5
Dining & Lifestyle	- 5.3	- 5.4	- 9.9	- 9.6	- 15.2	- 15.0
Total	**- 45.6**	**- 24.7**	**- 25.5**	**- 15.8**	**- 71.1**	**- 40.5**

Depreciation and amortisation relates to the intangible assets, property, plant and equipment and right-of-use assets allocated to the individual divisions. Neither the Bathroom & Wellness Division (previous year: € 0.0 million) nor the Dining & Lifestyle Division (previous year: -) recognised any impairment losses in the current financial year (see note 45).

The following table shows the revenue from external customers and non-current assets by domicile of the respective national companies:

in € million	Revenue from sales of goods to external customers 31/12/2024	31/12/2023	Non-current assets * 31/12/2024	31/12/2023
German companies	514.6	439.1	186.8	110.9
Registered office in the rest of the euro zone	372.8	138.4	403.1	46.7
Registered office outside the euro zone	527.0	319.6	337.2	119.3
Total	**1,414.4**	**897.1**	**927.1**	**276.9**

* in accordance with IFRS 8.33 (b)

OTHER NOTES

54. FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to financial assets of one entity and a financial liability or equity instrument of another entity.

Financial assets:

Financial assets are recognised when a Group company is a contractual party to the financial instrument. Financial assets are measured at fair value on initial recognition with the exception of trade receivables without significant financing components, which are measured at the transaction price. Transaction costs directly attributable to the acquisition of financial assets not measured at fair value through profit or loss serve to increase the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets measured at fair value through profit or loss are recognised directly in profit or loss.

Financial assets that are delivered within the customary period for the market in question are recognised and derecognised at the respective trade date. As a whole, all recognised financial assets are measured either at amortised cost or fair value subsequent to initial recognition, depending on their classification.

Debt instruments are measured at amortised cost if they are held within a business model whose objective is achieved by collecting contractual cash flows. Furthermore, the contractual conditions of the financial asset must contain solely payments of principal and interest on the principal amount outstanding.

Debt instruments are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Furthermore, the contractual conditions of the financial asset must contain solely payments of principal and interest on the principal amount outstanding.

All other financial instruments that do not meet the aforementioned conditions for measurement at amortised cost or at fair value through other comprehensive income are classified as “at fair value through profit or loss”. Positive and negative changes in fair value are recognised in profit or loss.

In the case of equity instruments, the Group may, in contrast to debt instruments, make an irrevocable election on initial recognition to recognise each individual equity instrument at fair value through other comprehensive income. Such designation is not permitted if the equity instrument is held for trading or constitutes contingent consideration recognised by an acquirer in a business combination. Equity instruments measured at fair value through other comprehensive income are measured at fair value plus transaction costs on initial recognition. Gains and losses due to changes in fair value are subsequently recognised in the revaluation surplus in other comprehensive income. Cumulative gains and losses are reclassified to retained earnings when the equity instrument is derecognised.

Impairment of financial assets is determined using the expected credit loss method. The fundamental principle of the model is to reflect a deterioration or improvement in the credit quality of financial instruments. The IFRS 9 impairment model applies to all debt instruments other than debt instruments with subsequent measurement at fair value through profit or loss. The simplified approach is applied for trade receivables and miscellaneous financial assets. A loss allowance reflecting the lifetime expected credit losses must be recognised on initial recognition and at each subsequent reporting date. In order to measure expected credit risks, the assets are grouped based on the existing credit risk characteristics and the respective maturity structure. In addition to bank balances, all other items discussed in note 10 are allocated to miscellaneous financial assets.

Financial liabilities:

Financial liabilities are recognised when a Group company is a contractual party to the financial instrument underlying the financial liability. At the Villeroy & Boch Group, these financial instruments are measured solely at amortised cost using the effective interest method with the exception of financial liabilities forming part of hedges.

The effective interest method is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the interest rate that discounts estimated future cash payments – including all fees and payments paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts – over the expected life of the financial instrument to the net carrying amount on initial recognition.

The Group derecognises a financial liability when the corresponding obligation has been settled or cancelled or has expired.

Hedging instruments:

In the “Hedges” category, the Villeroy & Boch Group uses financial derivatives exclusively to reduce the risks of planned operating transactions (cash flow hedge).

These are recognised in the statement of financial position at fair value. The connection between the hedged item and the hedging instrument is documented at the inception of the hedge. Changes in fair value that prove effective are reported outside profit or loss. Effectiveness means that any change in the market value of the hedge will be offset by an opposing change in the fair value of the hedging instrument. The cumulative changes in value taken to equity are later reported in profit or loss in the period in which the hedged item is recognised in the statement of comprehensive income. Ineffective portions of the hedge are taken directly to profit or loss when they arise.

List of financial instruments

The Villeroy & Boch consolidated financial statements contain the following financial instruments in accordance to IFRS 9:

The assets side of the consolidated financial statements show cash and cash equivalents (note 16), trade receivables (note 13) and other financial assets (note 10) at amortized cost in accordance with IFRS 9. This does not include:

Other financial assets of € 1.6 million (previous year: € 1.4 million) due to the long-term strategic nature of the investment at fair value through OCI (note 10) and € 4.5 million (previous year: € 4.8 million) at fair value through profit or loss. In addition, cash flow hedges amounting to € 5.5 million (previous year: € 5.8 million) were measured at fair value.

The equity and liabilities side of the statement of financial position shows trade payables (note 32), financial liabilities (note 29) and other liabilities at cost (note 31) in accordance with IFRS 9. This does not include derivative financial instruments that relate to cash flow hedges and are measured at fair value:

Owing to the short maturities of cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities, it is assumed that the fair values are the carrying amounts. The fair values of long-term financial investments are calculated as the present values of future expected payments. Standard, matched maturity interest rates are used for discounting. The fair values of currency forwards securities and foreign currency positions are determined using market prices as at the end of the reporting period. For discounting, interest rates customary in the market are used for the respective investment period. The fair values of forward exchange transactions and foreign currency positions are determined on the basis of the market prices on the reporting date.

Basis of fair value measurement

As in the previous year, the fair values of recognised financial instruments are calculated, in the case of hedge transactions, on the basis of market prices of the parameters on which the derivatives are based, such as current and forward rates, and yield curves. Stock exchange prices are used to measure the securities of the Villeroy & Boch support fund and free investments (see note 10). These are level 1 inputs as referred to by the fair value hierarchy of IFRS 13. The evaluation of other financial assets, most of which are measured at fair value through OCI, was carried out at level 2.

Management of financial instruments

A common feature of all primary and derivative financial instruments is a future claim to cash. Accordingly, the Villeroy & Boch Group is subject in particular to risks of volatility in exchange rates, interest rates and market prices. To limit these risks, the Villeroy & Boch Group has a functional and effective risk management system with a clear functional organisation. Further information on the implemented risk management system can be found under "Risk management system" in the Group management report.

Management of exchange rate risks

Exchange rate risk refers to the uncertainty of fluctuations in the fair value or future cash flows from financial instruments due to changes in exchange rates. The Villeroy & Boch Group uses currency futures to hedge these risks. Future transactions are mainly hedged in British pounds, Hungarian forints and Romanian leu. The average hedged exchange rate per EUR is GBP 0.85, HUF 440.4 and RON 5.33. The procedure for hedging exchange rate fluctuations is described in the Group management report under "Management of exchange rate risks". The following currency futures will be carried out after the end of the reporting period on 31 December 2024:

in € million	Assets as at end of reporting period		Liabilities as at end of reporting period	
	Transaction volume	Changes in fair value	Transaction volume	Changes in fair value
Within the next three months	16.9	0.5	24.0	0.5
In three to six months	17.8	0.6	22.5	0.4
In six to twelve months	27.5	1.0	52.2	0.7
After twelve months	12.0	1.5	6.2	0.3
Total	**74.2**	**3.6**	**104.9**	**1.9**

The Villeroy & Boch Group recognised the following transactions as at the previous year's reporting date:

in € million	Assets as at end of reporting period		Liabilities as at end of reporting period	
	Transaction volume	Changes in fair value	Transaction volume	Changes in fair value
Within the next three months	12.7	0.4	13.4	0.6
In three to six months	13.6	0.4	12.2	0.6
In six to twelve months	28.0	0.9	21.8	0.6
After twelve months	24.0	3.7	15.3	0.5
Total	**78.3**	**5.4**	**62.7**	**2.3**

As at the reporting date, around 30 % of planned foreign currency revenues in various currencies were still unhedged. This essentially relates to the foreign currencies Chinese yuan, Swedish krona, Norwegian krone and pound sterling. In the event of a change in the respective exchange rates of +/- 10 % and assuming that all other variables remained constant, the carrying amounts at 31 December 2024 would have been € 3.6 million higher/lower (previous year: € 5.4 million). These two scenarios would have a corresponding effect on the statement of comprehensive income in the year under review.

Management of commodity price risks

Commodity price risk refers to the uncertainty of fluctuations in the fair value or future cash flows from financial instruments due to changes in market prices. The hedging strategy of the Villeroy & Boch Group is described in the Group management report under “Management of other price change risks”. The economic relationship between the hedged item and the hedging transaction is given by the fact that the key parameters of the two transactions match. Profit and loss effects from the hedged item and the hedging transaction affect the cost of the goods sold. Changes in the market value of hedging transactions are recognised in the balance sheet under other financial assets and liabilities. (see notes 10 and 31) The following cash flows from the brass and gas commodity swaps in place are due after the reporting date 31 December 2024. The average hedged price for gas is € 45.3 per MWh (previous year: € 61.26 per MWh) and the average hedged price for brass is € 5,843.0 per tonne (previous year: € 5,570.3 per tonne):

	Assets as at end of reporting period		Liabilities as at end of reporting period	
in € million	**Transaction volume**	**Changes in fair value**	**Transaction volume**	**Changes in fair value**
Within the next three months	1.6	0.2	0.5	0.1
In three to six months	4.0	0.3	0.4	0.1
In six to twelve months	8.1	0.6	1.0	0.2
After twelve months	13.4	0.9	3.3	0.1
Total	**27.1**	**2.0**	**5.2**	**0.5**

The Villeroy & Boch Group recognised the following transactions as at the previous year’ reporting date:

	Assets as at end of reporting period		Liabilities as at end of reporting period	
in € million	**Transaction volume**	**Changes in fair value**	**Transaction volume**	**Changes in fair value**
Within the next three months	0.4	–	2.1	0.6
In three to six months	0.4	–	1.9	0.5
In six to twelve months	1.0	0.1	3.8	1.1
After twelve months	4.2	0.2	8.9	1.6
Total	**6.0**	**0.3**	**16.7**	**3.8**

On the basis of production planning, there is an unhedged brass position totalling 12,555 tonnes as at the end of the reporting year for the following four financial years (previous year: 2,492 tonnes). In the event of a change in brass prices of +/- 10 % and assuming that all other variables remained constant, the carrying amounts at 31 December 2024 would have been € 7.9 million higher/lower (previous year: € 1.4 million). As in the previous year, these two scenarios would have had no effect on the statement of comprehensive income in 2024. On the basis of planning, there is an unhedged gas position of 342,364 MWh (previous year: 160,447 MWh) in total as at the end of the reporting year for the following financial year. In the event of a change in gas prices of +/- 10 % and assuming that all other variables remained constant, the carrying amounts at 31 December 2024 would have been € 1.6 million (previous year: € 0.6 million) higher/lower. As in the previous year, these two scenarios would have no impact on the 2024 income statement.

General procurement market risk is explained in the Group management report.

Management of interest rate risks

Interest rate risk refers to the uncertainty of fluctuations in the fair value or future cash flows from financial instruments due to changes in market interest rates. The management method used is described in the Group management report under “Management of interest rate risks”.

The Villeroy & Boch Group is exposed to market fluctuations arising from its existing interest positions.
According to a sensitivity analysis before tax effects, in the event of a theoretical change in interest rates in the 2024 financial year of +/- 50 bp and assuming all other variables remained constant, the net finance cost would have been +/- € 0.8 million (previous year: +/- € 0.3 million).

Management of default and credit risks

Default and credit risks describe the uncertainty of a contractual party meeting its obligations, such as customers for trade receivables or banks for cash investments. The Villeroy & Boch Group has taken extensive measures to reduce this risk, which are described in the Group management report under “Management of default and credit risks”. Risk provisions for financial instruments are generally based on expected future losses: a financial instrument is reclassified from level one to level two if the counterparty's credit rating deteriorates, or the claim is more than 90 days past due. A financial instrument is reclassified from level two to level three if a debtor is in significant financial difficulty and there is no realistic prospect of payment.

Management of liquidity risks

A sufficient liquidity reserve is maintained to ensure that the Villeroy & Boch Group is able to meet its obligations and remain financially flexible at all times. The strategy applied is described in the Group management report under “Management of liquidity risks”. Financial instruments in the form of cash and cash equivalents (see note 16) and borrowings (see note 29) are used to manage liquidity. Based on the contractual maturities of financial liabilities, cash outflows are expected in the following time bands:

		Cash outflow expected in the following time bands				
in € million	**Carrying amount as at 31 December**	**Gross**	**Within three months**	**Between three months and one year**	**Between one and five years**	**More than five years**
Trade payables	92.0	92.0	92.0	–	–	–
Current and non-current financial liabilities (a)	209.5	232.3	2.3	55.2	151.2	23.6
Lease liabilities	45.4	50.6	4.1	11.1	28.1	7.4
Other financial liabilities	59.3	59.3	55.1	2.6	1.6	–
Hedging instrument liabilities (b)	6.1	79.5	15.5	39.7	24.3	–
Total as at 31 December 2023	**412.3**	**513.7**	**169.0**	**108.6**	**205.2**	**31.0**
Trade payables	164.9	164.9	164.9	–	–	–
Current and non-current financial liabilities (a)	452.5	511.9	92.2	45.2	306.4	68.1
Lease liabilities	78.4	90.6	7.0	17.8	44.4	21.4
Other financial liabilities	117.5	117.5	109.0	5.0	3.5	–
Hedging instrument liabilities (b)	2.4	110.0	24.4	76.1	9.5	–
Total as at 31 December 2024	**815.7**	**994.9**	**397.5**	**144.1**	**363.8**	**89.5**

a) The cash flow from current and non-current financial liabilities includes future interest payments of € 59.3 million (previous year: € 30.2 million) that will not be incurred until after 31 December 2024. In addition, since the acquisition of Ideal Standard, the Group's financial liabilities also include factoring liabilities totalling € 6.3 million. As a result of the acquisition of Ideal Standard, sale-and-leaseback transactions were taken over in Bulgaria. These resulted in financial liabilities of € 2.0 million.
b) The gross amount of liabilities from hedging instruments of € 110.0 million (previous year: € 79.5 million) includes the undiscounted cash flows from the respective hedges. These are offset by the opposing effects of the respective hedged items. The recognised carrying amount of € 2.4 million (previous year: € 6.1 million) corresponds to the fair value of the hedges. € 0.6 million of this will be settled in the next three months (previous year: € 0.8 million). In liquidity planning, recognised liabilities are carried at their gross amount on maturity. The gross amount includes the undiscounted interest and principal payments.

The financial assets and liabilities that are subject to offsetting agreements are listed below. The framework agreements for financial futures concluded with our banks stipulate, among other things, that in the event of the insolvency of a contracting party, the existing contracts must be terminated and settled at the respective market value. If several transactions are settled with one contracting party, positive and negative fair values are netted and only the remaining peak is settled. As of 31 December 2024, there are assets from financial futures amounting to € 5.6 million (previous year: € 5.8 million) and liabilities from financial futures amounting to € 2.4 million (previous year: € 6.1 million). After offsetting in the amount of € 1.9 million (previous year: € 1.7 million), the following assets remain as of 31 December 2024: assets amounting to € 3.7 million (previous year: € 4.0 million) and liabilities amounting to € 0.4 million (previous year: € 4.4 million).

Net income from financial instruments

In the reporting year the Villeroy & Boch Group generated a net result of € -14.7 million (previous year: € 2.4 million) from the use of primary and derivative financial instruments. € 0.0 million (previous year: € -0.1 million) of this related to derivative financial instruments and € -14.7 million (previous year: € 2.5 million) to primary financial instruments. Financial liabilities recognised at amortised cost yielded an effect of € -20.9 million (previous year: € -4.0 million). This is mainly interest from financial liabilities (see note 29). Financial assets recognised at cost resulted in an effect of € 6.2 million (previous year: € 6.4 million). This is mainly interest from cash and short-term deposits (see note 16).

55. CONTINGENT LIABILITIES AND COMMITMENTS

There were the following contingent liabilities and commitments in the Villeroy & Boch Group:

in € million	31/12/2024	31/12/2023
Guarantees	0.8	0.8
Contingent liabilities from rental obligations	0.1	0.2

The maximum guarantee commitments assumed that can be claimed from the Villeroy & Boch Group are shown. Guarantees were essentially provided by Villeroy & Boch AG to the benefit of banks and lessors.

56. OTHER FINANCIAL OBLIGATIONS

There were the following financial obligations as at the end of the reporting period:

in € million	31/12/2024	31/12/2023
Obligations arising from orders placed:		
For investments in property, plant and equipment	7.5	12.7
For investments in right-of-use assets	0.3	0.6
For investments in intangible assets	0.5	0.4

34.5 % of the obligations to acquire property, plant and equipment in the amount of € 7.5 million related to Villeroy & Boch AG (previous year: 58.7 %).
The obligations to acquire right-of-use assets result from leases that have already been signed for where the asset has not yet been provided for use (see note 30).

57. RELATED PARTY DISCLOSURES

Related company disclosures

In the course of our operating activities, we purchase materials, inventories and services from a large number of business partners around the world. This includes business partners in which the Villeroy & Boch Group holds equity interests and some that have relationships with companies or members of the executive bodies of Villeroy & Boch AG.
Villeroy & Boch AG, Germany, is the ultimate controlling entity of the Villeroy & Boch Group. Transactions between Villeroy & Boch AG and its subsidiaries and between individual subsidiaries primarily relate to the exchange of work in process, finished goods and merchandise and services. These transactions were eliminated in accordance with the consolidation principles (see note 3) and are not discussed in this section.
The Villeroy & Boch Group accounts for seven companies using the equity method (see note 9). There are insignificant supply and service relationships with these companies for the most part. In the case of significant supply and service relationships, the amounts were consolidated. The extent of financial receivables and liabilities of the associated companies was insignificant from the perspective of the Villeroy & Boch Group.
Villeroy & Boch AG continues to recognise three companies with no material impact on the assets, financial and earnings position of the Group as other financial assets (see note 10).
There are cash pooling liabilities of € 4.4 million in total (previous year: € 1.5 million) from these companies. These are offset by cash pooling receivables of € 0.0 million (previous year: € 0.2 million).
There were no other significant transactions with related companies in the period under review. All transactions are conducted at arm's-length conditions.

Related person disclosures

The Group's related persons include shareholders able to significantly influence Villeroy & Boch AG, persons in key positions and relatives of these persons. Members of the Supervisory Board and the Management Board are considered persons in key positions. The following table lists all remuneration of this group of persons:

in € million	2024	2023
Current employee benefits	6.6	6.1
Post-employment benefits	2.4	0.6
Total	**9.0**	**6.7**

Relatives of this group of persons employed within the Villeroy & Boch Group receive the compensation based on their position/function paid independently of the identity of the person in that position.
There were no other significant transactions with related persons in the period under review. All transactions are conducted at arm's-length conditions.

58. REMUNERATION OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

Supervisory Board remuneration

The Articles of Association state that Supervisory Board remuneration has consisted solely of a fixed component since 1 January 2022. In accordance with the Articles of Association, the members of the Supervisory Board are also entitled to claim reimbursement for the expenses incurred as a result of their work. The remuneration shown below is paid together with any value added tax incurred. Members are only entitled to receive remuneration on a pro rata basis for their term of office.
The fixed annual basic remuneration for each member of the Supervisory Board amounts to € 40 thousand. The Chair receives an additional € 80 thousand, while the Deputy Chair receives an additional € 17 thousand. Members of the Supervisory Board receive a fee of € 2 thousand for each meeting of the full Supervisory Board. The Chair of the Audit Committee receives € 25 thousand, the Chair of the Investment Committee receives € 4 thousand, and the Chair of the Human Resources Committee receives € 10 thousand. The members of the Investment Committee each receive € 2.5 thousand p.a. in addition to their basic remuneration, while the members of the Audit Committee and the Human Resources Committee each receive an additional € 3 thousand.

Further information on the main features of the remuneration system can be found in the remuneration report in accordance with section 162 AktG in the 2024 Annual Report and on the Internet at https://www.villeroyboch-group.com/en/investor-relations/corporate-governance/remuneration-system-for-the-management-board-of-villeroy-boch-aktiengesellschaft.html.

In the financial year, the members of the Supervisory Board of Villeroy & Boch AG were paid total remuneration of € 0.8 million for the performance of their duties (previous year: € 0.9 million). € 0.7 million (previous year: € 0.7 million) of this related to their fixed basic remuneration and € 0.1 million (previous year: € 0.2 million) to attendance fees. A total expense for Supervisory Board remuneration of € 1,020 thousand was recognised in the Group result for the 2024 financial year (previous year: € 1,137 thousand).
In addition to the fixed remuneration paid and the meeting fees for 2024, this figure includes insurance premiums of € 250 thousand (previous year: € 195 thousand).

Management Board remuneration

An expense of € 5,277 thousand (previous year: € 4,288 thousand) is reported in the income statement for the 2024 financial year. This figure is composed of fixed (€ 1,930 thousand; previous year: € 2,105 thousand) and variable salary components (€ 2,971 thousand; previous year: € 1,860 thousand) as well as expenses for pension benefits and similar obligations of active members of the Management Board amounting to € 295 thousand (previous year: € 215 thousand). The variable remuneration is composed of a one-year remuneration in the amount of € 570 thousand (previous year: € 506 thousand) and a remuneration for several years in the amount of € 732 thousand (previous year: € 1,355 thousand) as well as a special bonus of € 1,669 thousand (previous year: € 0 thousand). € 732 thousand (previous year: € 420 thousand) of the variable salary components must be held in shares. Remuneration in kind of € 82 thousand (previous year: € 107 thousand) was also granted, including € 4 thousand (previous year: € 5 thousand) relating to insurance premiums.
Provisions for pensions for former members of the Management Board amount to € 21,410 thousand (previous year: € 17,412 thousand). In the financial year, former members of the Management Board received pension benefits totalling € 2,075 thousand (previous year: € 1,836 thousand). In addition, a subsequent payment in connection with termination benefits was made in the amount of € 0 thousand (previous year: € 49 thousand).

59. AUDITORS' FEES AND SERVICES

The following fees for services provided by the global Deloitte network and Deloitte GmbH Wirtschaftsprüfungsgesellschaft have been recorded as expenses:

AUDITOR´S FEES AND SERVICES

	Deloitte	Including Deloitte GmbH WPG	
in million €	**2024**	**2024**	**2023**
Audit of financial statements	2.80	0.90	0.60
Other assurance of valuation service	0.40	0.40	0.10
Total	**3.20**	**1.30**	**0.70**

The fees for auditing services provided by Deloitte GmbH WPG primarily include remuneration for the audit of the consolidated financial statements and the audit of the financial statements of Villeroy & Boch AG and its subsidiaries. The other assurance services were incurred, among other things, for the voluntary audit of the sustainability report and the audit of the remuneration report.

60. DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH SECTION 161 AKTG

The declaration of conformity with the German Corporate Governance Code prescribed by section 161 AktG (German Stock Corporation Act) for the 2024 financial year was submitted by the Management Board and the Supervisory Board of Villeroy & Boch AG on 30 December 2024. The declaration of conformity is permanently available on the Company's website at https://www.villeroyboch-group.com/en/.

61. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are currently no significant events that took place after the end of the financial year.

62. LIST OF SHAREHOLDINGS

The shareholdings of the Villeroy & Boch Group are listed in accordance with section 313(2) HGB * below:

	Fully consolidated subsidiaries in %	Villeroy & Boch AG investment		
	Germany	**Direct**	**Indirect**	**Total**
1.	Gästehaus Schloss Saareck Betreibergesellschaft mbH, Mettlach (1)	100	–	100
2.	Heinrich Porzellan GmbH, Selb (1)	100	–	100
3.	Hol Badshop und Service GmbH, Mettlach (1)	100	–	100
4.	INTERMAT – Beteiligungs- und Vermittlungsgesellschaft mbH, Mettlach (1)	100	–	100
5.	Keraco GmbH, Wadgassen	100	–	100
6.	KeraProduction GmbH, Merzig (1)	100	–	100
7.	KeraTrade GmbH, Mettlach (1)	100	–	100
8.	Sanipa Badmöbel Treuchtlingen GmbH, Treuchtlingen (1)	100	–	100
9.	V & B International GmbH, Mettlach (1)	100	–	100
10.	VilboCeram GmbH, Mettlach (1)	100	–	100
11.	Villeroy & Boch Creation GmbH, Mettlach (1)	100	–	100
12.	Villeroy & Boch Gastronomie GmbH, Mettlach (1)	100	–	100
13.	Villeroy & Boch K-Shop GmbH, Mettlach (1)	100	–	100
14.	Ideal Standard Holdings (BC) Germany GmbH, Bonn (Germany)	–	100	100
15.	Ideal Standard Produktions-GmbH, Wittlich (Germany)	–	100	100
16.	Ideal Standard Unterstützungseinrichtung GmbH, Bonn (Germay)	–	100	100
17.	Ideal Standard GmbH, Bonn (Germany)	–	100	100
	Abroad	**Direct**	**Indirect**	**Total**
18.	Delfi Asset S.A., Luxembourg (Luxembourg)	–	100	100
19.	EXCELLENT INTERNATIONAL HOLDINGS LIMITED, Hong Kong (China)	100	–	100
20.	Kiinteistö Oy, Helsinki (Finland)	–	100	100
21.	Mondial S.A., Lugoj (Romania)	99.5	–	99.5
22.	Ucosan B.V., Roden (Netherlands)	100	–	100
23.	Vilbomex S.A. de C.V., Ramos Arizpe (Mexico)	–	100	100
24.	Vilbona Mexico S.A. de C.V., Ramos Arizpe (Mexico)	–	100	100
25.	Villeroy & Boch (Schweiz) AG, Lenzburg (Switzerland)	–	100	100
26.	Villeroy & Boch (Thailand) Co. Ltd., Saraburi (Thailand)	16.51	83.49	100
27.	Villeroy & Boch (U.K.) Ltd., London (United Kingdom)	–	100	100
28.	Villeroy & Boch Arti della Tavola S.r.l., Milan (Italy)	0.2	99.80	100
29.	Villeroy & Boch Asia Pacific Pte. Ltd., Singapore (Singapore)	100	–	100
30.	Villeroy & Boch Australia Pty. Ltd., Brookvale (Australia)	–	100	100
31.	Villeroy & Boch Austria GmbH, Mondsee (Austria)	100	–	100
32.	Villeroy & Boch Belgium S.A., Brussels (Belgium)	99.99	0.01	100
33.	Villeroy & Boch Danmark A/S, Rødovre (Denmark)	–	100	100
34.	Villeroy & Boch Gustavsberg AB, Gustavsberg (Sweden)	100	–	100
35.	Villeroy & Boch Gustavsberg Oy, Helsinki (Finland)	–	100	100
36.	Villeroy & Boch Hogar S.L., Barcelona (Spain)	44	56	100
37.	Villeroy & Boch Magyarország Kft., Hódmezövásárhely (Hungary)	100	–	100
38.	Villeroy & Boch MC S.à r.l. , Monaco (Monaco)	99.99	0.01	100
39.	Villeroy & Boch Norge AS, Lorenskog (Norway)	–	100	100
40.	Villeroy & Boch OOO, Moscow (Russia)	100	–	100

	Fully consolidated subsidiaries in %	Villeroy & Boch AG investment		
41.	Villeroy & Boch Polska Sp. z o.o., Warsaw (Poland)	–	100	100
42.	Villeroy & Boch S.à r.l., Faiencerie de Septfontaines-lez-Luxembourg, Luxembourg (Luxembourg)	100	–	100
43.	Villeroy & Boch Sales India Private Limited, Mumbai (India)	99.99	0.01	100
44.	Villeroy & Boch Tableware B.V., Oosterhout (Netherlands)	100	–	100
45.	Villeroy & Boch Tableware Ltd., Toronto (Canada)	–	100	100
46.	Villeroy & Boch Trading (Shanghai) Co. Ltd., Shanghai (China)	100	–	100
47.	Villeroy & Boch Ukraine TOV, Kyiv (Ukraine)	100	–	100
48.	Villeroy & Boch USA Inc., New Jersey (USA)	–	100	100
49.	Villeroy & Boch Wellness N.V., Roeselare (Belgium)	99.99	0.01	100
50.	Villeroy et Boch Arts de la Table S.A.S., Paris (France)	–	100	100
51.	Villeroy et Boch S.A.S., Paris (France)	100	–	100
52.	Villeroy et Boch Valence d´Agen S.A.S., Valence d´Agen (France)	–	100	100
53.	Ideal Standard Mena MidCo. Limited, Gibraltar (Gibraltar)	–	100	100
54.	Ideal Standard Mena International Limited, Gibraltar (Gibraltar)	–	100	100
55.	Ideal Standard Mena Holding Limited, Gibraltar (Gibraltar)	–	100	100
56.	Aquastar Holdings Ltd VAE, Dubai (Dubai)	–	100	100
57.	Ideal Standard Gulf FZCO VAE, Dubai (Dubai)	–	100	100
58.	Ideal Standard International Egypt Sanitary Wares SAE, Sheraton (Egypt)	–	93.32	93.32
59.	Ideal Standard Holdings (BC) Italy S.r.l., Milan (Italy)	–	100	100
60.	Ideal Standard S.A., Athens (Greece)	–	100	100
61.	Ideal Standard Industriale S.r.l. Milan (Italy)	–	100	100
62.	Ideal Standard Italia S.r.l. Milan (Italy)	–	100	100
63.	Ideal Standard RUS ooo, Moscow (Russia)	–	100	100
64.	Ideal Standard Romania S.r.l., Bucharest (Romania)	–	100	100
65.	American Standard Holdings (BC) Japan K.K., Tokyo (Japan)	–	100	100
66.	Ideal Standard Equipementos Sanitarios Unipessoal LDA, Braga (Portugal)	–	100	100
67.	Jado Iberia Produtos Metalurgicos Sociedade, Braga (Portugal)	–	100	100
68.	Ideal Standard S.L.U. Valencia (Spain)	–	100	100
69.	Ideal Standard s.r.o., Teplice (Czech Republic)	–	100	100
70.	Ideal Standard Polska Sp z.o.o., Wroclaw (Poland)	–	100	100
71.	Ideal Standard Scandinavia ApS, Middelfart (Denmark)	–	100	100
72.	American Standard French Holdings S.A.S ., Paris (France)	–	100	100
73.	Ideal Standard France S.A.S., Paris (France)	–	100	100
74.	Ideal Standard International NV, Brussels (Belgium)	–	100	100
75.	IS Sanitaryware Holding Limited, Dublin (Ireland)	–	100	100
76.	Ideal Standard Ireland Ltd., Dublin (Ireland)	–	100	100
77.	Ideal Standard Holdings BC Netherlands B.V., DD ’s-Hertogenbosch (Netherlands)	–	100	100
78.	Venborgh Holding B.V., DD ’s-Hertogenbosch (Netherlands)	–	100	100
79.	Ideal Standard Nederland B.V., DD ’s-Hertogenbosch (Netherlands)	–	100	100
80.	Ideal Standard Vidima AD, Sevlievo (Bulgaria)	–	100	100
81.	Amstan Hotels AD, Sevlievo (Bulgaria)	–	92.82	92.82
82.	Ideal Standard Holdings (BC) UK Ltd, Kingston Upon Hull (United Kingdom)	–	100	100
83.	Armitage Washrooms Ltd., Kingston Upon Hull (United Kingdom)	–	100	100
84.	Edwards Logistics Bulgaria EOOD, Sevlievo (Bulgaria)	–	100	100
85.	American Standard (UK) Co, Kingston Upon Hull (United Kingdom)	–	100	100

	Fully consolidated subsidiaries in %		Villeroy & Boch AG investment	
86.	Ideal Standard Ltd, Kingston Upon Hull (United Kingdom)	–	100	100
87.	Ideal Standard (UK) Ltd, Kingston Upon Hull (United Kingdom)	–	100	100
88.	Ideal Standard (UK) Pension Trustees Ltd, Armitage (United Kingdom)	–	100	100
89.	Ideal Standard (UK) Executive Pension Trustees Ltd, Armitage (United Kingdom)	–	100	100
90.	Armitage Shanks Ltd., Kingston Upon Hull (United Kingdom)	–	100	100
91.	Flash Star Sanitaryware Trading LLC VAE (Dubai)(2)	–	49.0	49.0

	Affiliated, unconsolidated companies	Direct	Indirect	Total
92.	Villeroy & Boch Innovations GmbH, Mettlach (Germany)	100.00	–	100
93.	Villeroy & Boch Ventures GmbH, Mettlach (Germany)	–	100	100
94.	Villeroy & Boch Vilbotec GmbH, Mettlach (Germany) (3)	–	100	100

(1) Section 264 (3) HGB is applied to this subsidiary.

(2) Fully consolidated on the basis of an agreement through which full control over this company is obtained.

(3) Change of name from Wabu GmbH to Villeroy & Boch Vilbotec GmbH.

* Section 313(3) p. 4 HGB is applied to one German investment.

63. DEVELOPMENTS WITHIN THE IFRS FRAMEWORK

The following pronouncements by the international standard setter, the IASB (International Accounting Standards Board), were endorsed by the EU and are required to be applied for financial years beginning after 31 December 2023:

Standard		Name
IAS	1	Classification of Liabilities as Current or Non-current
IFRS	16	Lease Liability in a Sale and Leaseback
IAS	1	Non-current Liabilities with Covenants
IAS/IFRS	7	Suppling Finance Arrangements

The application of all of the above mentioned IASB pronouncements endorsed by the EU was mandatory for the 2024 financial year.
As set out in the 2023 Annual Report, the aforementioned changes had no material effect on the accounting policies of the Villeroy & Boch Group.
In the 2024 financial year, there was only one amendment or addition to existing standards that had already been adopted by the EU but was not yet mandatory for the past financial year:

Standard		Name
IAS	21	Lack of Exchangeability

The amendments to IAS 21 require entities to adopt a uniform approach to specifying whether a currency is exchangeable into another currency and determining the exchange rate to apply when a currency is not exchangeable.
The EU has not yet adopted the following IASB pronouncements:

Standard		Name
IFRS	7/9	Amendments to the Classification and Measurements of Financial Instruments
IFRS	7/9	Contracts Relating to Rature-based Electricity
AIP Volume	11	IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7
IFRS	18	Presentation and Disclosure in Financial Statements
IFRS	19	Subsidiaries without Public Accountability: Disclosures

The above-mentioned new and amended requirements are only applicable for periods beginning after 31 December 2024, subject to their adoption into EU law. The amendments to the classification and measurement of financial instruments in accordance with IFRS 7 and 9 include, among other things, rules for the classification of financial assets, the derecognition of a financial liability settled by electronic payment and disclosures on equity instruments measured at fair value through other comprehensive income. The amendments to IFRS 7 and IFRS 9 defined new rules for the purchase and sale of electricity from renewable energy sources whose source of electricity generation is nature-based. The new standard IFRS 19 allows certain subsidiaries to disclose reduced information when applying the IFRS accounting standards in their financial statements. IFRS 19 is optional for eligible subsidiaries and sets out disclosure requirements for subsidiaries that choose to apply the standard.
According to present knowledge, the new standards listed above will have only an immaterial effect on the Villeroy & Boch Group. The new standard IFRS 18 will replace the previous standard IAS 1 Presentation of Financial Statements. The objective of the new standard is to improve reporting on a company's financial performance, with a focus on the income statement. The main changes include the introduction of predefined subtotals and the categorisation of income and expenses in the income statement, provisions to improve the grouping and disaggregation of items, and the introduction of disclosures on certain management-defined performance measures. The Villeroy & Boch Group will also have to implement these provisions, subject to their adoption into European law. The presentation of the financial statements will change accordingly.

The European Commission has resolved not to endorse the following IASB pronouncements in European law or to postpone their adoption indefinitely:

Standard	First-time adoption	Name
IFRS 10 and IA 28	undefined	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014)

As they have not been implemented in EU law, the Villeroy & Boch Group is not permitted to apply these regulations in the preparation of exempting consolidated financial statements in accordance with section 315e (1) HGB. The Villeroy & Boch Group would not be affected by either regulation.

Mettlach, 05 March 2025

Gabriele Schupp

Dr Peter Domma

Esther Jehle

Georg Lörz

Dr Markus Warncke

ADDITIONAL INFORMATION

INDEPENDENT AUDITOR'S REPORT

TO VILLEROY & BOCH AKTIENGESELLSCHAFT, METTLACH/GERMANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Villeroy & Boch Aktiengesellschaft, Mettlach/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at
31 December 2024, the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and the notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Villeroy & Boch Aktiengesellschaft, Mettlach/Germany, for the financial year from
1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB) to which reference is made in the section "Other information" of the group management report, and the content of the separate combined sustainability report to which reference is made in the section "Non-financial statement" in the chapter "Sustainability" of the group management report. Furthermore, we have not audited the content of the two sections "General explanations" in the chapter "Sustainability" and "General internal control and risk management system" in the chapter "Report on risks and opportunities" included in the group management report which are extraneous to management reports and marked as "unaudited".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the corporate governance statement referred to above, of the sustainability report referred to above, and of the two sections extraneous to management reports and marked as "unaudited" referred to above.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Accounting for the acquisition of businesses of the Ideal Standard Group (IFRS 3)
2. Recoverability of goodwill
3. Recognition and valuation of provisions for recultivation and asset retirement obligations

Our presentation of this key audit matter has been structured as follows:

a) description (including reference to corresponding information in the consolidated financial statements)
b) auditor's response

1. Accounting for the acquisition of businesses of the Ideal Standard Group

a) As of the close of 29 February 2024, Villeroy & Boch Aktiengesellschaft acquired through its wholly owned subsidiary, VilboCeram GmbH, Mettlach/Germany, all shares in Ideal Standard International NV, Brussels (Belgium), in Ideal Standard Holdings (BC) Germany GmbH, Bonn/Germany, in Ideal Standard Holdings (BC) Italy S.r.l., Milan (Italy), and in Ideal Standard MENA Midco Limited, Gibraltar (Gibraltar), that are brought together into the Ideal-Standard Group. The business acquisition was reported in the consolidated financial statements as of 31 December 2024 as a business combination according to IFRS 3. The paid purchase price – including contingent variable consideration which is tied to the future development of the Ideal-Standard Group's business – totalled mEUR 454.4.

The executive directors of Villeroy & Boch Aktiengesellschaft obtained the services of external experts to identify and measure acquired identifiable assets and assumed liabilities. As part of the purchase price allocation process, revalued net assets of mEUR 298.8 and goodwill of mEUR 155.6 were determined.

The identification and valuation of assets and liabilities, particularly intangible assets, are complex processes and based on the executive directors' assessments and assumptions that require the exercise of judgment. Particularly when assets and liabilities are measured, assumptions must be made to determine future cash flows derived from asset-specific revenue and margin expectations, and discount rates used. This is the context in which we have classified this issue as a key audit matter.

Information provided by the executive directors about the accounting for the business acquisition of the Ideal-Standard Group, and about the purchase price allocation, and related exercise of judgment, has been included in the Notes under items 1 and 2.

b) During our audit of the accounting for the business acquisition of the Ideal-Standard Group, we initially obtained an understanding of the purchase price allocation process created by the executive directors and considered the underlying documentation. In doing so, we had a particular focus on the identification and valuation of acquired assets and assumed liabilities, important planning assumptions, and determination of the fair value of variable consideration.

We have reconciled the paid purchase price with the underlying purchase agreement and proofs of payment. With respect to variable consideration, we assessed whether preconditions were met by year end and variable consideration that still had to be paid was correctly accounted for. By means of inquiries made with the executive directors and with external experts, and various types of evidence, such as the purchase agreement and external expert opinions, we assessed whether all assets, liabilities, and contingent liabilities were identified as part of the purchase price allocation process. Taking into account the competence, capabilities and objectiveness of external experts whose services were obtained by Villeroy & Boch Aktiengesellschaft, we considered the external experts' opinions und used them during our audit. We considered the adequacy of applied valuation methods, including the underlying planning calculations, in which we involved internal valuation specialists, taking into account the requirements of IFRS 3. We assessed the reasonableness of the methods applied, assumptions made, and data used by the executive directors to make estimates. In this connection we assessed the plausibility of expected future cash flows used in calculation models, including the underlying material assumptions, based on economic and industry-specific market data. In addition, we examined whether planning was consistent with disclosures about strategic and medium-term planning, and with the reporting on outlook in the group management report. We also assessed the mathematical correctness of selected calculations.

We assessed the derivation of used discounts rates by concerning ourselves with the parameters used in determining the discount rates, particularly through a reconciliation with market data, including inflation data, and with the related expectations, in which we involved internal valuation specialists.

Finally, we determined whether the disclosures of the executive directors in the notes to the consolidated financial statements are complete and correct.

2. Recoverability of goodwill

a) Goodwill of mEUR 185.7 (about 10.7% of the consolidated balance sheet total) is recognised in the consolidated financial statements of Villeroy & Boch Aktienge-sellschaft as of 31 December 2024. The total amount of goodwill is allocated to the Bathroom & Wellness corporate division (cash-generating unit). As a result of the business acquisition of the Ideal-Standard Group, whose business activities have been allocated to the Bathroom & Wellness corporate division, goodwill rose by mEUR 155.6.

All goodwill is tested annually for impairment by the managing directors as of the balance sheet date. The recoverable amount is determined on the basis of value in use, using a discounted cash flow method. Under the discounted cash flow method, the present value of expected future cash flows is calculated based on the budget issued by the executive directors and approved by the supervisory board, and on medium-term planning of which the administrative board has taken note, and which is rolled forward using presumed long-term growth rates. The weighted average cost of capital of the relevant cash-generating unit serves as the discount rate. The executive directors determined that performed impairments tests did not result in the need to recognise impairment losses.

The outcome of this valuation depends heavily on an assessment of future cash flows of the relevant cash-generating unit by the executive directors, the discount rate used, and long-term growth rates applied, and is hence surrounded by uncertainty. This is the context in which we have classified this issue as a key audit matter because of the complexity of the calculation model that has been applied.

Information provided by the executive directors about the accounting and valuation policies used to recognise goodwill, and about goodwill and the related exercise of judgment, has been included in the Notes under items Items 1 and 5.

b) Initially, we gained an overview of the processes of the executive directors designed to test goodwill for impairment in its entirety, to determine planning data used for future cash flows, and to calculate discount rates. In this connection we obtained an understanding of the relevant methods, assumptions and data sources used by the executive directors in relation to the valuation of goodwill, and assessed their reasonableness. We reperformed the impairment test performed by the executive directors, in which we involved our internal valuation specialists, and assessed the reasonableness of the methods applied, assumptions made, and data used by the executive directors to make estimates. In this connection we also assessed whether the valuation procedure applied was methodologically and arithmetically appropriate. With respect to projections used in the valuation process, we performed reconciliations on the budget issued by the executive directors of Villeroy & Boch Aktiengesellschaft and on medium-term planning.

In addition, we assessed the plausibility of expected future cash flows used in a calculation model, including the underlying material assumptions, based on economic and industry-specific market data. To assess the quality and reliability of planning calculations, we compared planning for selected financial years with the results that were actually achieved, and analysed significant deviations (adherence to planning). In addition, we examined whether planning was consistent with disclosure about medium-term planning, and with the reporting on outlook in the combined management report.

Finally, we determined whether the disclosures of the executive directors in the notes to the consolidated financial statements are complete and correct.

3. Recognition and valuation of provisions for recultivation and asset retirement obligations

a) Provisions for recultivation and asset retirement obligations of mEUR 51.9 recognised in the consolidated financial statements of Villeroy & Boch Aktiengesellschaft as of 31 December 2024 under other long-term and short-term provisions include a significant amount of provisions for different recultivation and asset retirement obligations arising from factories that have, in the meantime, been shut down or leased out, and for self-occupied factories in several European countries. Because the recognition and valuation of the provisions is based on assessments and assumptions of the executive directors about the probability of the future expenditure required to settle the obligations and amount that could be payable, and hence requires the exercise of significant judgment, we have classified the recognition and valuation of provisions for recultivation and asset retirement obligations as a key audit matter.

Information provided by the executive directors about the recognition and valuation of provisions for recultivation and asset retirement obligations, including applied accounting and valuation methods, has been included in the Notes under items 1 and 28.

b) During our audit, we examined, among other things, the processes put in place by Villeroy & Boch Aktiengesellschaft to record, recognise and measure recultivation and asset retirement obligations in the consolidated financial statements, and assessed the reasonableness of the methods applied, assumptions made, and data used, when estimates were made by the executive directors. Our audit concerning provisions for recultivation and asset retirement obligations included enquiring of the executive directors of the parent and other persons in charge of these issues within the Group about the current status of pollution testing and current discussions with the relevant authorities. In addition, we inspected internal and external correspondence with the authorities, and expert opinions and, on this basis, considered the scenarios created for specific issues and potential effects on the most recent assessment. We also evaluated the consistency with internal risk reporting. We reperformed mathematically and methodologically, and considered, the calculation of the provisions which we compared with external cost estimates.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board which is expected to be presented to us after the date of this auditor's report,
- the remuneration report pursuant to Section 162 AktG which is expected to be presented to us after the date of this auditor's report,
- the corporate governance statement,
- the separate combined sustainability report which includes the disclosures about non-financial reporting pursuant to Sections 289c to 289e and 315b and 315c HGB,
- the sections included in the group management report which are extraneous to management reports and marked as "unaudited",
- the executive directors' combined confirmations pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB regarding the consolidated financial statements and the group management report, and
- all other parts of the annual report which is expected to be presented to us after the date of this auditor's report,
- but not the consolidated financial statements, not the audited content of the disclosures in the group management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement according to Section 161 AktG concerning the German Corporate Governance Code, which is part of the corporate governance statement, and for the remuneration report. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the disclosures in the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of internal control or of these arrangements and measures of the Group.

- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and inspection of audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group’s position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor’s report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Group Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the group management report (hereinafter referred to as “ESEF documents”) prepared for publication, contained in the file, which has the SHA-256-5beaf66bd0ba99d28720c7e08587181600ac390508dcd46 4069e70df435ac3ca value, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB (“ESEF format”). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the group management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying group management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Group Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the group management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standards on Quality Management.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the group management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.

- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the general meeting on 12 April 2024. We were engaged by the supervisory board on 11/24 October 2024. We have been the group auditor of Villeroy & Boch Aktiengesellschaft, Mettlach/Germany, without interruption since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as with the audited ESEF documents. The consolidated financial statements and the group management report converted into the ESEF format –

including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Marco Koch.

Stuttgart/Germany, 6 March 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Marco Koch	Wilhelm Röscheisen
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)