

Letter from the Executive Board



“While the whole world looks on in horror at the shocking images from Ukraine, our Ukrainian employees are not thinking of giving up. They continue to maintain intensive contact with our partners and end customers, and two of our colleagues, under their own initiative, are running our training centre in Kiev partly as a public kitchen for people in need. This commitment deserves our highest respect and recognition.”

Dr Peter Stadelmann
CEO of RATIONAL AG

**Dear Shareholders,
Customers and Business Partners,**

To further intensify communication with our shareholders, we are introducing the Quarterly Letter from the Executive Board, among other initiatives. We hope that this will be of benefit to you and look forward to your feedback.

The first three months of 2022 were very successful for RATIONAL. The quarter's sales revenues of 225 million euros were the second highest in the history of our company. Only in the last quarter of 2019 — with its habitual strong year-end business — did we generate even more sales revenues (231.1 million euros).

Even more encouraging was the level of new orders in the first three months of 2022. At around 300 million euros, this represents another record. Since the end of 2021, our new orders have benefited from the announcement of price increases and rising delivery times because of gaps in supplies. Each price adjustment is carefully considered at RATIONAL. Before passing higher costs on to our customers, we generally try to make improvements in our own operations. However, given the current circumstances, that was no longer possible to an adequate extent. As from 1 April 2022, we have therefore implemented worldwide price increases of 6% for our appliances, 9% for accessories and 15% for the cleaner. This prompted many customers to place orders by the end of the first quarter to take advantage of the still lower prices. This had a favourable effect on new orders in the first quarter. We expect new orders to normalise from April onwards.

While the order book already stood at 300 million euros at the balance sheet date, the order backlog as at 31 March 2022 went up to a total of 380 million euros. On the one hand, the growth in orders is encouraging as it highlights the high level of trust our customers have in our products and our company, even in difficult times. On the other hand, strained supply chains have pushed delivery times well above the level to which we aspire. Due to the high order volume, it will take a few months before our delivery times return to normal. We deeply regret this unpleasant situation for our end customers and are doing our utmost to improve it as soon as possible.

For about two years, our colleagues in purchasing, product development, production and sales have been working on solutions to reduce the negative impact of the supply crisis. From April onwards, we anticipate the situation in component procurement to ease significantly thanks to a second processor supplier. This will allow us to complete the partially finished appliances and ship them to our customers in the course of the coming months.

As difficult as the current situation may seem, it cannot compare to the horrific images we are getting from Ukraine. Words and images cannot express the extent of the suffering the people have to endure. We deeply condemn all military conflicts.

We employ six people in Ukraine and around 40 in Russia. We are glad to know that all the families of our Ukrainian employees are safely in Poland. Despite these conditions, our employees who have remained in Ukraine are not thinking of giving up. While our colleagues are maintaining intensive contact with our partners and end customers, two of our colleagues, under their own initiative, are running our training centre in Kiev in parallel, partly as a public kitchen for people in need. This commitment deserves our highest respect and recognition. In another humanitarian initiative, we are in the process of providing a kitchen container near Lviv with our partners, which will be used to feed up to 500 refugees.

Exacerbated by the Ukraine crisis, the high rate of inflation is a cause for concern. In view of the strong inflationary pressure, it is becoming increasingly important for our customers to improve the efficiency of their cooking processes. Highly efficient intelligent cooking appliances such as the iCombi and iVario help to save energy, raw materials, water, cleaner, space and working time — and ultimately money. Apart from cutting costs, lower consumption rates also help to save resources and protect the environment.

Another major challenge facing our customers is the impact of skill shortages in the catering sector. Many employees sought careers in other sectors during the coronavirus crisis. Many of them will not return to their previous jobs. For this reason, customers will increasingly have to change their menus and optimise their processes in order to maintain operations with fewer people or unskilled staff. Here the autonomous cooking appliances from our company can help to master this difficult situation.

A brilliant example is our customer Freson Bros., a supermarket chain in Canada. All its 16 branches use the iCombi Pro and some of them now also the iVario to prepare food. Food & Hospitality Manager Kyle Amos: "A RATIONAL appliance is an extra chef." See for yourself what this satisfied customer had to say in an [interview](#) about our intelligent appliances.

This unique benefit puts us in an excellent market position and will help us to convince even more customers of our products in the future. This is why we will continue in 2022 to invest in our future growth, especially at the production sites in Wittenheim and Landsberg am Lech. In the first quarter, these investments amounted to around 9 million euros. Most of this investment went into the new plant and customer and administration centre in Wittenheim.

After three out of twelve months, we expect that we can meet our forecast for full-year 2022. There are some risks, but also many opportunities. The greatest opportunity is the global free market potential of more than four million combi-steamer customers and over 1.5 million new customers for the iVario.

On behalf of the Executive Board and all employees of RATIONAL, I want to thank our customers and business partners for their loyalty and the trust and understanding they have shown. We will continue to do our utmost to offer them the best possible benefit.

Long-term, sustainable business relationships are particularly important in difficult times. We also want to thank you, our shareholders, for your trust.

With best regards

A handwritten signature in black ink, appearing to read "P. Stadelmann".

Dr Peter Stadelmann
CEO of RATIONAL AG