

AXOR

hansgrohe

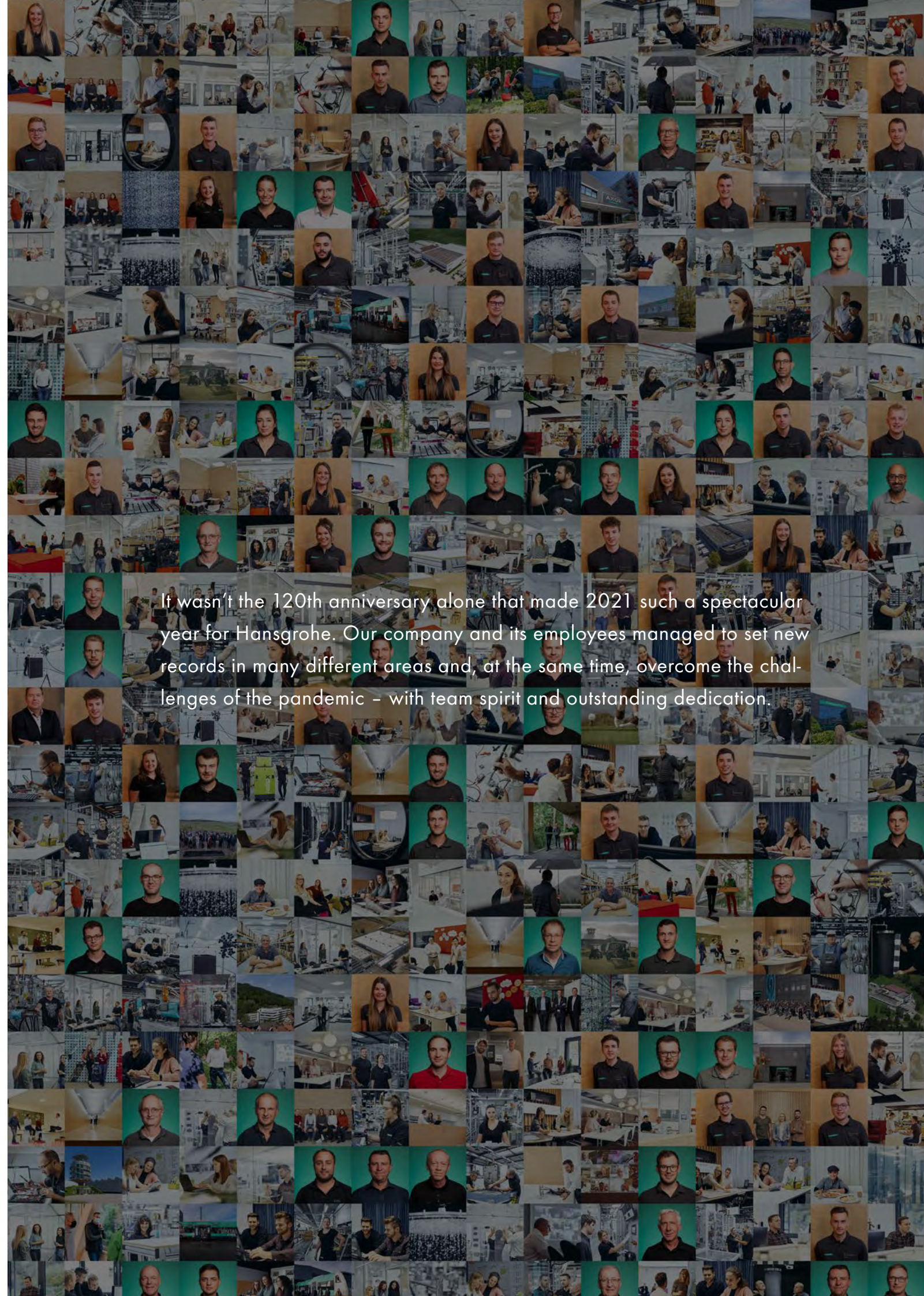


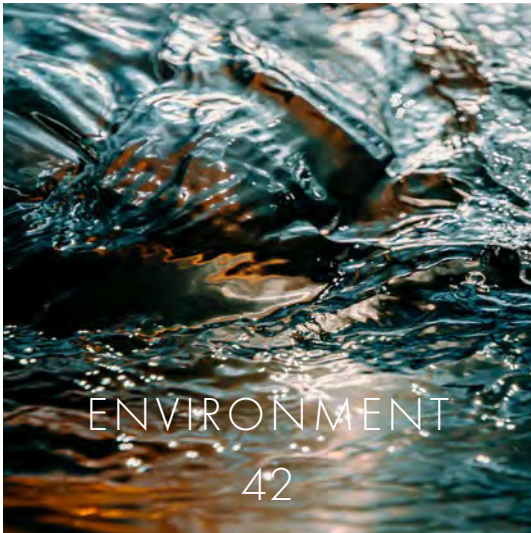
The World of Hansgrohe 2021/2022

120

120 YEARS OF PIONEERING SPIRIT

It wasn't the 120th anniversary alone that made 2021 such a spectacular year for Hansgrohe. Our company and its employees managed to set new records in many different areas and, at the same time, overcome the challenges of the pandemic – with team spirit and outstanding dedication.





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The realization of this report took place until the end of February 2022, and thus before the beginning of the war in Ukraine, which is why no reference is made to it and it is not addressed.

DEAR READERS,

After last year, future generations just might ask us, "What did you do in 2021 for the future?" You can find a few answers in this issue of "Hans! For Friends."

In the 120th year of our company's existence, we made progress in many key areas with our pioneering spirit. Because we've been "Setting the Beat of Water. Since 1901," we're gradually transforming into the Green Company. And we're paving the way to a sustainable future with our 2021 investments.

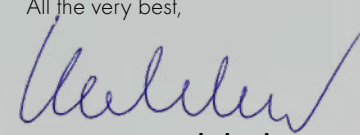
We're celebrating our anniversary with the biggest successes since 1901. We not only grew economically – namely, in terms of sales and earnings – but also recorded our highest rate of new hires in company history, which in turn resulted in a new record in the total number of employees. This level of growth wouldn't have been possible without our customers, suppliers, and business partners as well as constructive, strategic collaboration based on mutual respect and trust.

We achieved these extraordinary successes despite the coronavirus situation in 2021 and despite the impact of the pandemic on the lives of each and every one of us around the world. We not only feel the increasing raw material prices and transport costs in the business environment, but also at home. We had to do without normalcy entirely in both our private and professional lives. I miss seeing people myself, like you probably do.

At the same time, the company grew at a rapid pace and there was much more work to be done. And yet – thanks to our dedicated employees – we achieved something extraordinary. Despite everything that was going on, our teams managed to incorporate and train more than 600 new employees. An unbelievable achievement that everyone has every right to be proud of. And for that, I would like to say thank you, thank you, and again thank you.

Now that we have a much bigger team, we can really get the ball rolling. We've already set the stage for 2022. I'm confident that our pioneering spirit will secure our next major success, which is something I'm really looking forward to.

All the very best,



Hans Jürgen Kalmbach

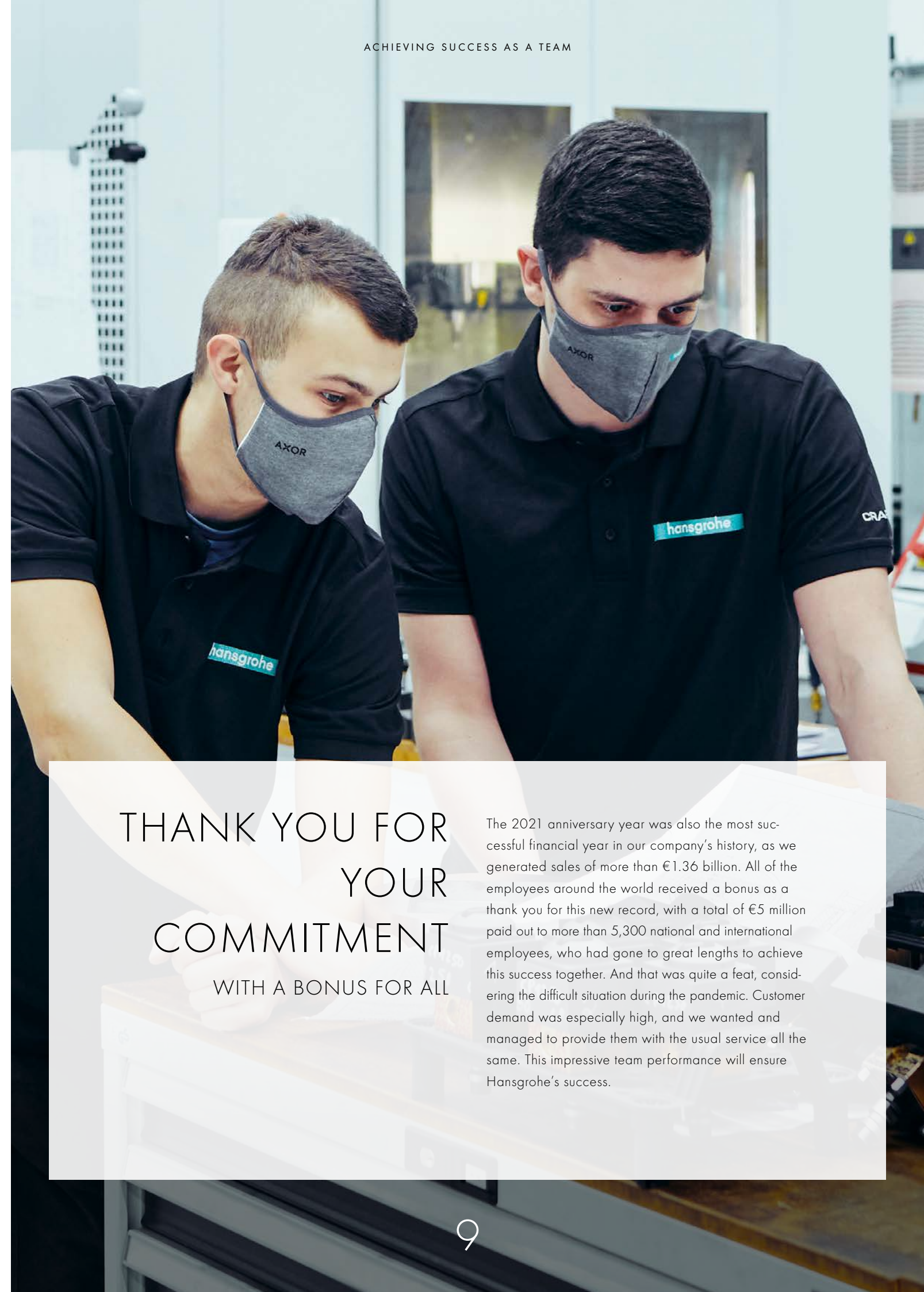
Chairman of the Executive Board

WE'RE LEADING THE WAY TOGETHER

AND GROWING IN THE PROCESS

We have plenty to keep us busy in the Black Forest, and that's not going to change anytime soon. But we need to increase our capacities to accommodate our enormous growth, for which we've laid the ground-work. Our plants in Schiltach, Offenburg, Shanghai, Willstätt, Bad Bentheim, Wasselonne in France, and Atlanta in the US will soon be joined by a new plant in the city of Valjevo in Serbia, which is around 100 km southwest of Belgrade. The premises will measure 130 square meters and provide jobs for 1,000 people. It will be one of the most modern faucet plants in Europe and begin manufacturing products for the hansgrohe brand at the end of 2023. At €85 million, this is the largest investment in our company's 120-year history, but also money well spent. We looked at all of the locations around the world and came to the conclusion that Valjevo offers us the best opportunities overall. For example, there are a lot of specialists and suppliers

available to us there. And the central location will shorten the transport routes to our European customers. Between 2020 and 2022, we'll have invested around €12 million in our headquarters in Schiltach, where we'll be opening the AXOR Center for Excellence in summer 2022. More than 90 percent of AXOR products will then be manufactured in Germany as well as completed here for global shipment, as the demand for our high-end faucets is increasing worldwide. We're also investing heavily in our other locations in Germany. We're spending nearly €4.4 million to modernize our location in Alpirsbach, which will be home to our innovation park with new spaces for coworking, allowing innovative ideas to progress from the park directly to the workshop. Our CNC pool and rapid prototyping are therefore being relocated to Alpirsbach. These are just a few examples of the many investments in our locations around the world.



THANK YOU FOR YOUR COMMITMENT

WITH A BONUS FOR ALL

The 2021 anniversary year was also the most successful financial year in our company's history, as we generated sales of more than €1.36 billion. All of the employees around the world received a bonus as a thank you for this new record, with a total of €5 million paid out to more than 5,300 national and international employees, who had gone to great lengths to achieve this success together. And that was quite a feat, considering the difficult situation during the pandemic. Customer demand was especially high, and we wanted and managed to provide them with the usual service all the same. This impressive team performance will ensure Hansgrohe's success.

THINKING AHEAD, LOOKING AHEAD, AND MOVING AHEAD

Hansgrohe has been around for 120 years, but it wasn't the anniversary alone that made 2021 such a spectacular year. Our company managed to break new records in many areas. And the difficult situation makes it all the more remarkable – not even the pandemic could keep our employees down. In the interview, the Executive Board expressed their amazement at that achievement as well as the general sense of optimism. Everyone wants to become the Green Company and no. 1 worldwide.

WE WANT TO GROW OVER THE LONG TERM

Was 2021 a good year?

Hans Jürgen Kalmbach: Considering the many records, the answer seems to be simple at first. But there are at least two aspects worth mentioning. It was an extremely good year for the Hansgrohe company. And that's actually an understatement. Economically speaking, it was our most successful year in the company's 120-year history. So we have two reasons to be happy.

But my second conclusion about the success of 2021 is more of a reflective one. It was a difficult, very challenging year for people – often working from home, face masks, and continuous testing. The vaccinations didn't really get going until the middle of the year.

And still, my colleagues were able to introduce and promote many new measures. So it proved to be a positive anniversary year for all of us.

Were you able to celebrate Hansgrohe's 120th anniversary in any real way?

Hans Jürgen Kalmbach: Not yet in Germany. A few subsidiaries abroad were better off. Some of the big celebration for our employees had already been organized in 2021. But it all fell through due to the pandemic. There is, however, a party planned for 2022, and we remain optimistic.

And what are the successes worth celebrating?

Hans Jürgen Kalmbach: First of all, growth – and more importantly, sales. We set a new sales record. Second, we'd never had so many employees. And that was during a pandemic. I'd say that's extraordinary. It's something we're especially proud of, particularly in our anniversary year with the motto, "Setting the Beat of Water. Since 1901." Our profit, which was also at a record high, is another reason to celebrate, of course.

What will you remember most about this time?

Hans Jürgen Kalmbach: I was able to experience something very positive. Everyone on the Executive Board, myself included, was impressed by the personal responsibility of each and every individual. Our employees have truly achieved something extraordinary and entered uncharted territory. Whether in production, in logistics, in contact with customers, or in administration, everyone contributed to the extraordinary results during this difficult period. We as the Executive Board are unbelievably grateful for that. That, too, is a reflection of our pioneering spirit.

Frank Semling: That's right. We now have even more faith in our teams. The pandemic has clearly shown that we can rely on our employees. Most importantly, the teams also trust each other, which for me feels really good.

You introduced the HansgroheNo.1 strategy the year before last. What has happened since?

Hans Jürgen Kalmbach: So much has happened across the board. For example, we took a closer look at all of our structures and processes and prepared them for the future, which was essential for the "Green Company" goal, in particular. An anniversary year like this is just the right time for an update. Now our production processes and work can and will be even more eco-friendly in the future. But more importantly, we'll think more sustainably. From the very start. Making processes more efficient frees up resources, which we in turn can invest in our transition into the Green Company, in products, in systems, and in our employees. Everything comes together to achieve the desired growth. We take sustainability factors into account, in particular, as everything has an influence on everything else. We want to be no. 1 – environmentally, economically, and socially.

Do the figures allow for that?

Hans Jürgen Kalmbach: They demand it of us. André, our new Chief Financial Officer, has already put some thought into that. What do you think?

André Wehrhahn: As Hans Jürgen just mentioned, it was the year with the most records in Hansgrohe's history. I myself have only been involved since October 2021 and am growing into my role every day. Hans Jürgen was temporarily responsible for finances beginning in May. I've taken a more detailed look at the numbers. As my direct predecessor, he has left me with profitable growth. Having such a respectable company in the background is the very best form of protection for our strategic investments.

Are you happy with your welcome gift?

André Wehrhahn: Such a positive balance sheet is truly a gift, as it means we're kicking off the new year with the best prospects. The goals set for 2021 were exceeded. Cost management was improved during the pandemic. ESS was integrated in the 2021 financial year, which is represented in the Group's consolidated earnings. Everything is going according to plan.

So it's OK to spend a little money?

André Wehrhahn: (Laughs) No, spending money and investing are not always the same thing. We want to invest to ensure long-term growth and fulfill our global objectives. The future plant in Serbia is a good example. We're investing in our production sites and sales locations abroad as well. But we're also investing approximately €12 million in our plant here in Schiltach between 2020 and 2022.



Thanks to our
wonderful employees,
we've achieved
something
extraordinary.

Hansgrohe's legendary team spirit has also contributed to its ever-expanding success over the past 120 years.

We're modernizing everything and rebuilding the AXOR Center for Excellence. In other words, we're growing everywhere, including in the Black Forest.

Because the world-famous record figures are produced here?

André Wehrhahn: Not just here. Everyone around the world is ultimately responsible for the record numbers. Hansgrohe's legendary team spirit has also contributed to its ever-expanding success over the past 120 years. That's something we as the Executive Board all agree on. My new colleagues have demonstrated unbelievable dedication. This commitment, too, has allowed us to achieve the desired growth.

Does Hansgrohe even have the capacities necessary for that?

Hans Jürgen Kalmbach: We're creating them now – for example, with the biggest individual investment in our history. We're building a new plant in Serbia, which will open the door to the future for us. After all, we can't be no. 1 internationally without pioneering spirit and growth. I'm sure Frank has something to say about that. You're in charge of the project.

Frank Semling: I do. We've never invested such a large sum for an individual project at the company. Full expansion of the plant will cost €85 million, so our record sales last year come at just the right time.

Why Serbia?

Frank Semling: Valjevo offers the best conditions. Of course, we also looked at many other international locations, always analyzing the overall picture. Serbia simply offers us everything. There's already a sensible infrastructure in place. The people there are already looking forward to a new employer. The supply chains and transport routes are as short and dependable as possible. That's just a few examples. There are a lot of other good reasons.

An in-house plant is quite an undertaking. Wouldn't suppliers have also been an option?

Frank Semling: Not for us. We promise our customers outstanding product and service quality without limitation, based on our employees' decades of experience. We're not willing to hand over this expertise to third parties. We've also taken a much closer look at our target costs and compared them with the prices of several suppliers. Based on our calculations, in-house production in Serbia offers significant benefits.

Hans Jürgen Kalmbach: There's even more to it than that. We've developed a great deal of advanced knowledge over the past 120 years. Our core areas of expertise are faucets and showers, and it's going to stay that way. But we're also looking beyond our usual activities and setting our sights on the bathroom as a whole. Purchasing ESS was the first step in this direction.

In Serbia, we're now complementing our core areas of expertise with additional capacities. And in Germany, we're investing in different areas, one of which I would like to talk about now in no uncertain terms. Hansgrohe's most valuable asset will always be people, as each and every employee represents our core area of expertise in the form of a person.

Frank Semling: I couldn't agree more. Expertise is part of our nonmaterial capital, which we'd rather invest in young professionals and our new employees.

What role will the Black Forest play in the future?

Hans Jürgen Kalmbach: We've grown here in the Black Forest and are deeply rooted in the region, which is why our Offenburg plant will remain the center of expertise for plastic and, in particular, showers. In other words, the approximately 1,000 employees there will continue to have their hands full. And our expertise in high-quality faucets and, more importantly, in brass processing will remain at our headquarters in Schiltach. Special knowledge is an absolute must.

Are growth and sustainability mutually exclusive?

Hans Jürgen Kalmbach: No. In fact, it's quite the opposite. I firmly believe that companies need to operate sustainably to ensure growth over the long term. And we absolutely want to grow over the long term, which is nothing new for us. Otherwise, Hansgrohe wouldn't be 120 years young now. But awareness has increased significantly again over the past few years. Our goal is still to make Hansgrohe the Green Company. Improvement is an ongoing process. That alone will allow us to grow, as sustainability will be an even more decisive success factor in the future.

Frank Semling: It already is in many areas. Young talents are interested in environmentally and socially sustainable employers. Fortunately, that has always been our spirit. But we still have work ahead of us because we want to be the best employer.

What are you doing to achieve that goal?

Frank Semling: We offer each and every employee a secure and modern job – both in production and administration – which we invest in equally at all locations. Advancing automation and our dedication to occupational health and safety pay off for everyone. And we accept our social responsibility. For example, in addition to promoting social causes, we're also building a company day care center.

On the other hand, we place a great deal of trust in our colleagues, all of whom had to organize their work themselves during the lockdowns. And it worked out really well. Due to these experiences, we now offer a very flexible working model.

What exactly does that look like?

Frank Semling: We've eliminated compulsory attendance, as it was outdated. Working remotely and from home has proven its worth for us and doesn't require any specified days and times or any extra guidelines. We're introducing this model worldwide for administrative positions, which is only possible with trust. And it goes without saying that our customers and partners can always reach us whenever necessary.

Can't that be chaotic in day-to-day operations?

Frank Semling: Not to worry. The teams have to coordinate internal processes and availability with each other. And then everything goes just as smoothly as before in other areas of the company and, more importantly, for the customers. Our employees are experienced and can organize their work themselves.



The pandemic has clearly shown that we can really rely on our employees.

WE'D NEVER ACHIEVED
SUCH A HIGH LEVEL OF
GROWTH IN A SINGLE YEAR.

What else is important for employees?

Frank Semling: The most important thing is for them to be happy. High satisfaction is good for the entire company. For us, social sustainability also includes comprehensive health management. We offer a variety of programs that have been very well received.

And appreciation is important, too. But it's more than just nice words, which is why we paid out a bonus during this challenging and outstanding year. Our employees absolutely earned this expression of our gratitude.

How were sales in 2021?

Christophe Gourlan: Just about perfect in nearly every country. We were faster than our competitors almost everywhere. It was a global success. We'd never achieved such a high level of growth in a single year. Of course, we were dealing with shortages, but still managed to deliver outstanding customer service.

Did the pandemic not have any effect at all?

Christophe Gourlan: On the contrary. We had a lot going on with the plumbers in our core business. Demand was high. After a difficult 2020, the project business was very successful. On the other hand, the spare parts business in the construction segment suffered immensely from closures in some EU countries. Overall, we're extremely satisfied with the results.

How do you explain the success of the products?

Christophe Gourlan: It was the right mix. There are, of course, our classics, and in 2021 we also launched some more exciting innovations. Our customers are particularly interested in our new products every year. Color proved to be a relevant topic again in the bathroom and kitchen, and Matt Black and the 15 select metallic surfaces were a huge hit. The AXOR One collection of British designers Edward Barber and Jay Osgerby represents a whole new take on a familiar archetype, resulting in greater clarity and improved functions and control. The Select technology has been further optimized to make operation simple, intuitive, and highly precise. The water can be turned on or off simply by pressing down, while turning clockwise increases the temperature.

How is the topic of smart home received?

Christophe Gourlan: It's not very relevant at this point, but younger generations do expect digital intelligence. It's something building developers are already thinking about, which is why the hansgrohe brand is now partnering with Home Connect Plus. That's an argument used in sales, as a connected home will require a future-proof platform, which we just launched in Germany. We're now in the process of preparing for the international rollout.

So you generally like to collaborate?

Christophe Gourlan: Yes, it can be advantageous for both parties. It increases the value of products, and we're able to reach new target groups. And that's why we're also working with the Kneipp brand, which like us is dedicated to the element of water. Kneipp products focus on well-being and personal care, which is also a good fit for our products. The hansgrohe Rainfinity and Philips Hue product set is also a match made in heaven, as just the right lighting can make showering a more sensory experience. These two partnerships allow us to pave the way in the multisensory segment.

Because feelings sell better?

Christophe Gourlan: That, too. But touching and feeling are two different things. The touch-free faucets feel safe to users. Based on a lack of contact, this sense of safety has become important especially during the pandemic. Particularly in restaurants and public buildings, our products are simply more hygienic. In private spheres, it's more about convenience. The water turns on and off automatically. We unveiled our new hansgrohe Vernis Blend product in 2021. So once again, we're keeping in step with the zeitgeist with these products.

And the zeitgeist is all about faster and easier?

Christophe Gourlan: Yes, you could say that. We all want to use our time as sensibly as possible. Due to increasing digital interaction, we're also very closely connected customers when it comes to sales and service.

But the zeitgeist is also about a work-life balance?

Christophe Gourlan: That's very important to our customers and employees. Consumer behavior and expectations are also changing faster and faster. The balance between work and private life is receiving more and more attention. And the more attentive people are in their lives, the more sustainable they are, too. Sustainability therefore plays an increasingly important role in purchasing decisions. All of our product innovations must provide users with actual added value in their everyday lives. We're able to reduce water consumption and improve showering comfort with innovative technologies such as PowderRain, a microfine water jet, and EcoSmart, which reduces the water flow of hand showers to nine liters a minute – and just six liters for green products.

So you'll continue to surprise customers with sustainable products?

Christophe Gourlan: Our green brand logo actually serves a purpose. Sustainability and the individual experience will continue to play an important role for our customers. We've been leading the way in this area for 120 years.

**Executive Board of Hansgrohe SE**

(Left to right) André Wehrhahn, Frank Semling (Deputy Chairman since February 2022), Hans Jürgen Kalmbach (Chairman), Christophe Gourlan

SALES

2021 WAS THE HANS GROHE GROUP'S BEST YEAR TO DATE, WITH SALES INCREASING BY 27 PERCENT. THE FIGURES HAVE BEEN SETTING NEW RECORDS FOR YEARS NOW, BRINGING THE MAJOR GOAL OF THE HansgroheNo.1 STRATEGY WITHIN REACH.



NEXT



PEOPLE

Young talents are highly sought after, as they represent the future of the company. At Hansgrohe, they have the opportunity to develop quickly - both professionally and personally.

HANS

A NEW GENERATION OF PIONEERS

"IF THERE'S ONE THING I'VE LEARNED, IT'S THAT A GLOBAL PLAYER CAN PROVIDE ME WITH ENDLESS OPPORTUNITIES. I CAN DISCOVER NEW THINGS. IN FACT, WE'RE ENCOURAGED TO DEVELOP BOLD AND CREATIVE IDEAS. WHAT I LIKE MOST ABOUT OUR COMPANY CULTURE IS THE PIONEERING SPIRIT, WHICH HAS PENETRATED EVERY LAST INCH OF OUR COMPANY."

Fabian Oehler - vocational/academic student in Media Design

Fabian Oehler: Vocational/
academic student in Media
Design. He completed his media
design training in Freiburg and is
Hansgrohe's first vocational/
academic student in Media Design.



WHERE YOUNG
TALENTS
CAN THRIVE

Talentschmiede



The Hansgrohe SE Talent Factory in Schiltach is one of the largest and most popular training facilities in the Black Forest. Clarissa Lehmann, Head of Training and University Marketing, and vocational/academic student Fabian Oehler explain what Hansgrohe does for young talents.

✕ A Conversation with Clarissa Lehmann and Fabian Oehler

How young can a company be after 120 years?

Clarissa Lehmann: With all of the young talents we have, it's quite simple for us. I accompany 160 trainees and vocational/academic students throughout their courses. 39 young talents started in 2021. To me, Hansgrohe doesn't feel like it's 120 years old, but rather always up to date. I'm interested in providing our young people with a good start to their careers. We have a team of nine people who promote their professional and personal development, which has long been a tradition at our company anyway.

Does that have something to do with the company's origin as a family business?

Clarissa Lehmann: Yes, that has helped make us who we are as a company. The term "family business" has often also been applied to employees, as some of their parents have worked for us. Their children graduate from school and then often do a training course at Hansgrohe. And then eventually even their children.

The torch has been passed from one generation to the next over a period of 120 years.

Is that still the case today?

Clarissa Lehmann: It still happens on occasion, but more rarely. But we continue to embrace this responsible approach. As an employer, we take care of people. And young people, in particular, like that. And suddenly you're all grown up. Everything is new at the workplace, so support and tips are all the more welcome. In my experience, that has also been the case with our trainees and vocational/academic students. Fabian, please agree with me and say yes.

Fabian Oehler: Only because it's you. Yes. But it's true, and it started with the onboarding process. The first two days at Hansgrohe were reserved entirely for getting to know the company and the rest of the class. All of my questions were answered with the information

Clarissa Lehmann, Head of Training and University Marketing, has a degree in business management and specializes in human resources. Clarissa Lehmann has been with Hansgrohe since 2007 and in charge of young talents since 2012.



"I'M ALWAYS AMAZED AT THE LEVEL OF CURIOSITY OF EACH NEW CLASS. THEY'RE ALL RARING TO GO. IN MY EXPERIENCE, THIS GENERATION

IS VERY DELIBERATE IN HOW IT THINKS AND ACTS. THE TERM "YOUNG TALENTS" IS THE PERFECT DESCRIPTION. THEY ASK GOOD QUESTIONS AND HAVE INSPIRING THOUGHTS, WHICH I THINK IS WONDERFUL, AS IT RECHARGES OUR PIONEERING SPIRIT."

Clarissa Lehmann, Head of Training and University Marketing



NURTURING TALENTED MINDS

we were given. Everything was really well prepared, and I felt very welcome here.

Clarissa Lehmann: That's true. We're always looking to the future. Some new positions will become more and more important for us. The technical requirements are changing in just about every area. And digitalization plays a big role, of course. Whether that's in production or in the office. And that's why it's also covered in the training courses we offer young people.

Will media design play a role in the future?

Clarissa Lehmann: At our company, undoubtedly. Providing in-house training in this field increases independence and agility. The team can simply respond more quickly and implement measures. Fabian has a great deal of freedom. But even in technical areas, we offer our trainees wonderful opportunities, including state-of-the-art equipment with iPads. And regardless of the career, laptops always play a role these days. At least at our company.

Fabian Oehler: I can also use the 3D printer, for example. We even had an extra workshop on that at the think tank. I learn something new and can apply it in my work, which benefits me and the company.

Clarissa Lehmann: Opportunities like these are a form of motivation and have a learning effect, which is why our teaching workshop is called the Talent Factory. Our training rooms host workshops even during the training period. Trainees can complete many different training courses and develop at a faster pace. Topics include time management, self-management, and special workshops on how to study during your training or degree course. But we also nurture personal skills from the very beginning.



TEAM SPIRIT

And how do you do that?

Clarissa Lehmann: To promote team spirit, we take the new class to a self-catering house at the beginning. The new class should have the opportunity to get to know each other in the first few weeks. But they're not interested in sitting in a circle and playing Duck, Duck, Goose, so activities are organized. Fabian went there, too. Why don't you tell them what it was like?

Fabian Oehler: My class went to a self-catering house in Simonswäldertal.

Was that possible without all the coronavirus restrictions?

Fabian Oehler: Almost. There was, of course, a well-organized hygiene concept. The groups were smaller and we maintained more distance from each other. But it still worked out just fine.

So what happens there?

Fabian Oehler: Well, it's never boring. The program was varied and interesting. And we also did everyday things such as cooking together. You learn together to coordinate as a group.





TEAM SPIRIT

Because too many cooks spoil the broth?

Fabian Oehler: There seems to be some truth to that saying. Every day we got a little bit better at working together as a team. That's something you learn through activities like these and just by being together.

So it was a company excursion for the purpose of socializing and fun?

Fabian Oehler: It was more than that. I got to know a lot of new people. Not just on a professional level. At night, we sat around the campfire together, talked a lot and just had a good time. We did a lot during the day, too. We went hiking and even completed tasks. In one case, we were supposed to boil water in a wooden bowl, which is a little more complicated than with a metal pot. That was a little survival training and team building in one.

And how do you do that?

Fabian Oehler: First we had to heat rocks with the campfire and then place them in the bowl of water. The rocks then release the heat, and ideally the water begins to boil. It's pretty simple actually, you just need to think of it in the first place. Finding solutions together is a fun part of my job.

Clarissa Lehmann: It's about more than just learning – new teams need to get to know each other, and experiences like these can go a long way.

Fabian Oehler: Like our excursion to a high climbing tree. We had to help secure each other.

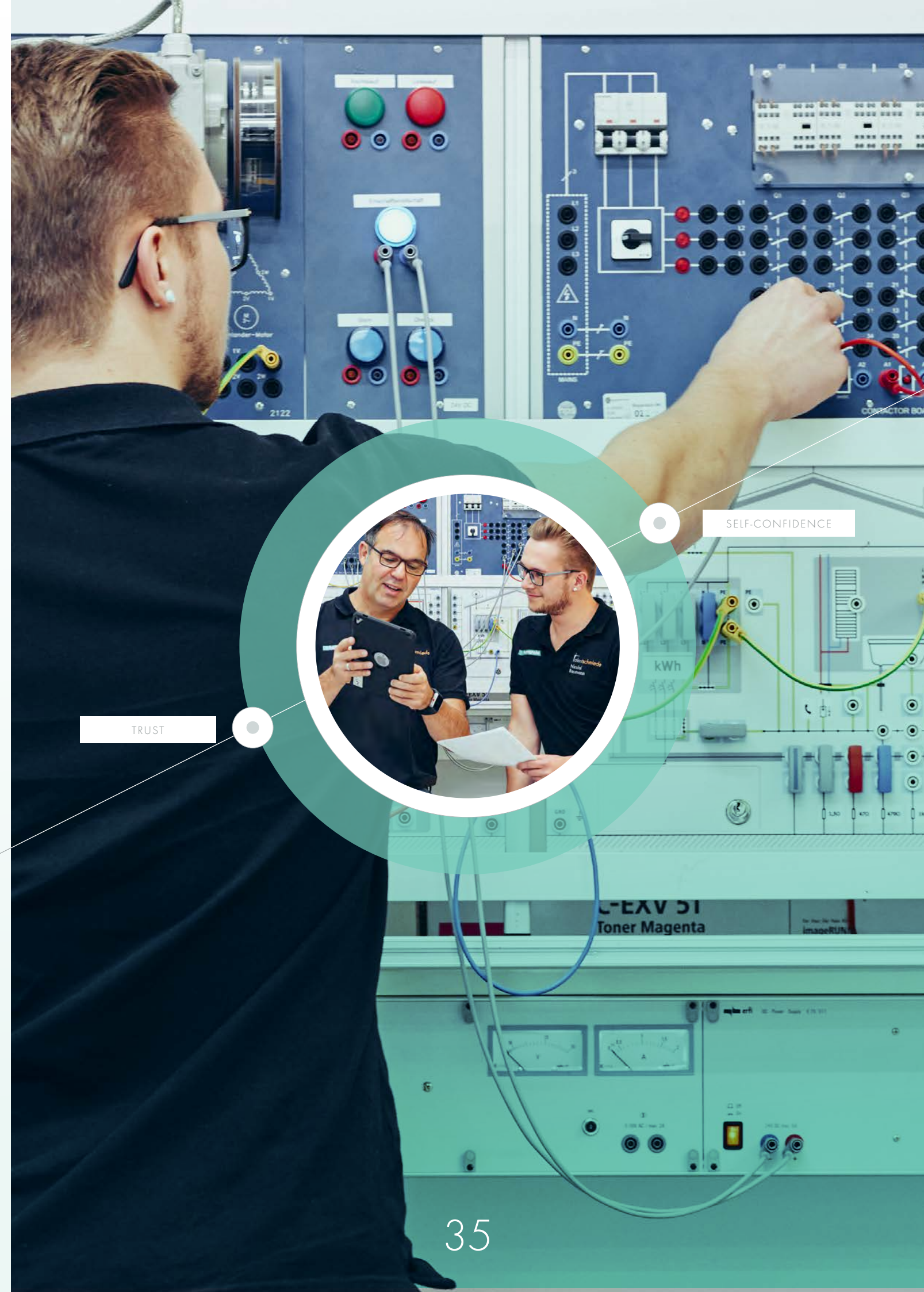


SKILLS YOU CAN LEARN

Clarissa Lehmann: I believe that trust and confidence are skills you can actually learn, which is why we promote both. The idea is for our trainees to develop not only their professional skills, but also their personality. Team events like these provide everyone with skills they can use on the job. And they have a long-lasting effect. People tend to develop more in new situations, new environments, and when working with each other than they do sitting on a cozy chair in a conference room.

And also because teamwork is fun?

Clarissa Lehmann: Absolutely. Working together in a group increases dynamism. One example of a group achievement like this is the virtual 360-degree tour of the Talent Factory, which we just produced with trainees and vocational/academic students.



SELF-CONFIDENCE

TRUST

TEAMSPIRIT



Fabian Oehler: I had a similar exciting project for a global marketing meeting. The idea was for AXOR Brand Marketing to introduce itself with a video. I was given a great deal of creative freedom and supported the entire film production process, from the screenplay and the shoot to editing the shots at home. The preliminary work was pretty demanding, as I had to coordinate appointments with my colleagues in different teams. Projects like these can be pretty challenging, but they also allow you to grow, especially during your training and studies.

So it doesn't get boring?

Fabian Oehler: There's always plenty to do. The trainee workshop with the InnoLab, for example, was also fascinating. Lots of ideas for innovative products are developed there. We were taught creative approaches to thinking, some of which I can put to good use in my area.

How do you promote big-picture thinking?

Clarissa Lehmann: In normal times, we offer our young talents an opportunity to spend some time abroad at our international subsidiaries. For a certain period of time, our vocational/academic students can expand their intercultural expertise and improve their foreign language skills in a different country. Of course, that wasn't possible during the pandemic, but we're involved in other virtual projects.

How do trainees learn soft skills such as social responsibility?

Fabian Oehler: The social project is one example. A few of my colleagues and I went to the BruderhausDiakonie foundation in Fluorn, where we set up and used a slackline with the residents and had lunch together. An alpaca tour is another good example. It didn't take us long to understand the message behind experiences like these. Be eager to help and be active.

So do trainees need to be more flexible?

Clarissa Lehmann: It's more about the training adapting to the lives of the trainees. The significance of work flexibility, in particular, has increased since the pandemic. We're looking to introduce work flexibility for office employees as we do for other employees. For me as a working woman, this makes it easier to manage both my family and my career. For example, I can spend my lunch break with my two small children. The conditions at our company are flexible and thus more family-friendly than at many other companies. Video calls have also become a real opportunity for us, eliminating much of the driving, even from one plant to another. This also reduces the amount of time spent on the road and is much more eco-friendly. Our students, in particular, are happy to take advantage of work flexibility. Fortunately, technology makes it all possible.

Fabian Oehler: That's right. I recently took a training course on project management that was offered on our digital training portal. But we also do training courses using Teams. But going back to flexible working times, I'm happy to take advantage of them. My girlfriend lives pretty far away, so she's thankful that I can work at her place or in the morning drive to work from her place and start a little bit later. I can do a lot of my work such as editing, image processing, and screenplays just as well from home.



COMPETENCE

PERSONAL RESPONSIBILITY



SUSTAINABILITY

Clarissa Lehmann: In my experience, this works very well with our trainees and students. But personal responsibility requires competence, which we nurture on a professional and personal level. Both of these lead to self-confidence and the trust of others, which we practice as part of our company culture. This also includes social sustainability, of course.

Is sustainability also a topic in the application process?

Fabian Oehler: The climate is one of the most frequently discussed topics of my generation and the one after it. I'm often reminded of that fact by the news and my friends, which also makes it an important topic when it comes to job applications at the company. I want to be able to do my job with a clear conscience, and Hansgrohe is on the right side for me. That's not to say that everything is perfect. But the company is being responsible by working tirelessly on this issue, which is why my decision feels right.

Are there enough young talents?

Clarissa Lehmann: We have a good reputation in the region, but that doesn't mean we're going to rest on our laurels. We actively approach young people, which is why we work with so many schools. We offer students application training courses and seminars and simulate interviews, which brings us into direct contact with our potential target group and provides students with the opportunity to get to know us. Our tips help prepare them for the future.

Do you also offer internships to high school students?

Clarissa Lehmann: Unfortunately, we had to turn a few of them down in 2021 due to the pandemic, though full capacity might be possible again in 2022. We usually also organize the training evening and career days to give young people the opportunity to get to know the company. We offer them the chance to dig a little deeper in a practical setting. And more importantly, they can learn more about their own expectations.

The Place for Young Talents

Our state-of-the-art training center for technical and business training courses in Schiltach is called the Talent Factory and features a workshop with workspaces for training as well as milling, turning, and CNC machines. The training team's office is also located here, as are rooms with modern equipment for training courses and meetings. The Talent Factory is open to curious and interested junior employees.

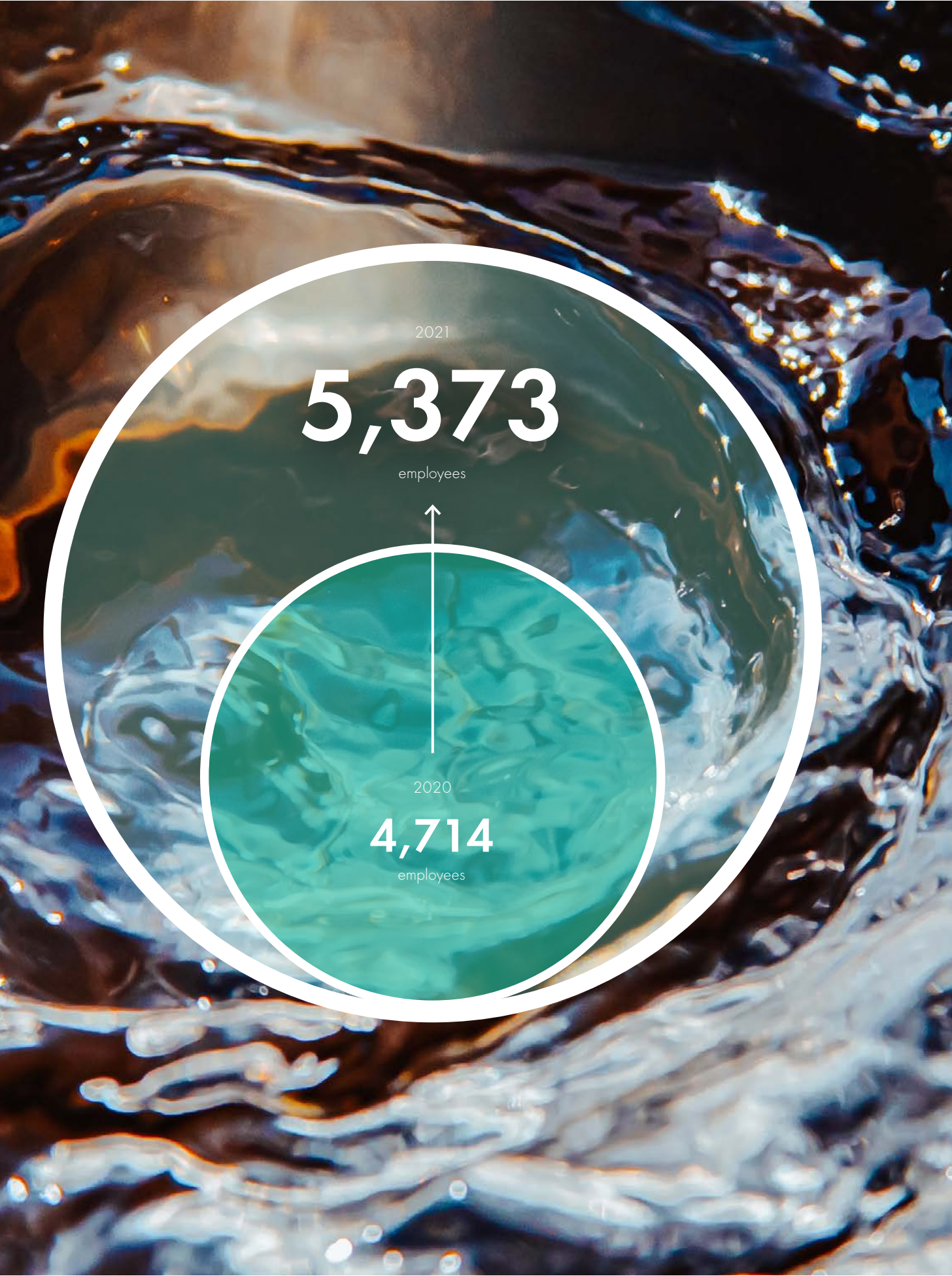


MOST IMPORTANT

Do you have any other tips for someone who's just starting their career?

Clarissa Lehmann: What I would do is identify my career aspirations. The best thing to do is write down a few questions. What career would be the most fun for me? What sets me apart as a person? I would assess myself and ask my friends and family. What are my personal strengths? Everyone has at least one and should take advantage of it.

The answer to this question is also important to me: Why would I be a good fit for Hansgrohe? When applying to our company, you should've already spent some time thinking about this question. All of the answers will then guide you - whether it's to Hansgrohe, trade, or in a completely different direction. The most important thing is that you enjoy it.



EMPLOYEES

DUE TO THE SIGNIFICANT INCREASE IN STAFF IN 2021, OUR WORKFORCE IS NOT ONLY GROWING, BUT ALSO GROWING WITH US, AS THE INCREASE IN ORDERS AND THE TRANSFORMATION TO THE GREEN COMPANY MEAN THERE’S MORE AND MORE TO BE DONE.



SUSTAIN

ENVIRONMENT

Sustainability creates innovation, which we as the Green Company are now implementing consistently across the board. We achieved new milestones in the anniversary year.

ABILITY

THE GREEN COMPANY

"SUSTAINABILITY IS GOOD FOR EVERYONE AND EVERYTHING – THE ENVIRONMENT, THE COMPANY, THE EMPLOYEES, AND THE CUSTOMERS – AND CONTINUOUSLY NURTURES THE PIONEERING SPIRIT IN ME AND MY TEAM, AS PROBLEMS ALWAYS INSPIRES NEW SOLUTIONS. WITH THIS INTERNAL ATTITUDE, WE CAN ALL ACHIEVE GREAT THINGS."

Rebecca Weigold, Head of the Green Company

As Head of the Green Company, Rebecca Weigold and her team promote sustainability throughout the company. She has been with Hansgrohe since October 2015.



Moving Forward

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GREEN LIGHT FOR SUSTAINABILITY

There's an old saying that Rebecca Weigold and Steffen Erath are particularly fond of at work: the journey is the reward. "The green company is so much more than just a goal for us. Sustainability is an ongoing journey, as the world is always changing. That's why I view the Green Company as an attitude and part of the corporate philosophy," says Rebecca Weigold. And indeed progress is being made one step at a time – at a pretty fast rate considering it's a marathon. "We achieved a few milestones in 2021. All of our locations in Germany are climate-neutral, which refers to direct emissions and the energy consumed. This will apply to our locations worldwide beginning in 2022. All of our international plants will also switch to green energy in 2022." For Steffen Erath, the Green Company also leads to new ideas. "Our innovation strategy is clearly centered around sustainability, which also makes it the ongoing focus of the Innolab. Green business models are the future, which we're already experiencing to some degree today. A look inside a supermarket reveals that nothing is possible anymore without organic products. This idea is increasingly penetrating every aspect of life, whether at the job, on the road, or in the bathroom or kitchen. Anything can be reinterpreted, and sustainability will be the norm for the following generations. I see endless opportunity for us there."

Greater Sustainability Is a Must

With sustainability goals already in place at the locations, sustainability goals were also defined for the products for the first time in 2021. Without consistent definition of ambitious and realistic goals, it will be impossible to fundamentally intervene across the board. Rebecca Weigold can think of countless measures. "Let's begin with production. We work with closed water cycles in the plant. The water used to clean products is reused after the cleaning process. We remelt rejects and the like and reintroduce the prepared material into the cycle. Looking to the future, research will increasingly focus on accepting used products. It may be possible to recycle the materials, which in turn would reduce waste and conserve resources."

The Beginning of the End of Plastic Waste

Rebecca Weigold and her team are overseeing additional environmental protection measures. For example, a project team is working on optimizing all of the packaging used by the Hansgrohe Group, and there were many different aspects to consider. "Our new product packaging will be 100% free of plastic. Our aim is to prevent environmental pollution and to make the process for recycling packaging materials much simpler." A great deal of thought has also gone into logistical aspects in an effort to improve packing, storage, and transport. "Up to now, just about every product has had its own packaging. In the future, the same packaging will be suitable for different products and contents. We've also standardized everything to the highest degree possible, which due to our international markets is sometimes not that easy." The actual purpose of the packaging – namely, to protect the products – was important to Rebecca Weigold at all times. "Customers should be able to unpack their product without any damage. That also contributes to a good experience and the topic of sustainability."

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Progress as a Cycle

Hansgrohe's vision is a climate-neutral, healthy, and energy and water-efficient bathroom that ideally also supports a circular economy, which is why Steffen Erath is so interested in eco-friendly innovations that push the boundaries. "For example, our internal experts are currently researching alternative recyclable materials, meaning those materials that support a circular economy. A material scout has identified some interesting alternatives – however, they need to fulfill a great many properties for us, including tensile strength, durability, safety, and aesthetics. We're currently in a test phase and assessing them for our requirements. Much can be implemented on a small scale, but it also needs to be functional for our large-scale production." Rebecca Weigold considers the complex ways in which many things are connected. "There are always new questions to be answered. What technology would production require? What tools, systems, and processes would we need? Will we receive approval in all of the countries around the world?" Hansgrohe can't just switch to new materials at the drop of a hat.

Other Influences

Bigger connections can slow processes down. Steffen Erath and his team aren't applying the brakes. "We have many innovative approaches when it comes to the environment, but we can't make the world better alone. This requires collaboration and coordination – internally and with other companies, institutions, and start-ups. We're taking an active approach to that, too." Rebecca Weigold offers an example. "A large portion of the emissions occur in the supply chain, which is not entirely in our hands, as it involves suppliers, partners, and our customers. We therefore need to maintain an open dialogue with everyone involved, and everyone needs to be willing to compromise." And, of course, conflicting interests sometimes collide. For Rebecca Weigold, this can lead to conflicts in complex systems that are difficult to resolve. "For example, we see a few conflicting goals at our company, as does just about every other manufacturer regardless of the industry. On the one hand, we need to be able to deliver our products on time. On the other, some of our delivery channels have collapsed as a result of the global pandemic. Some goods had to be transported by road or even by air rather than by sea. Interactions like these are often difficult to predict and will always represent a challenge for us." Rebecca Weigold can recall existing interdependencies. "On the other hand, jobs and tradespeople waiting at the construction site depend on the ability of our plants to deliver. All these things together make a solution unbelievably complicated. But our logistics experts are working on it."



Key
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Smarter Faster

Hansgrohe is working with external specialists to accelerate the transformation to sustainability. Take, for instance, energy efficiency. Reduced energy consumption is more eco-friendly and lowers costs. That reminds Rebecca Weigold of a partnership with another global player. “Like us, Bosch is on the climate-neutral journey. In the field of energy efficiency, we can learn a lot from their methods, as Bosch has already optimized its 400 international locations. That was of interest to us, so a Bosch team identified and analyzed potential at our locations around the world. Their suggestions were invaluable to us, whether for cooling requirements or ideas on our internal energy supply with combined heat and power plants and photovoltaics. Our first photovoltaic system has been around since 1993.” Rebecca Weigold explains the next step. “After analysis, simulations were carried out. For example, peak loads for a stable energy supply, the duration of sunlight, profitability, and other factors were assessed. Now we know more and can approach implementation one step at a time.”

Shared Knowledge

Our experience with Green Company issues is growing on a daily basis. Steffen Erath is a big advocate for introducing new knowledge back into the cycle. “Even when it comes to acquiring knowledge, we want to act in a way that is socially sustainable. Sustainability is about working together rather than against each other, as is usually the case in the market economy. We also conducted a study in 2021 on the carbon footprint of the modern-day bathroom. We were interested in one question, in particular. How much CO₂ does a bathroom emit? Now we have the answer, and the study will be published in 2022. And we also share our knowledge at our monthly CAMPUS events. CAMPUS is our internal knowledge platform, whose motto is learning, teaching, and networking. Here we offer information events, lectures, training programs, and events on the topic of sustainability. And we’re not running out of topics, which range from climate neutrality and eco-design to green investment, e-mobility, and a vegan diet. For example, we recently invited the environmental officers of Edding to meet with us. A broader perspective can be a source of inspiration for everyone.”

Experience Leads to Enthusiasm

The Green Company concept is already in practice, and Rebecca Weigold is delighted with the positive response of her colleagues – and even more so with their commitment. “We’re implementing environmental protection in concrete ways that everyone can perceive, which is why the motivation to get involved is so high throughout the workforce. In 2021, we cleaned up the banks of the Kinzig river during the Kinzig CleanUp initiative, all of the European subsidiaries participated in the Europe-wide car-free day, and we no longer use disposable dishes at the cafeterias in Germany. We also entered into a partnership with the Black Forest National Park in 2021. In addition, we’re committed to providing clean drinking water in the Central Region of Eritrea. And we compensate for a portion of our emissions with our support for a wind farm in Bhatel, India.” Once sustainability is a journey for the entire company, it will be time for Rebecca Weigold and Steffen Erath to focus on the next targets.

Steffen Erath is Head of Innovation & Sustainability and joined Hansgrohe as a BA student in 2005. He was appointed Head of Innovation in 2018, and his responsibilities were expanded to include sustainability and start-up involvement in 2021.



“THE TOPIC OF SUSTAINABILITY POSES ENORMOUS CHALLENGES FOR ALL OF US. REDUCING OUR OWN CARBON FOOTPRINT IS AN

IMPORTANT MILESTONE. BUT WE AT HANSGROHE CAN HAVE THE BIGGEST ENVIRONMENTAL IMPACT BY DEVELOPING MORE INNOVATIVE WATER-SAVING TECHNOLOGIES. SAVING WATER HAS FOUR TIMES THE BENEFITS: #SAVINGWATER, #SAVINGENERGY, #REDUCINGCO2, AND #SAVINGMONEY.»

Steffen Erath is Head of Innovation & Sustainability.

BRAND



PRODUCTS

The name Hansgrohe has been synonymous with innovative products since 1901. In 1993, we expanded our portfolio to include the AXOR designer brand. What these two brands have in common is their pioneering spirit.

SQUARE²

TWO STRONG BRANDS
FOR GUARANTEED SUCCESS

"WE'VE CONSOLIDATED THE CORE BRAND IN AN EFFORT TO IMPROVE OUR ABILITY TO RESPOND TO THE NEEDS OF THE TARGET GROUPS, AS LUXURY WILL BE DEFINED DIFFERENTLY IN THE WORLD OF TOMORROW THAN IT IS TODAY. THIS UPDATE ALSO REVEALS OUR ADVANCED KNOWLEDGE AND PIONEERING SPIRIT."

Anke Sohn, Head of Global Brand Marketing - AXOR

AXOR



As Head of Global Brand Marketing, Anke Sohn has been managing the AXOR designer brand since 2019. She and her team specialize in visions for the bathroom of the future, with the aim of inspiring architects, interior designers, and discerning users. With this approach, the AXOR brand managed to increase its success in international markets again in 2021.



The bathroom of tomorrow for the city of tomorrow, as urbanization has an influence on design.

AXOR has been shaping design in the luxury bathroom for 28 years now. The brand set trends and found answers to megatrends again in 2021, which Anke Sohn attributes to clarity from the very start. "I don't think the brand's first slogan from 1993 has lost any of its visionary power – AXOR personalizes the bathroom. Customization and unmistakable character remain essential topics for us."

The Avant-Garde of Excellence

From Innovations to Icons

The brand is inextricably linked with the names of international top designers, resulting in a list of remarkable designer objects over the years. According to Anke Sohn, they're proof of the brand's inner drive. "First they were innovations. And from today's point of view, they've achieved the status of icons." With the same spirit, AXOR presented a new collection again in 2021 – possibly the icons of the future. The AXOR One collection, for example, was a huge hit at the virtual Hansgrohe Group AquaDays and the digital ISH trade fair. Anke Sohn is anything but surprised: "The British designer duo Edward Barber and Jay Osgerby have completely reinterpreted a familiar archetype, which can be quite a challenge even for renowned designers. The result is perfection – it's clearer, more functional, and intuitive." That's all down to the elegant design as well as an optimized technology, as clearly demonstrated, for example, by the AXOR One thermostat module, as Anke Sohn explains: "The select button is new. This all-in-one control turns the water on and off, selects the spray mode and water volume, and regulates the temperature." Another highlight is the AXOR Universal



Circular Accessories, which focus on the bathroom as a whole and include a towel holder, tissue box, trash can, toilet paper holder, and wall

mirror – designed by Barber Osgerby. AXOR is interested in the effect of the entire room. "Using a circle as the basic shape can make for a more consistent bathroom design, which is only possible with well-coordinated elements." AXOR Citterio has been an icon of modern design in the bathroom for many years. A new alternative to the pin and cross handles was introduced in 2021. The new lever handle offers even more precise, more intuitive, and simpler operation. A luxurious 3D surface structure is optional. "In principle, this is a symbol of our passion for the finest details."



Excellence down to the detail – here with the towel holder.

Function Follows Form

In 2021, AXOR launched a forward-looking project with The Future Laboratory in London. Anke Sohn provides some background information: "We took a more detailed look at the megatrend of urbanization. A lack of space in cities has made compact luxury a key topic." That's because two out of three people will live in a megacity by 2050, reducing the amount of available space and the size of residential units. But at the same time, people expect more from their home. As growing populations make cities more hectic, private retreats will be all the more important and aesthetics will play an even bigger role than ever before in well-being, a phenomenon only intensified by the pandemic. Anke Sohn gets to the heart of the matter: "Design itself fulfills a function. Aesthetics can also restore an inner balance, particularly when it comes to luxury brands like AXOR." The project should provide architects and interior designers with new ideas and insights into luxury in the urban environment. This new knowledge resulted in the development of three example space concepts in 2021.

A lack of space in cities
has made compact luxury
a key topic.



Concepts for the Bathroom of Tomorrow

As a form of inspiration, the British designer duo Barber Osgerby developed three concepts that reflect the idea of Compact Luxury for the urban bathroom of tomorrow.

Contemporary Industrial

The design for the Contemporary Industrial concept shows a bathroom in a New York loft, revealing yet another trend – that of modernizing and upgrading existing spaces. In this case, it's a former factory building with exposed steel and brick. The double vanity and AXOR One faucets combine luxury and modernity with a vintage flair in a matching Matt Black style – like all of the other AXOR products used here. There's one aspect that Anke Sohn find especially interesting: "Bathrooms have always taken up less space. But with multifunctional recreational spaces becoming more and more important, this design perfectly embodies the vision. In the ideal world, the bathroom could take up this much space."

International Elegance

The International Elegance bathroom concept offers cosmopolitan travelers an oasis of retreat and relaxation. Even a bathroom in a luxury hotel needs to fulfill the different requirements of both the hotel operators and their guests, which Anke Sohn does not view as mutually exclusive: "Compact Luxury makes the most out of the space available, which makes good sense especially in hotel bathrooms." The panels and support bars made from teak create a warm, inviting design, while the glass wall provides a view of the city of Seoul in South Korea. The AXOR One faucets, the AXOR One head shower, the AXOR One wall-mounted faucet, and the AXOR Universal Circular Accessories in a polished gold look all add an elegant touch.

Modern Simplicity

The third concept is inspired by Scandinavian design – modern and reduced – which is also possible without compromise. The Copenhagen bathroom was designed with the needs of a young family in mind. Anke Sohn explains the designer's approach: "Radical minimalism isn't necessarily the right fit for family life. Here, luxury also needs to be functional and suitable for everyday use." The high vaulted ceiling and the central skylight give the bathroom a spacious feel despite its compact design. A combination of abundant natural light, gray tones, and oak is unobtrusive and creates a natural atmosphere. All of the AXOR One products used in the bathroom are finished in subtle brushed nickel.

The Big Picture

The external influences on the luxury bathroom are changing fundamentally, which is why Anke Sohn is also monitoring social change. "New ecology, sustainability, long service life, and conscious consumption are on everyone's lips around the world. Interaction with the world and our own demands plays a key role in all of them. Even luxury will be redefined as a result. Customization in our brand core has a contemporary answer."

2021 Brand Update

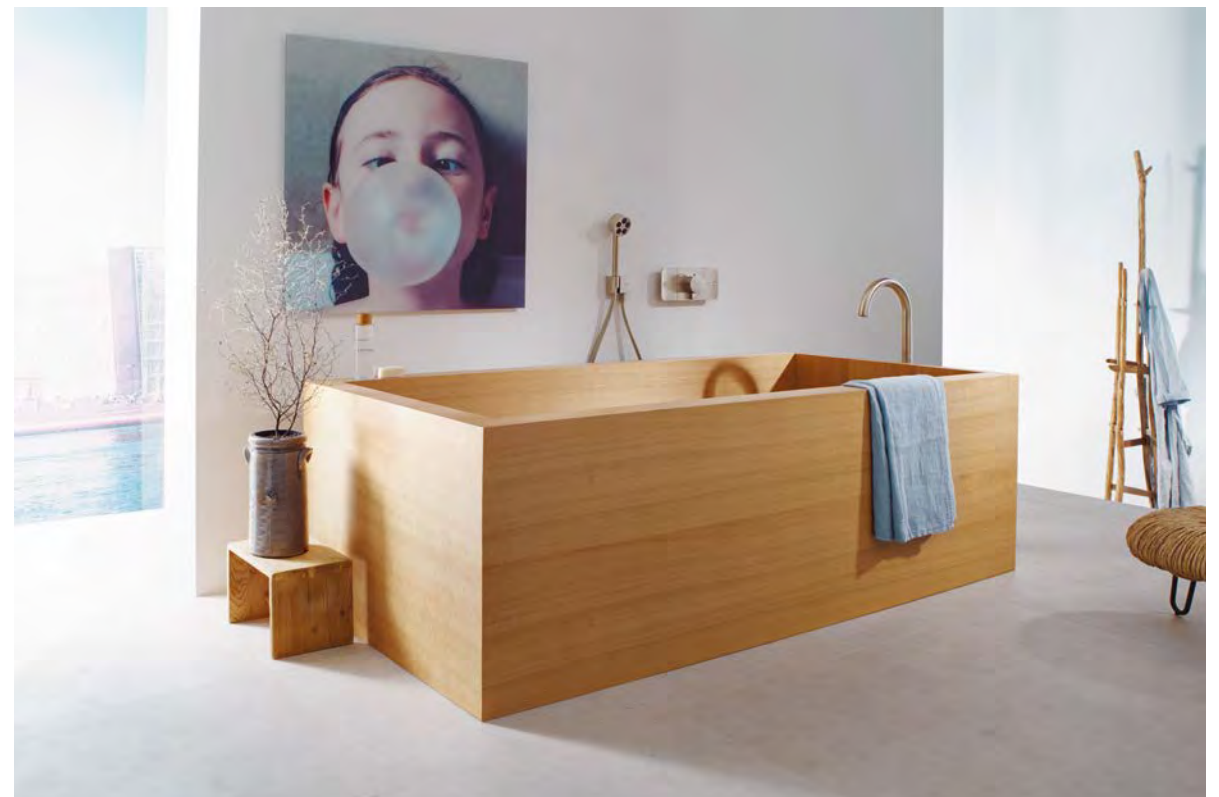
Updated in 2021, the brand image also incorporates some of the latest findings about the luxury bathroom of the future. Anke Sohn can list a few good reasons. "We've consolidated the core brand in an effort to improve our ability to respond to the needs of the target groups, as luxury will be defined differently in the world of tomorrow than it is today. This update also reveals our advanced knowledge and pioneering spirit." The discerning target groups of today expect more inspiration anyway, which is why our imagery now showcases complete bathrooms again. The visual effect of the individual products can be seen in combination with other design elements. Anke Sohn provides some background information: "Space, light, materials, colors, furniture, faucets, and accessories all make an impression together. AXOR is an important part of this interior world – and plays a key role in the design concepts developed by architects and interior designers." They can consult the new Inspiration Book, for example, to get an idea of the brand, the products, and the options they provide. Inspiration can also be found on the new digital AXOR Futures event platform, where twice a year guests such as Jay Osgerby and other experts in the design community share their views on topics of design and architecture. For example, investor Cédric Waldburger was invited to discuss minimalism. He limits the items he needs for everyday life to 64 objects and can manage without an apartment. Anke Sohn views the online format as a great opportunity. "We can reach people around the world that way. That just wouldn't be possible at a trade fair or another event with a limited audience." In November 2021, we addressed the urbanized world of tomorrow with an event titled Precious Space on the AXOR Futures platform. We'll be discussing the topic of sustainability on April 20, 2022.

The brand update will include the introduction of sound branding, an internationally understandable language that AXOR requires to address its global markets. According to Anke Sohn, highly emotional experiences are already communicated in this way. "Today, music is important for brand perception in many channels such as digital presentations, in-store display, and short video clips in social media, which is why we've translated the brand core into something audible. After all, sound immediately evokes the intended feelings and has a lasting effect."

Space for Your Own Ideas

Held during the Places campaign in fall 2020, the AXOR design competition tasked architects and designers with visualizing their inspiring places – on the AXOR MyEdition mounting plate. The target groups in Germany, the United Kingdom, the Netherlands, Spain, France, Poland, Turkey, Russia, India, South Africa, and the Southeast Asian countries had

Space, light, colors, materials, furniture, accessories, and faucets make an overall impression together.



the opportunity to discover the creative potential of the AXOR MyEdition collection, as the design of the mounting plates can be customized. Some very unexpected creations and design approaches were submitted – all of them as unique as the people behind them. A jury then presented awards to the submitted pieces in 2021. To this day, Anke Sohn is still impressed by the personal designs of the submissions. “The design presented by Dutch artist Pablo Lücker, for instance, was truly unique. He’s a graduate of the renowned Design Academy Eindhoven and used a laser engraving technique. And the Water Scapes entry by CY+YA Collective based in the UK examined the subtle relationship between sound and water.”



With its freely customizable mounting plates, AXOR MyEdition represents a new dimension of individuality.

Unmistakable Personalities

After the Compact Luxury campaign in 2021, a new brand campaign is kicking off in April 2022 with unmistakable personalities. The motivation behind it was the close collaboration with freelance designers such as Philippe Starck, Patricia Urquiola, Antonio Citterio, and Barber Osgerby, which has been expanding since 1993. In line with the motto, “Distinctive: from personalities for personalities,” interior designers such as Maison Sarah Lavoine, Hadi Teherani, and Tristan Auer design bathroom concepts for AXOR. The search for new sources of inspiration will continue during the campaign. “The small circle will definitely grow.” New design styles should highlight new facets of the brand.

Ten Points on the Popularity Scale

AXOR continued to grow in all of the key markets and regions in 2021. For example, new trade partners and plumbers were acquired at new AXOR exhibitions, as AXOR is a brand that needs to be experienced with your hands. Anke Sohn sees great opportunities for a successful future. “Trade offers us a lot more potential for growth.” That may also be due to increasing international demand for luxury and a growing appreciation of exceptional aesthetics. Anke Sohn is monitoring this trend, for example, in China, with the increase in demand a sign of growing prosperity. For the first time ever, business in China surpassed that in Germany in 2021. But AXOR has also grown considerably in our top markets Belgium, Switzerland, the United Kingdom, and countries in the Middle East.

Design Finished in Gold

The experts of renowned design competitions also recognized the uncompromising quality of the brand in 2021. For example, iF International Forum Design presented AXOR One with the iF DESIGN AWARD in Gold. Anke Sohn likes to quote the jury: “AXOR One has entirely redefined the archetype of single-lever faucets.” Smiling, she adds, “Such a bombastic statement motivates all of us at AXOR for future projects.”

Luxury from the Black Forest

Anke Sohn has some more good news to report: “We’re almost overrun with success at the moment, which is why the new AXOR Center for Excellence comes at just the right time.” 90 percent of AXOR products will then be assembled there in Germany. In addition to offering faster delivery times, the company will also be able to fulfill the desires of discerning customers even better. “Customization will make our unmistakable design even more luxurious, particularly when it comes to larger projects, yachts, and boutique hotels. AXOR will be in a better position to reach its full potential as a brand.” Anke Sohn is certain of that.

As Head of Global Brand Marketing, Marc André Palm has been in charge of communication for the hansgrohe brand since 2018. And 2021 couldn't have been a better year for the brand. After 51 awards and the brand refresh last year, he and his team are now able to dedicate themselves to the brand's growing popularity.



"THE COMPANY HAS BEEN THINKING AHEAD SINCE 1901. WE AS A BRAND HAVE ALSO MAINTAINED THIS SPIRIT AND CONTINUE TO FULFILL PEOPLE'S ACTUAL NEEDS WITH OUR INNOVATIONS. ALL NEW PRODUCTS NEED TO PROVIDE USERS WITH REAL ADDED VALUE."

Marc André Palm, Head of Global Brand Marketing - hansgrohe

SUCCESSFUL EXPERIENCES WITH WATER

STILL NEW AFTER 120 YEARS

The Hansgrohe Group's anniversary year was outstanding for the hansgrohe brand. Marc André Palm is more than satisfied with developments. "Every area in our range, in all of the price categories, and in all of the regions grew in 2021. Our levels of success were above average particularly with innovative new products and technologies. Our innovations combine pioneering spirit with the zeitgeist of today. We bring the trends of the future to the here and now." And that's well received everywhere – in trade, by plumbers, in project business, and in private households.

Innovations, Innovations, Innovations

Wellness is flourishing, and the cocooning trend, in particular, is spreading worldwide. With that in mind, Marc André Palm was able to expand the success of the innovative PowderRain spray mode with the Rainfinity product line in 2021. "Once at home, people are looking to escape the hustle and bustle of everyday life. And the bathroom is the ideal space. We fulfill this yearning for a private spa with a unique shower experience." PowderRain surrounds the body with thousands of microfine drops, as if cocooning the body in water.

The experts at the Hansgrohe sound laboratory were also able to reduce the sounds of the shower to a mere whisper, promising complete relaxation during the daily personal care regimen. PowderRain also reduces splash, which is a benefit particularly in open showers, which are so popular today. Marc André Palm remembers the premiere fondly. "We presented the unbelievable potential of the product to the participants of our virtual product presentation, the Hansgrohe AquaDays." A study has confirmed this impression: hansgrohe PowderRain provided nine out of ten consumers with the best shower experience of all time.

The hansgrohe brand is setting a new benchmark in the bathroom with experiences for all the senses.

Sense and Sensuousness Join Forces

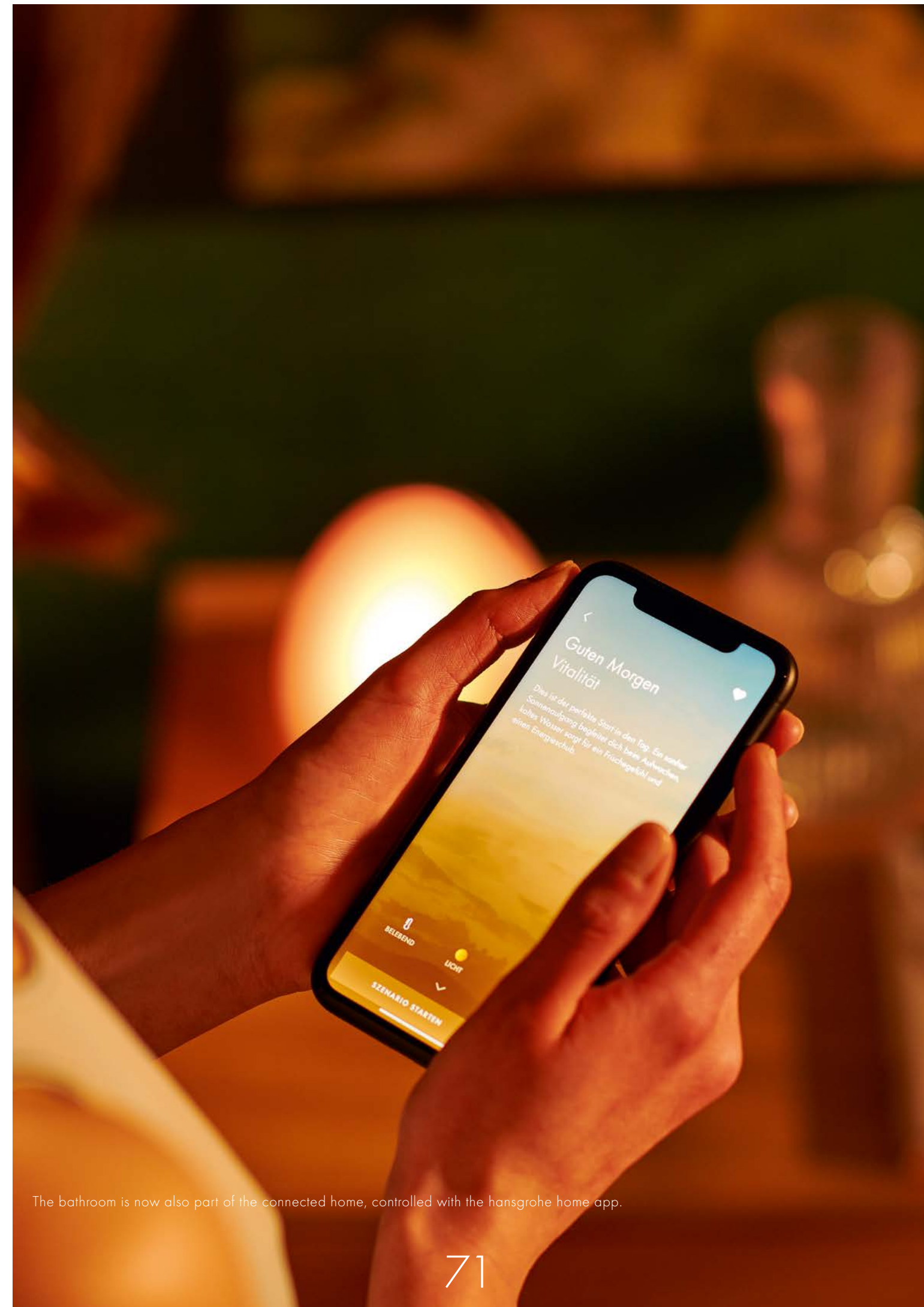
The response to another innovation that combines the multisensory experience with smartness was similarly positive. "We want to stimulate all the senses in the shower. Users can create their very own atmosphere of well-being with water, light, sound, and fragrance, which is why we're now working with Philips Hue," explains Marc André Palm. The first result of this collaboration in Germany is a product bundle containing the Rainfinity hand shower, a waterproof Philips Hue Go light with Philips Hue Bridge, and five innovative hansgrohe RainScent fragrance tabs with the aromas lavender, pomegranate, bergamot, silver fur, and rosemary plus citrus. The light and music are controlled using the hansgrohe home app. "We've developed a variety of shower scenarios with acknowledged experts: Good Morning, Revitalization, Vitality, Relaxation, Beauty, Nature, and Good Night. Our pioneering spirit is therefore setting another benchmark in the industry."

Nature served as a role model for another innovation – the hansgrohe Vivenis faucet. "It's not only the design that's organic in this product line. The spray is reminiscent of a mountain spring or a small waterfall. Vivenis transforms the act of washing your hands into a little moment of well-being in daily life, much like a brief excursion to the Black Forest," says Marc André Palm, grinning. Technically speaking, it's the WaterfallStream feature that produces the soft and voluminous water drops. The EcoSmart technology provides another positive effect: despite the optimal water experience, the

flow of water is an economical five liters per minute, for a sensory approach to eco-friendliness. Marc André Palm views that as much more than just a topic for marketing communication. "Sustainability is deeply rooted in our company and the brand and is therefore authentic. This awareness is reflected in both our production and resource efficiency. For example, we were ahead of the game years ago with Ecostat. The way people think is changing fundamentally at the moment. Aspects of sustainability have more and more of an influence on consumer decisions. People are interested in doing something in their lives for the environment. As a lifestyle brand, we'd like to support a sustainable lifestyle, which is easier on the household budget, saves valuable resources – and, more importantly, also provides an enjoyable experience with water."

With Family-Friendly Wishes

Marc André Palm was able to present a sensible solution to minor everyday problems again in 2021. "How can we make life easier for families? One of our answers is the Flex variant of our Finoris faucet line." That's because the sink is used for more than just washing hands. Sometimes it's used to fill containers, soak laundry, and even wash hair. And other times it serves as a bathtub for the baby. The Finoris Flex variant makes all of that easier, as it features a pull-out faucet head. You can choose between a gentle PowderRain shower spray or a voluminous laminar spray at the press of a button. And the minimalist design also comes in the popular Matt Black. Marc André Palm sees



The bathroom is now also part of the connected home, controlled with the hansgrohe home app.



The hansgrohe range is growing with accessories and sophisticated solutions for storage space.

long-standing tradition in this innovation. "The company has been thinking ahead since 1901. We as a brand have also maintained this spirit and continue to fulfill people's actual needs with our innovations. All new products need to provide users with real added value." And more recently, that has also applied to pets. "Pet owners are a whole new target group for us and can be won over with the DogShower, which launched in many markets at the end of 2021." Marc André Palm is most excited about the enormous potential. "There are eight million households with dogs in Germany alone. And there are supposedly half a billion dogs worldwide." Developed by Hansgrohe InnoLab, the product was introduced to dog owners, dog groomers, veterinarians, animal keepers, animal shelter operators, and dog psychologists in the first phase. Their wishes and recommendations for improvement were incorporated into the final version.

Continued Growth

Future innovations are waiting to make their grand appearance. "Two things are important to us when it comes to growth. First is the sustainable shower experience with reduced consumption of resources. Second is innovations that make the water experience just a little bit better throughout the bathroom. We now offer new drain channels for the shower, which in combination with our other products ensure consistent design and simplify installation. And there are also hansgrohe solutions for increased storage space in the bathroom. We offer three accessory lines. AddStoris is a comprehensive, color-coordinated selection of accessories,

ranging from the trashcan to the toothbrush holder mount. ExtraStoris represents wall niches that offer an additional storage solution and allow you to conceal the roll of toilet paper in the wall. Installation is much easier than with a hammer and chisel. And WallStoris offers storage space for bathrooms in rented apartments, if drilling through or removing tiles is not an option. It uses an adhesive tape to secure the wall strip. Modules such as towel hooks and baskets can be secured along the strip if desired." But Marc André Palm sees even more opportunities for the brand. "Our collaboration with Kneipp, Philips Hue, and Home Connect Plus creates synergies with a lot of added value for the target group. Especially when it comes to digitalizing the bathroom, that makes good sense for everyone involved. After all, smart living can be applied comprehensively to the entire home and to life on the go. With hansgrohe, we're now an important part of that." At hansgrohe, it's not about the technology itself. "We promise experiences that place the focus on people - with digital technology relegated to the background."

A New Look at Water Experiences

Marc André Palm and his team gave the brand an important update in 2021. "International business requires a globally consistent identity, which is why the brand got a makeover in 2021. Now we can also appeal to younger generations. Our messages are even clearer, more emotional, and more approachable - the hansgrohe water experience enriches life." Marc André Palm views a brand refresh like this as an ongoing process anyway. "On the one hand, you can't

change things worldwide from one second to the next. On the other, the world is changing at a rapid pace and we always want to be one step ahead."

The hansgrohe brand was represented in three campaigns in the anniversary year. "Create as you are" supported the FinishPlus color series and reflected the socially relevant topic of diversity. The "With all my feels" principle focused on the different types of shower experiences, from the wake-up option in the morning to relaxation after sports. And, of course, the brand interpreted and celebrated the Group's 120 years of passion for water with the name #hansfactor. Marc André Palm provides a convincing argument for the hashtag in the motto: "Digital channels are extremely important for our communication. We're able to effectively reach private households on YouTube, Instagram, and Facebook, where we demonstrate what makes the #hansfactor so special. We address business target groups on LinkedIn, for example. People tend to look for inspiration and information online, which we provide them at every depth. Of course, they can find this information primarily on our website and on our dedicated business-to-business trade fair platform – the virtual Hansgrohe AquaDays."

The Year of the Long List

2021 was also a record-breaking year for the brand in terms of awards. hansgrohe was recognized in re-

nowned competitions such as Red Dot, the iF DESIGN AWARD, the German Design Award, Marken des Jahrhunderts, Major German Brands, the German Innovation Awards, and the ICONIC AWARDS. The record-breaking 51 awards were won in the categories of product design, innovation, and brand design. The new brand identity won the highly competitive German Brand Award in Gold, which was a special highlight for Marc André Palm. "More than anything else, these many awards are a confirmation of the brand's path. We view them as a symbol of appreciation of our work, which motivates all of us for future goals. And of course I'm thrilled about the wonderful response in the media and the bathroom industry. But no award is as valuable as the customers who are excited about our water experiences."

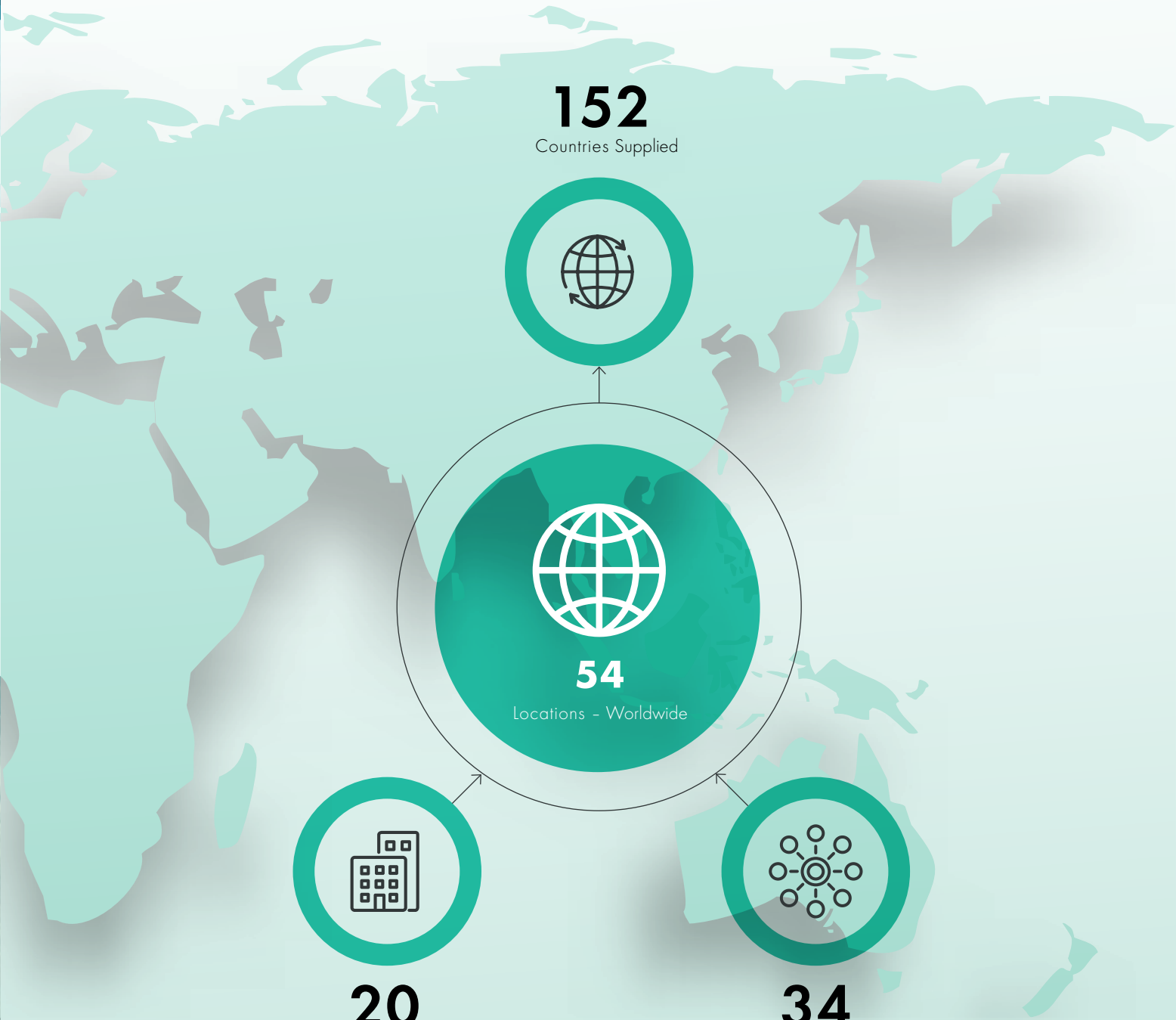
A Look in the Crystal Ball

2022 and the coming years offer plenty of potential for the brand, which Marc André Palm and his team plan to exploit. "In the next phase, we'll be further increasing brand awareness, professionalizing the brand identity, and emotionally charging the brand in selected markets. With our innovations, the strong brand, and the topic of sustainability, we firmly believe that we can acquire even more tradespeople and partners. And we'll incorporate even more consumers, who have more of a say today than they did even a few years ago. So no bathroom planning without Hansgrohe," says Marc André Palm with a wink.





LOCATIONS



PHOENIX

LOGIK

MORAL

MAGIE



78



79

PARTNER FOR INNOVATIVE DESIGN

Hansgrohe and PHOENIX

Of the 120 years of Hansgrohe's existence, more than 30 of them are associated with one name, Phoenix Design, now simply referred to as PHOENIX. But this shared history actually starts at the beginning of the 1970s, when Klaus Grohe and Andreas Haug met. The young product designer had just founded an agency with Hartmut Esslinger in the Black Forest, so Andreas Haug designed a hand shower for Hansgrohe that appeared in 1972. Tri-Bel not only had a completely different shape from all of the hand showers that had come before it. It was also available in a variety of colors. It wasn't just Klaus Grohe who was impressed with Tri-Bel, as demonstrated by Hansgrohe's first design award in the display cabinet. It was a successful start to a lasting partnership. Incidentally, the agency was renamed Frog Design in 1982. German-made design also captured the attention of other customers such as Apple.

A Shared Understanding from the First Moment

Andreas Haug then founded Phoenix Produkt Design with Tom Schönherr in 1987. The first customer was Hansgrohe, as Klaus Grohe felt that they understood his vision for the bathroom. And they're still of like mind to this day, as promptly confirmed by a visit to the Stuttgart design studio. Andreas Diefenbach represents a new generation and has not only assumed responsibility for the award-winning Hansgrohe design - but more importantly has also fully internalized the pioneering spirit. "Our path forward is not limited by tunnel vision. In fact, we plan to make the occasional detour and discover interesting things along the way. But we'll always be moving forward. And we challenge each other." Mutual inspiration and exchange thus lead to the goal for each new product.

Sensible and Sensory

What is it that sets Hansgrohe design apart? What makes it unique? Andreas Diefenbach is interested in more than just aesthetics. "When it comes to the design, we first think about people. How can it make their lives easier? How does it maintain its visual appeal? Does it feel good? The form also needs to please the senses. Of course, the bathroom plays an important role at Hansgrohe. What impression does a faucet make in combination with the walls, light, colors, sanitary ceramics, and furniture? Does it blend in or make a statement? Does it fit in with the entire range? And there's one element that we view as indispensable in design. Even the best design doesn't make any sense without the experience with water." It's more than just a pleasing exterior that reveals the quality of the design. PHOENIX has a short formula for that – logic, morals, and magic.

Award for Outstanding Design

It's safe to say that the quality of PHOENIX design is up to par, which Andreas Diefenbach measures with several benchmarks. "You can measure acceptance in the market by the number of products sold at the very least. Companies with good design probably make things easier for themselves, which applies to Hansgrohe in particular, as our design is an element of the interior design. The quality of the design must be visible and preferably also proven. Well-known design awards are very good at measuring quality, as international design experts act as the judges. Buyers, media, architects, and plumbers often use awards as a guide and pay attention to the immaterial value of the product. Everyone is interested in different aspects of the design, so awards can be quite helpful for classification. And that has a motivating effect for us as designers, as

our work is appreciated. I'm delighted every time." Andreas Diefenbach often has a chance to be delighted, as PHOENIX-designed products have received 930 design awards since 1987.

Timeless vs. Contemporary

Faucets often remain in the bathroom for decades, which means the design requires a longer life cycle. With this objective in mind, PHOENIX has designed a few classics for Hansgrohe. For Andreas Diefenbach, timeless design combines the present with the future. "Timeless design is a very limited term. It's true that we often opt for modern rather than fashionable. That's an aspect of sustainability. Good design doesn't get annoying over time. Bad design results in disposable items, which I think is terrible. A long service life is important to us, which is pleasantly demonstrated at the Aquademie. Meetings often take us to Schiltach, and I still find the bathroom museum fascinating with its bathrooms from different periods. Early bathroom design pursued completely different demands and cultural developments. For instance, industrialization changed the bathroom drastically. Or take, for example, the bathroom of the 1970s, when design was democratized. We can see a more open society in the bright colors. The mix of art, music, and film had an influence on the design. Belief in a freer life and the future provided the inspiration for the Tri-Bel hand shower, so to speak. For Hansgrohe, that represents a giant step forward. And yes – the design reflects the zeitgeist of that time. But we continue to view it as a benchmark for forward thinking. That said, I'd be more likely to interpret timeless as long-lasting. In our work, we avoid fashions that change from one season to the next. For us, trends need to stand the test of time. Then the design can hold up for decades."



Tomorrow Challenges Today

PHOENIX designers dedicate a great deal of attention to the future on a daily basis. Andreas Diefenbach sees new technologies as an important driver of innovative design. "We're currently experiencing another turning point. From a technological perspective, we're still at the beginning of the digital age. We're aware of some of the opportunities and can only guess at others, which is why we develop different scenarios for products. In other words, we look into multiple crystal balls." One of these has shown Andreas Diefenbach the smart life of the future. "The Internet of Things will make our lives much simpler, or at least that's my vision. For example, RainTunes is opening a door for hansgrohe that had never been there before, enabling a multisensory experience that demands a new way of thinking from us designers as well. The context is continuously expanding, as smart living penetrates life much more deeply than individual, independent products. Our work on the design thus encompasses all aspects. To exaggerate, it's all about the work of art as a whole. At the next level, artificial intelligence and self-learning software will provide a boost in innovation." Thinking devices and apps need inspiration too, which is why Andreas Diefenbach will continue to look to future-oriented trends for guidance. "Customization is even more important when it comes to design. People are much more interested in expressing themselves and

doing their own thing. Design needs to offer more opportunities to do just that. Examples include favorite colors and mood lighting, a trend that will likely be served by technologies such as 3D printing. Someday soon, people may even be able to simply purchase the data and print the products themselves at home, which we're already doing with prototypes. That could be an interesting option for spare parts, for example. The digital world is then reflected in reality and vice versa. The topic raises brand-new questions for many manufacturing companies." Andreas Diefenbach has identified another trend in progress himself. "Clocks are moving faster and faster. The digital world today provides all of us with immediate access to a great many things. People expect and demand more, which in turn forces companies to develop faster and faster innovations. We also notice the increasing time pressure in our work. For instance, we want to accelerate installation for tradespeople with straightforward design. This fast pace has an impact on people, who in their private lives yearn to slow down, take a deep breath, and recharge their batteries. It's up to us as designers to make the clock tick more slowly and decelerate life – create an internal 25 mph zone. A trend is often followed by a countertrend. With all of these different perspectives in mind, we not only design products, but also people's lives." Design therefore has its very own creative power. The name PHOENIX says it all.

PHOENIX is a studio for design and innovation and employs 70 people at its Stuttgart, Munich, and Shanghai locations. Since the studio was founded, the products it has designed have received more than 930 design awards.



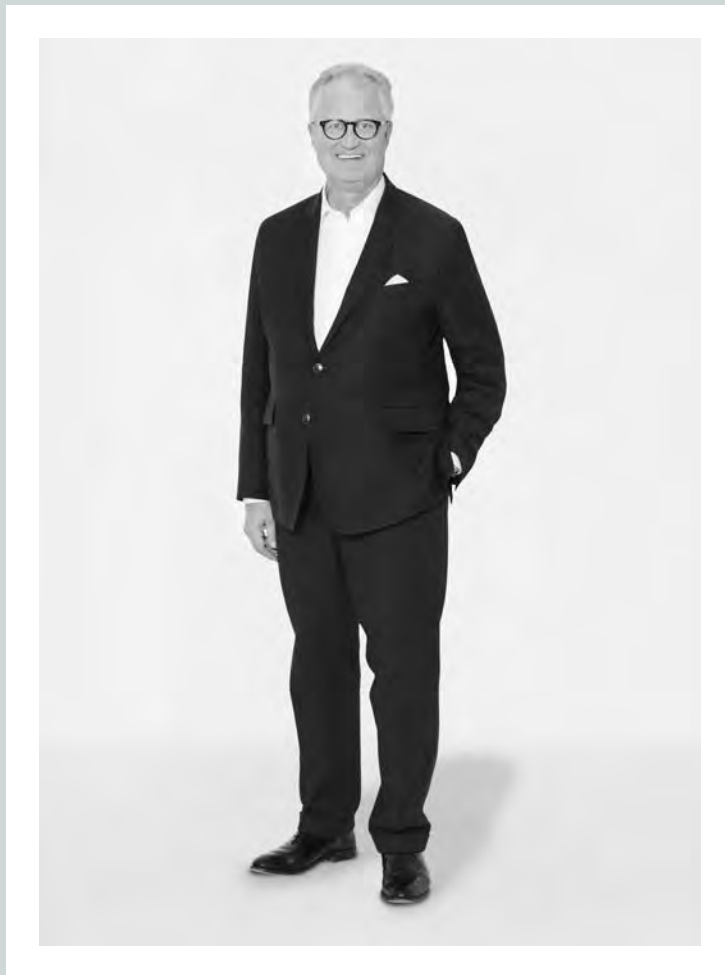
Andreas Diefenbach

OPERATING RESULT

THE RECORD RESULT IN 2021 IS PARTICULARLY BENEFICIAL FOR THE STRATEGIC INVESTMENTS, WHICH INCLUDE THE GREEN COMPANY TRANSITION, THE NEW PLANT IN SERBIA, AND MODERNIZATION OF THE GERMAN LOCATIONS.



PIONEERS
THINK
AHEAD
AND LEAD
THE WAY



Klaus F. Jaenecke, Chairman of the Supervisory Board

EXEMPLARY AND FORWARD- LOOKING

THE SUPERVISORY BOARD ON 2021 AND BEYOND

With the highest sales and number of products sold in company history, the past twelve months were an anniversary year of records for Hansgrohe, bringing the goal of the "HansgroheNo.1" growth strategy one step closer. Chairman of the Supervisory Board Klaus F. Jaenecke would like to thank all of the employees. "While the pandemic made 2021 a particularly challenging year, the company's outstanding results are a testament to the dedication of the people at the company."

As the largest individual investment in Hansgrohe's history, the plant in Serbia represents a giant step forward and offers plenty of opportunities. Klaus F. Jaenecke views it as a well-thought-out, ground-breaking move. "It's also justified by the positive projections for the global construction industry. As a result, sufficient capacities are also important now and will be even more so in the future." Most investment are in pursuit of the strategic goal, including the transformation of the Schiltach plant into the AXOR Center for Excellence already underway. The company is looking far into the future with both investments, as the AXOR and hansgrohe brands can now reach their full potential.

André Wehrhahn was appointed to the Executive Board in October. Klaus F. Jaenecke has something positive to say about that, too: "We're thrilled to have Mr. Wehrhahn as our new Chief Financial Officer, as he has valuable experience that will help us achieve our desired growth."

The Supervisory Board is also in favor of and supports the consistent transition to the Green Company. Honorary Chairman Klaus Grohe connects the dots: "Environmental, economic, and social sustainability has long shaped the social and political agenda in Germany, Europe, and many other nations around the world. Hansgrohe will therefore ensure success with exemplary behavior over the long term. And, more importantly, win over people for us."

BALANCE SHEET

ASSETS (IN € THOUSANDS)	Dec. 31, 2021	Dec. 31, 2020
Cash and Cash Investments	336,465.3	220,835.4
Accounts Receivables	123,334.9	129,833.9
Total Inventory	215,757.1	166,551.2
Prepaid Expenses	13,257.6	53,053.9
Other Current Assets	706.2	867.5
Total Current Assets	689,521.1	571,141.9
Intangible Assets	212,097	157,809.3
Land and Land Improvements	13,317.6	12,844.5
Buildings and Improvements	129,206.3	121,698.8
Machine Tools and Equipment	379,165.9	361,419.5
Office Delivery and Other	71,674.2	63,873.0
CIP Total	21,901.5	17,862.1
Total Cost Property and Equipment	615,265.4	577,697.9
Accumulated Depreciation Property and Equipment	-316,093.6	-292,988.3
Fixed Assets Net	299,171.8	284,709.5
TOTAL ASSETS	1,200,789.9	1,013,660.7

LIABILITIES AND SHAREHOLDERS' EQUITY (IN € THOUSANDS)	Dec. 31, 2021	Dec. 31, 2020
Short Term Notes Payable	2,525.0	-
Accounts Payable	167,049.8	121,246.9
Accrued Liabilities	173,677.3	129,303.7
Current Liabilities	343,252.1	250,550.6
Long Term Debt Total	2,500.0	-
Operating Lease Liability	15,889.3	15,361.7
Deferred Taxes	-9,366.6	-13,604.9
Deferred Other	70,942.7	85,804.0
Long Term Liabilities	79,965.4	87,560.8
Total Liabilities	423,217.5	338,111.4
Noncontrolling Interest	18,051.1	
Shareholders' Equity	759,521.3	675,549.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,200,789.9	1,013,660.7

MASTHEAD

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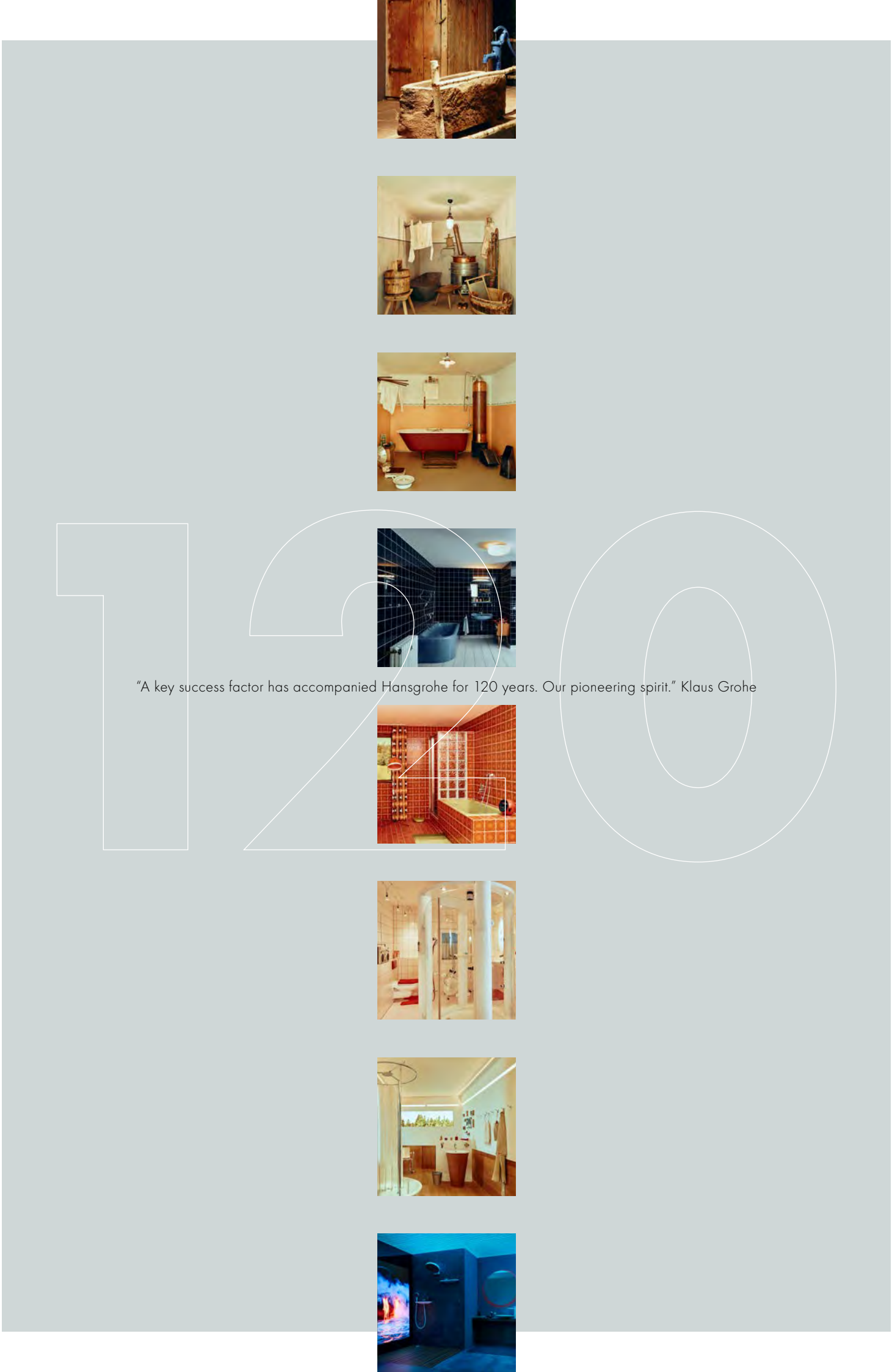
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HANS!

FOR FRIENDS

The World of Hansgrohe 2021/2022