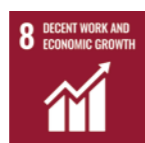




# Inspire through excellence

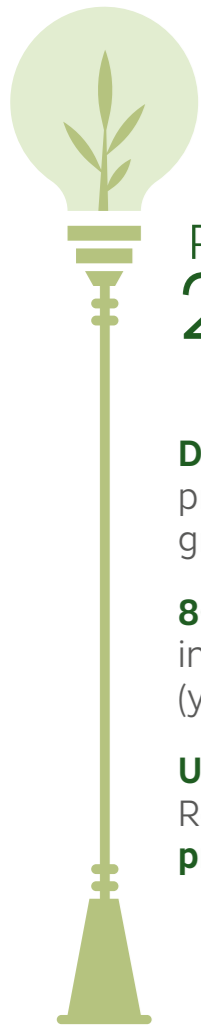


Create opportunities  
and commit to making  
them happen.  
Explore, learn, imagine.



# Inspire through excellence

With a portfolio of world-class brands, highly sustainable and connected products and solutions, the Group strives to continue delivering excellent results across all operations.



## Road to 2022

**Double-digit** profitable revenue growth

**80% of turnover** from innovative products (younger than 5 years)

**Up to 800.000** Ready-to-connect products sold

## 2021 | Key Facts and Figures

**+19%**

Organic revenue growth compared to 2020

**+24%**

Organic profitability growth compared to 2020



**39**

Ariston Group sites are ISO 9001 certified for their quality management systems



Ariston brand refresh



up to **1.7** million

Accesses/month to the Group's Apps

over **500.000**

Connectivity Ready products sold since 2018

## Our stories

### Our journey towards growth

#### Widening our horizons: Ariston Holding N.V.'s initial public offering and listing on Euronext Milan



On November 26<sup>th</sup> 2021, Ariston Group launched an Initial Public Offering and was admitted to listing and trading of its ordinary shares on **Euronext Milan**, a regulated market organized and managed by **Borsa Italiana S.p.A.** The share offered represents 27.11% of all shares issued by the company immediately after settlement. The Group's Executive Chairman, Paolo Merloni, thus commented this key milestone:

*"As a listed company, we believe we will be able to fully capitalize on growth opportunities, continuing to complement our strong organic growth with accretive acquisitions. We believe Ariston can and will play a key role in the consolidation of our industry, accelerating what we have successfully accomplished in the last decade with M&As. We are focused on being a leading global provider of sustainable comfort solutions in hot water and heating."*

#### Our growth in international markets and the digitization of the business

Since 2010, Ariston Group has embarked on a major growth journey, finding success in both mature and emerging markets by **expanding its international presence and relentlessly investing in Research and Development**. With a history of over 90 years, the Company has established itself as a one-of-a-kind global player with a unique proposition of renewable and high efficiency hot water and heating solutions and services, growing organically as well as inorganically. In 2020, the Group consolidated its presence in Europe by acquiring **BUMA Haustechnik**, a service provider in the field of **water heaters**, and part of **HaaS Heating**, which provides

**heat pumps-as-a-service**. To continue its growth journey, leveraging also the new business opportunities offered by the energy transition, the Group strengthened its hot water segment by acquiring **Chromagen**, a player focused on **renewable products** with a leading position in Israel and a solid foothold in Australia. Growing means not only expanding into new markets, but also **gaining market share** in the main areas Ariston Group already operates in: in this regard, the Group is steadily growing in the **renewables segment**, and is on the right path to become a leader in these solutions.

## The Competitive Intelligence Bureau

In 2021, the Group launched the **Competitive Intelligence Bureau**, a cloud-based intelligence platform to serve as an evolution of Ariston Group's competitive analysis, in terms of **information collection, processing, repository, and distribution**. The release of the platform took place in two steps: phase one focused on platform development, with audiences limited to mainly Ariston Top Management; phase two started in the second half of 2021 and focused on the **integration of smart tools** (e.g., AI, web crawl, semantic

engine), and the **expansion of audiences and content contributors**. The platforms give access to a **wide range of resources, such as the latest news and updates** regarding competitors and peer benchmarking, selected market reports, competitive pulse checks and analyses on different areas of interest, documents and activity from the marketing intelligence team regarding market size and market share, daily tracking of relevant foreign exchange rates, market indices, competitors' stocks, and commodities.

## Designing and producing sustainably

### R&D and innovation: in pursuit of excellence

Energy efficiency and the development of renewable energy-based technologies represent the driver of growth for the Group at a global level, as Ariston is steadily committed to designing and offering solutions of the highest quality, innovation and reliability. In 2016, this vision led the Group to launching a **large laboratory for testing innovative thermal comfort solutions**, called the **Ariston Thermo Innovative Technologies (ATIT)**.

Today, the Group has a world-class **hub for the research and development of innovative, high-efficiency and renewable thermal comfort solutions**, as well as one of **Europe's leading centres for the development of heat pumps**. Throughout the years, the laboratory has continued expanding with state-of-the-art equipment and infrastructure required for research activities as well as a dedicated team of resources.

### The strategic agreement with Politecnico di Milano and its foundation



In November 2020, the Group entered into a 5-year partnership agreement with **Politecnico di Milano**, a leader in scientific and technological progress, and **Fondazione Politecnico di Milano**, set up in 2003 to promote research within the university's department while also innovating the economic and business

environment. The partnership seeks to **expand existing collaborations in technological research and innovation** and make them more strategic to develop sustainable thermal comfort solutions. The scope of the partnership includes the development and testing of innovative thermodynamic cycles, the testing of prototype units and systems, the analysis of issues related to materials science, systems, and the underlying principles of advanced control, advanced systems connectivity (IoT and big data), the study and proposal of regulations related to new technologies, hydrogen and renewable energy technologies, and the analysis of energy systems. The implementation of innovation and research projects in the field of sustainability also makes it **essential to continuously and carefully search for, select, and train people**: the collaboration is not limited to the recruitment of talents, but also focuses on specific training for current and future sustainable heating professionals as well as employer branding.

## World Class Program



### World Class Manufacturing

(WCM) is a structured and rigorous methodology to strive for operational excellence. Created in 2006 by FCA (Fiat Chrysler Automobiles), it merges several continuous improvements

approaches (e.g., lean manufacturing, TPM–Total Productive Maintenance, TQM–Total Quality Management) developed and improved throughout the years. Its primary objective is to create a structured and replicable production system able to achieve the Group's business targets through long-lasting, systematic improvements based on evaluating and attacking all types of waste and losses, applying methods and standards rigorously through the involvement of everyone. **Key benefits are performance increases in terms of safety, environment, energy, quality, cost, inventory, flexibility, and service level**. Ariston Group embraced WCM in 2011. Since then, 13 plants of the Group have joined the program, accounting for the most significant part of volumes and production employees. The latest additions to the program were announced in 2020, with the sites in Albacina—a testament to the plant's growing importance as a world-class center for renewable and high-efficiency products—and Lichtenvoorde, Netherlands. To date, the Group has earned 3 Bronze awards with the Osimo, Cerreto d'Esi, and Arcevia plants.

As part of its medium- and long-term vision, and in accordance with World Class guidelines, **in 2017 the Group launched World Class Logistics (WCL)**. The goal of WCL is to **improve the Group's internal and external logistics**

**flows supporting the digital transformation of the whole supply chain, as well as to find solutions to minimize energy consumption**. To this end, the Group is applying certain key requirements to all warehouses, such as standardizing safety and security processes—monitoring risk statistics to prevent future incidents—and cost deployment, which involves adopting standardized tools to monitor operational costs. The initiatives implemented included also the launch of a program specifically dedicated to making inventory management more efficient—defining a roadmap that, starting from Italy, will implement **automated inventory management** at the largest European warehouses.

To nurture the continuous improvement mindset also in another core Group function, **in 2019 Ariston Group launched World Class Engineering (WCE) with the goal of improving our Research & Development processes**. The program works on several aspects of Product Development, first of all by improving the effectiveness of Product Planning through greater and more detailed knowledge of customers and markets, as well as by developing innovative and distinctive technology portfolios. In the Development area—the core of WCE—the program aims to support and enable the achievement of project targets thanks to specific methodologies and tools, and to shift from a reactive to a proactive approach by leveraging past learnings and quantified waste and losses. WCE started at our center of competence in Osimo (focusing on Standard & High Efficiency Gas Heating) and will soon be expanded to the center of competence in Agrate (focusing on Renewable Heating).

### Racold wins the National Energy Conservation and Appliances of the year awards

Racold brand, which today is established as India's largest provider of water heating solutions, has added another recognition to its name, winning the "Most Energy Efficient Appliance of the Year 2020", the **Bureau of Energy Efficiency (BEE)** award in the electric storage water heater category. With this win, Racold sets a new benchmark in the industry for energy efficiency standards and has the distinction of being the only brand in the category to win the BEE award for the 10<sup>th</sup> time.

In addition to that, in 2021 the Bureau of Indian Standards granted the **Certification Marks Licence to the Accu-Tech Engineering plant, for Mini Domestic Water Heater for use with Piped Natural Gas (PNG)**. The Bureau of Indian Standards' BIS certification is one of the most important product certifications for the Indian market. The certification process can be a complex hurdle due to numerous standards and frequent regulatory changes.

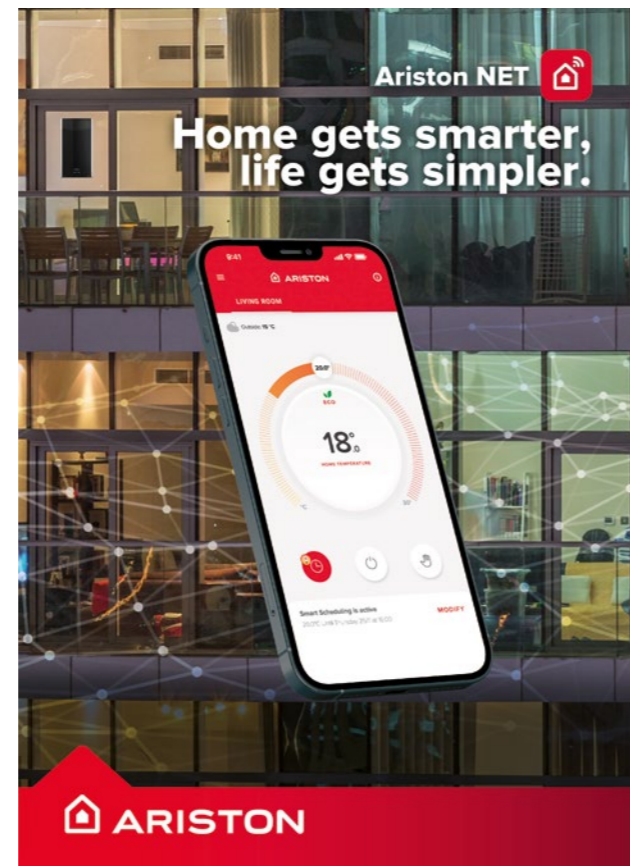


## Home gets smarter, life gets simpler

Ariston Group has been investing to expand the number of “ready to connect” heating and water heating solutions as well as the level of innovative digital services it offers to its customer, both consumers and professionals. Connected products and the service’s goal are well summarized by the claim “**Home gets smarter, life gets simpler**”, created in 2020 following the revamp of the consumer App and further reinvigorated in 2021 thanks to the introduction of **data science**. This **leverages the huge amount of data** generated by Ariston Group’s connected products to enrich the three streams of connected services the Company is offering and further increase their intrinsic capability to reduce CO<sub>2</sub> emissions:

- **Ariston Net** – A consumer App allowing to remotely control space and water heating solutions in a simplified manner, reducing energy consumption, **encouraging sustainable practices**, and continuously monitoring the system’s operation;
- **Ariston Net PRO** – A remote web support platform for professionals that allows boosting operational efficiency and customer loyalty, while **reducing the need for physical interventions** and, therefore, servicing costs as well as the **carbon footprint**;
- **Ariston Net OPEN** – A newer and more innovative stream that paves the way for **interoperability**, that is for the integration of Ariston’s connected services into **smart**

**home ecosystems** and multi-brand facility or maintenance management software systems.



## Ariston Net PRO & predictive maintenance

The **Ariston Net Pro** tele-diagnosis platform offers a **comprehensive and technologically advanced service**: it allows remotely operating and maintaining domestic and commercial heating and water heating solutions, **reducing the need for physical technical interventions** and the relevant carbon footprint while also making service centres more efficient and problem resolution more effective.

In 2021, the platform was redesigned to host an array of new, innovative, and environmentally friendly functionalities such as usability on the go, thanks to its mobile responsiveness, and predictive maintenance. By using the data collected from products and specific algorithms powered by artificial intelligence, Ariston Net Pro can **predict the occurrence of faults** and, eventually, allow for **remote prevention**, further **boosting productivity and reducing CO<sub>2</sub> emissions**.



### PRO customer testimonials

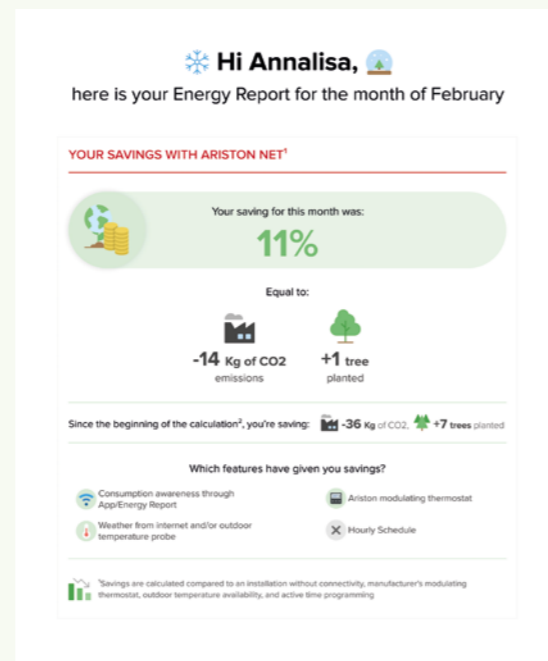
- *I really like the predictive part, because it's an evolution of the way we do servicing [IT Service Centre].*
- *Giving our technicians the possibility to work from smartphones, wherever they are in the world, is fundamental [ES Service Centre].*
- *There's a lot more information, but it's still simple to use... in fact it's more intuitive [Service Centre].*

## Ariston Net & energy optimization

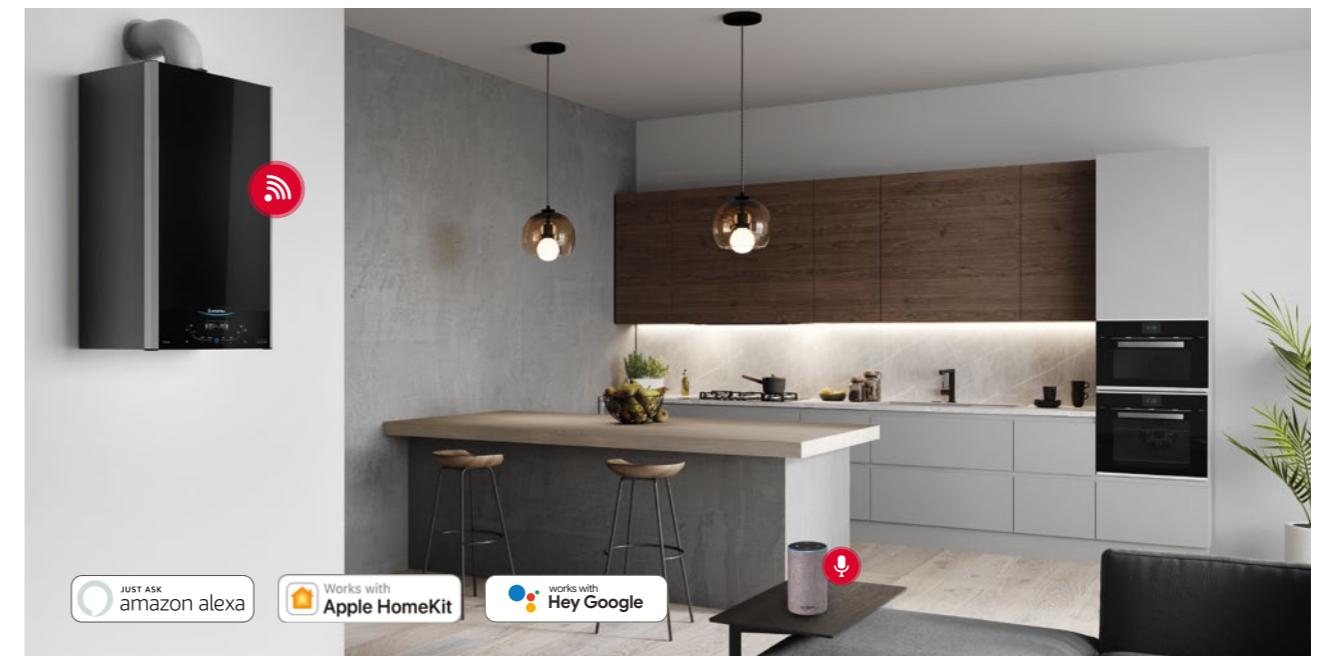
Energy is becoming more and more important in domestic comfort, and Ariston Group is working to address customer demands for **energy saving and responsible consumption** by leveraging data science.

In addition to the Ariston Net energy section that allows for **daily, monthly, and yearly consumption monitoring**, between the end of 2021 and the beginning of 2022 the Company is going to release a new version of the Monthly Energy Report to foster energy awareness and sustainable heating habits.

Thanks to the application of artificial intelligence to this monthly report, customers will receive insights into how **individual behaviour and weather conditions influence their consumption patterns and CO<sub>2</sub> emissions** as well as **advice on how to improve their heating requirements** by balancing savings, sustainability, and comfort.



## Ariston Net OPEN and interoperability



Interoperability, meaning the integration of connected products and services into domestic ecosystems offering unified management interfaces or third-party asset or service management software platforms, is the key feature of a smart home. Ariston Group already has **several partnerships in place** – **Amazon Alexa, Apple HomeKit, and Google Assistant** – that allow integrating **Ariston NET** into smart home platforms. The ability to offer **business-to-business interoperability** solutions, compatible with the world’s top IoT solutions, allows the Group and its brands to always deliver up to date and competitive solutions, completely able to communicate **with third-party software platforms**.



## Increasingly smart



Connectivity in all heating systems



10 partnerships in the smart home area

### Sales Academy: a new approach to sales excellence

In March 2021, the Group launched a new **international corporate initiative**, meant to build up and consolidate business development behaviors and skills across the organization. The project, which involves over **15 countries across America, Asia, Africa and Europe**, is called **Sales Academy** and aims to create a pool of best practices, promoting the different cultures, approaches, and experiences in sales across these regions. The first step of the

initiative was to **codify a common model of business development**, a “who has to do what” and “how to do it”, to concretely guide people from different backgrounds along the same sales funnel. The bottom-up collaboration model of the Sales Academy has received very **positive feedback** and will be scaled up across other sales and marketing operational and strategic topics, such as pricing and commercial policies, e-commerce and trade marketing.

## Our digital strategy

The group has embarked on a **successful journey of digital transformation**, built on three key elements: the **digitalization of support functions**, of the **Group's supply chain**, and of **sales and delivery processes**.

### Digital support functions

Offering **digital services for employees**, the Group has been able to improve internal staff processes, from administration to finance, control, and HR.



### Digital supply chain and operations

Ariston has defined a long-term vision for its **Sourcing & Procurement (S&P) model**, which implies a deep rethinking of roles, responsibilities, processes, and support technologies to respond more and more efficiently to the **strategic role required by digital procurement**. Thanks to

this strategic transformation, the Group's teams will benefit from working and managing suppliers in a “smarter” way, ranging from paperless processes to minimized manual tasks, increased transparency, centralized data, improved reporting, better user experience, and supplier integration.

## The route to market transformation: digitalizing sales and deliveries

This initiative aims to **digitalize product sales and service delivery processes** for end customers as well as sales and technical partners. Indeed, the technical complexity of the Group's solutions requires close **collaboration with the Group's partners along the entire value chain**, with the goal of providing end customers with the best experience in **purchasing, installation, and operation**.

This transformation initiative is enabled by the digitization of several processes and services, which will bridge the gaps on issues such as:

- **The collaboration with technical and commercial partners** and the management of the resulting information flow (Installers Portal, Technical Support Centre Portal, Designers Portal, Product/System Configurator);

- **The creation of skills and services in the Smart Home field**, leveraging cutting-edge techniques and technologies such as Data Science and Artificial Intelligence;

- **The marketing of products and services**, aimed at commercial partners (distributors), technicians (e.g., installers), and end customers.

The initiative will enable the Group to lay the foundations for even more advanced digitalization, which will culminate in the complete and efficient **integration of processes with the main partners**, with the aim of increasing the level of service offered to end customers and encouraging the installation of energy-efficient products.

### Cybersecurity

The **digital transformation requires continuously evolving standards of security**, in terms of infrastructure integrity as well as protection of software and the data stored. The Group's approach to cybersecurity tackles **“0 hours threats”**, cyber threats that by definition are unknown. Since it is not possible to rely on the detection of past threats, the Group's cybersecurity team has learned to **analyse real time data against an expected standard**

**behaviour on products and software data**. When non-standard behaviours are detected, the system generates an alarm. Moreover, in order to promote and strengthen awareness and responsiveness on the subject, the Group launched a 2-year **cybersecurity training program**, based on key digital internal resources and a Best Practice portal offering clear and actionable advice for building a culture of security within the organization.

