25 years of success on the stock exchange.

Thanks to innovation and stability.

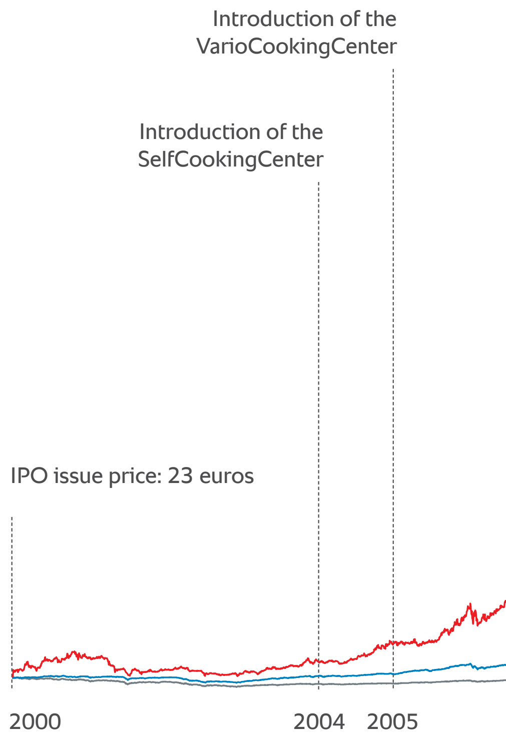
Annual Report
2024

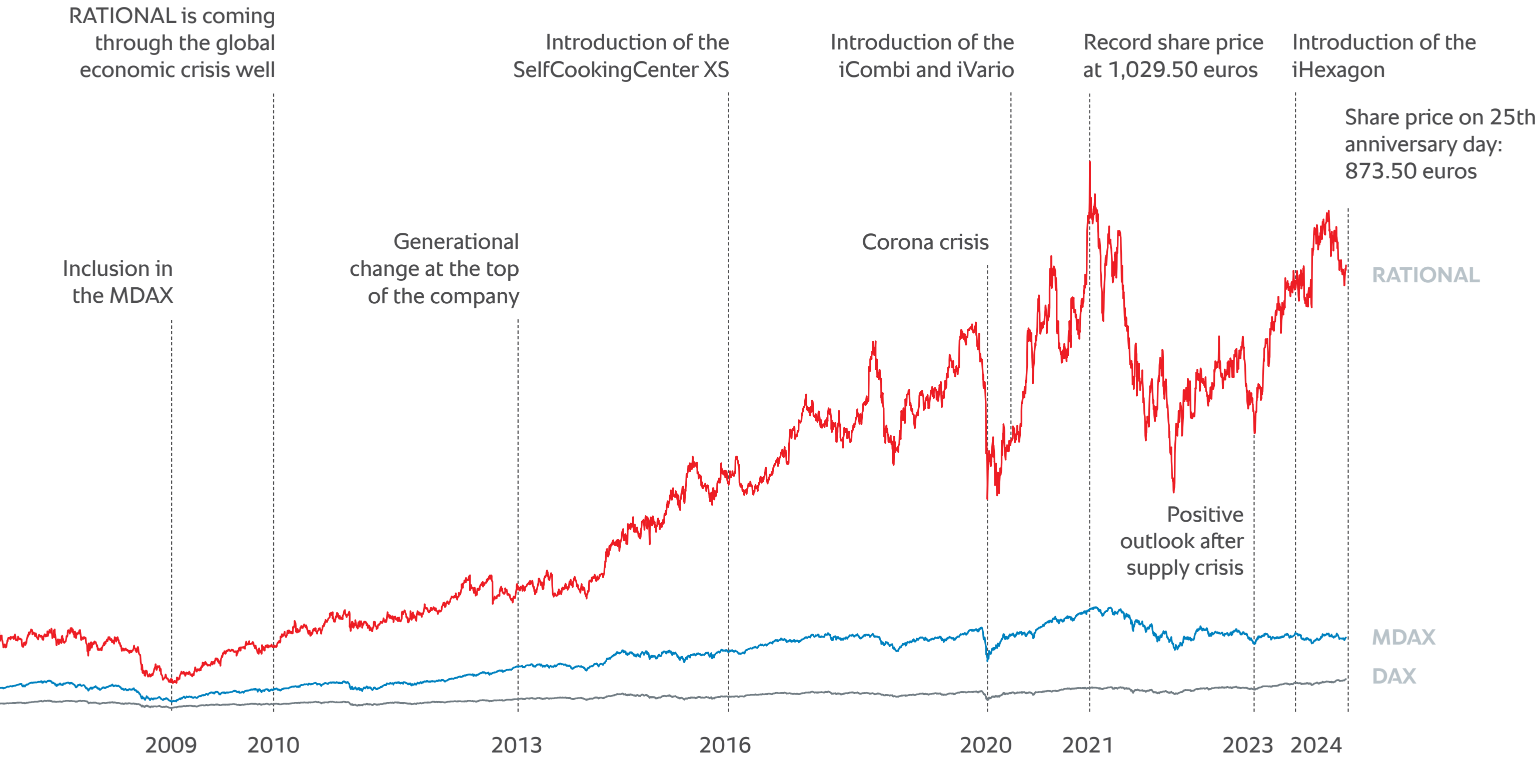
25 years on the stock exchange.

More bull than bear.

RATIONAL AG's success story on the capital market began 25 years ago. Despite initial scepticism, the value of our shares has risen by a factor of almost 40 over the years. Today, our shares are one of the best performers in the MDAX, and, in terms of market capitalisation, have managed to overtake many a large corporation. Even in difficult times like the financial crisis of 2008 or the coronavirus pandemic, our share price has always recovered. With a solid business model, innovative solutions, and a consistent focus on maximum customer benefit, we remain confident about our future. That makes RATIONAL a good investment for customers and investors.

More information at
rat.ag/share-25





RATIONAL is coming through the global economic crisis well
Introduction of the SelfCookingCenter XS
Introduction of the iCombi and iVario
Record share price at 1,029.50 euros
Introduction of the iHexagon
Share price on 25th anniversary day: 873.50 euros
Inclusion in the MDAX
Generational change at the top of the company
Corona crisis
RATIONAL
Positive outlook after supply crisis
MDAX
DAX
2009
2010
2013
2016
2020
2021
2023
2024

25 years of success on the stock exchange. Thanks to innovation and stability.

Thermal food preparation with RATIONAL

With a market share of around 50%, RATIONAL is the global market and technology leader when it comes to multifunctional solutions for thermal preparation of food in professional kitchens of the world. A key factor in our success is our uncompromising focus on customer benefit. The company's primary goal is: "We provide maximum benefit to the people preparing hot food in the professional kitchens of the world."

The main product is the iCombi Pro, a combi-steamer with intelligent cooking processes. Heat is transferred via steam and hot air. The software controls the cooking process until the desired result is achieved. The iCombi Pro replaces conventional cooking appliances like the grill, stove or oven. As a complementary product, RATIONAL offers the iVario, which cooks with contact heat or in liquid and can replace traditional cooking appliances like deep-fat fryers, boiling pans or tilting frying pans.

Fully in line with our philosophy of offering all our customers the best possible benefit, we continuously grow and develop as a company. Since 2024, RATIONAL has been offering the iHexagon for customers who value even faster preparation while retaining high food quality. In addition to steam and convection, the iHexagon also offers microwave technology as a third heat source, across all six levels at the same time, reducing cooking times by up to 30%. From the start of 2026, we will additionally offer a combi-steamer, which we are developing specifically for price-conscious end customers in the Chinese market.

Alongside our powerful, high-quality cooking systems, we offer a comprehensive range of services that enables our customers to make the best possible use of their cooking systems at all times. We provide a cloud-based connectivity solution with ConnectedCooking. Customers can use it to connect their cooking systems, monitor and control them remotely, update them, transfer cooking programs, and much more. In addition, we offer our customers other fee-based digital applications to optimise kitchen processes. We generate around 70% of our sales revenues with our multifunctional cooking systems, and the rest with accessories, care products, service parts, and services.

Our products are ideal for any organisation, from those preparing at least 20 warm dishes per meal to large catering operations serving several thousand meals per day. Our customer base ranges from restaurants and hotels to large-scale catering operations, such as company canteens, hospitals, schools, universities, military facilities, prisons and retirement homes, quick service restaurants, caterers, supermarkets, bakeries, snack outlets, butchers' shops, service stations and delivery services, including ghost kitchens, as they are known.

According to our estimates, the potential global market comprises around 4.8 million customers, of which around 25% currently use combi-steamers. The vast majority are still using conventional cooking technologies. Since, thanks to its cooking intelligence, the iCombi can replace not only conventional cooking technology but also the previous generation of combi-steamers, we see additional untapped market potential here. With around 1.6 million potential customers, we currently estimate the overall potential for the iVario to be lower. As the product has only been on the market for a few years, its market penetration rate is still very low. We therefore consider the opportunities for the iVario to be high as well. However, this huge untapped market potential will allow us to grow as we further penetrate the market and as demand for replacements rises.

The challenges of the past few years have had a lasting influence on our company and especially our customers. We are seeing more rapid changes within our customer groups (large-scale catering operations, restaurants with or without service, retail). Today we benefit from the fact that we tailored our business many years ago to a wide variety of customer groups and are now well prepared for these changes.

We believe that the potential of the market is high. The number of meals that have to be prepared worldwide continues to grow. And the places where they are prepared are changing. Many of the megatrends continue: population growth, urbanisation and rising prosperity continue unabated in some emerging economies. In-store cafés and restaurants, the delivery business and ghost kitchens have recorded growth in recent years.

It is part of our corporate philosophy to exploit this potential organically. We are often the trailblazers in developing new markets. This leads to increased brand recognition and makes a lasting contribution to consolidating and building on our position as the global market leader. We maintain a presence in over 120 countries through our own sales companies and independent sales partners.

One key foundation of our company's success is our focus on professional kitchens and on their core activity: cooking. Thanks to this specialisation, we can offer our customers ever better solutions and thereby continuously increase their benefit. Our products set standards for cooking intelligence, cooking quality, user-friendliness, resource efficiency and connectivity. They can perform practically all cooking processes. They can grill, steam, gratinate, bake, roast, braise, stew, poach, blanch, cook at low temperatures, deep-fry, and much more. As a result, they replace virtually all conventional cooking equipment in the professional kitchen and are winning over more and more customers worldwide.

Today, the combi-steamer from RATIONAL is considered one of the most important cooking appliances in a professional kitchen. We are regarded as a provider of innovative solutions, supplying high-quality, reliable products accompanied by an outstanding level of service quality. In line with our philosophy, customer satisfaction enjoys a particularly high priority at RATIONAL. This is why we are proud that our customer satisfaction survey regularly produces excellent results. With a current net promoter score of 60, our customer satisfaction level is significantly above the industry average. This result underscores once more our clear market lead.

Our customers are highly satisfied and loyal. RATIONAL cooking systems provide support in overcoming worsening staff shortages, greater demands for efficiency and stricter hygiene regulations. Another benefit is that, with our energy-efficient cooking systems, we help our customers to counter the high energy and food prices.

Another key success factor is the principle of the “Entrepreneur in the Company” (U.i.U.®). The U.i.U. entrepreneurs operate as independent business people within their own area of responsibility, make the necessary decisions independently and take responsibility for them, always with the focus on customer benefit. Even in challenging situations, our U.i.U. entrepreneurs have skilfully adapted to changing conditions and have done everything in their power to help our customers in the best possible way. At the end of 2024, we employed around 2,700 people, over half of whom are in Germany.

One result of the high level of customer and employee satisfaction is our positive financial performance. Our exceptionally healthy balance sheet and good liquidity position mean that even in times of crisis we can continue to foster innovation and take good care of our customers, business partners and employees. Our independence, endurance and freedom to act give us a decisive competitive edge and reflect our high level of commitment. We believe that growth rates in the mid to high single-digit percentage range, an EBIT margin of around 25 to 26%, an equity ratio of over 75% and a distribution ratio of around 70% of consolidated net profit are consistently achievable.

Our product portfolio

The entire product range must be measurable against one benchmark: customer benefit

The iCombi®
The Wow Effect.

The two combi-steamers, iCombi Pro and iCombi Classic, are successfully established in the market. The iCombi Pro is the intelligent combi-steamer with the greatest integrated cooking expertise on the market. Its main features are above all user-friendliness, safe kitchen processes and its reliable ability to produce the desired results, making this combi-steamer suitable for all users. The iCombi Classic on the other hand is a manual combi-steamer for trained chefs. Nevertheless, like the iCombi Pro, it stands for excellent food quality, time savings and solid security of investment, combined with high standards of hygiene. Both combi-steamers are produced at the company's headquarters in Landsberg am Lech and distributed worldwide.

The iVario®
The Game Changer.

The iVario is a multifunctional cooking system that is available as a one or two-pan appliance. In production, e.g., in large-scale catering operations, the two one-pan appliances replace appliances such as tippers, kettles and pressure cookers. Both two-pan appliances replace appliances and utensils such as stoves, pots, frying pans, pressure cookers and bain-maries in production and in service, e.g., in restaurants. The patented iVarioBoost heating system makes the iVario approximately four times faster and uses up to 40% less energy compared to conventional kitchen technology. This allows our customers to save on working time, space and appliances while still offering top-quality food.

The iHexagon®
Boost your business.

The iHexagon specialises in producing top food quality in record time. It achieves this by intelligently coordinating convection, steam, and microwave. It is the only appliance in the market that can distribute the three forms of energy evenly across all racks in the cooking chamber. Seamless monitoring and permanent support by the built-in cooking intelligence render any external intervention unnecessary. This new product category is intended for all those who have quality and speed in their DNA.

ConnectedCooking
Empower you kitchen.

ConnectedCooking allows digital access to RATIONAL's cooking systems and services. Appliance management includes software updates, an appliance dashboard and the MyDisplay configurator. The hygiene management system comprises HACCP documentation and shows cleaning and upkeep levels. And the recipe management system allows user to create recipes and transfer cooking programs to the cooking systems. For the professional kitchen, this means everything is under control, working processes are simplified, and time and money can be saved.

Key Figures

In m EUR	2024	2023 [1] adjusted	Change absolute	Change in %
Sales revenues by region				
Germany	124.1	122.2	+1.9	+2
Europe (excluding Germany)	490.6	460.6	+30.0	+7
North America	280.7	261.6	+19.1	+7
Latin America	79.5	68.1	+11.4	+17
Asia	152.6	156.2	–3.6	–2
Rest of the world	66.0	57.2	+8.8	+15
Sales revenues generated abroad (in %)	90	89	+1	–
Sales revenues by product group				
iCombi	1,056.1	1,007.7	+48.4	+5
iVario	137.4	118.1	+19.3	+16
Sales revenues and earnings				
Sales revenues	1,193.5	1,125.8	+67.7	+6
Cost of sales	486.9	487.2	–0.3	0
Gross profit	706.6	638.6	+68.0	+11
in % of sales revenues	59.2	56.7	+2.5	–
Sales and service expenses	264.8	254.3	+10.5	+4
Research and development expenses	66.0	52.6	+13.4	+25
General administration expenses	54.7	52.0	+2.7	+5
Earnings before financial result and taxes (EBIT)	314.2	277.0	+37.2	+13
in % of sales revenues	26.3	24.6	+1.7	–
Profit or loss after taxes	250.5	214.0	+36.5	+17
Earnings per share (in EUR)	22.03	18.82	+3.2	+17
Return on capital employed (ROCE)	39.1	38.9	+0.2	–
Cash flow				
Cash flow from operating activities	283.1	258.3	+24.8	+10
Cash-effective investments	31.6	34.6	–3.0	–9
Free cash flow [2]	251.4	223.7	+27.7	+12
Balance Sheet				
Total equity and liabilities	1,106.2	989.0	+117.2	+12
Equity	856.9	760.8	+96.1	+13
Equity ratio in %	77.5	76.9	+0.6	–
Employees				
Number of employees as at 31 Dec	2,736	2,554	+182	+7
Number of employees (average)	2,678	2,504	+174	+7
Key figures for RATIONAL shares				
Year-end closing price [3] (in EUR)	824.00	699.50	+124.50	+18
Market capitalisation [3] [4]	9,368.9	7,953.0	+1,415.9	+18

1 The previous year's comparative figures have been restated retrospectively in accordance with IAS 8 (see "Consolidation methods and significant accounting policies – Deferred taxes").
2 Cash flow from operating activities less capital expenditures
3 Xetra
4 As of balance sheet date

Contents

Notes:
The editorial deadline for this report was 7 March 2025.

In tables, due to rounding differences, the sum of the individual values shown may not correspond to the total sum shown.

Management Report of the RATIONAL Group for Fiscal Year 2024

Contents

The charts on pages 10 to 34 and the table on page 18 are not part of the audited Group Management Report of RATIONAL AG.

Group Management Report

Fundamental information about the Group

The Group's business model

The Group's organisational structure and sites
The Group's parent company is RATIONAL Aktiengesellschaft (RATIONAL AG), whose registered office is located in Landsberg am Lech, Germany. Alongside RATIONAL AG, the Group comprises 32 subsidiaries, of which 22 are sales companies. Through the sales companies and local trading partners, the Group markets its products in almost all regions of the world. It also has production and development sites in Germany (Landsberg am Lech, Bavaria) and France (Wittenheim, Alsace). Another production and development site is currently being built in China (Suzhou, Greater Shanghai).

Products and services
The RATIONAL Group provides products and solutions for thermal food preparation in professional kitchens. Around 69% (2023: 70%) of sales revenues were generated in the past fiscal year through the sale of cooking systems.

We generate most of our sales revenues with combi-steamers with intelligent cooking profiles and the iCombi Pro model. Combi-steamer technology involves transferring the heat during cooking via steam, hot air or a combination of the two. The cooking intelligence of the iCombi Pro detects the temperature, size and consistency of the food and controls the cooking process until the cooking result specified by the user is attained. In addition, we offer our customers a basic combi-steamer model, the iCombi Classic. Both models are produced at the company's headquarters in Landsberg am Lech and distributed worldwide. From the end of 2025, a cooking system designed specifically for the Chinese market will be produced in Suzhou, China.

The technology we offer in the iVario complements that of the combi-steamer. The iVario uses direct contact heat for boiling, frying, deep-frying and (pressure) cooking and is therefore able to replace conventional cooking appliances such as tippers, kettles, fryers, and pressure cooker braisers. The iVario is produced in Wittenheim and distributed worldwide.

Since March 2024, we have also offered the new iHexagon in selected markets. It is the first cooking system on the market that combines the three forms of energy – convection, steam, and microwave – for cooking on all six levels at the same time. Through the additional use of microwave technology, it achieves significantly shorter cooking times while retaining high food quality.

We generated around 31% (2023: 30%) of sales revenues in the past fiscal year with accessories, service parts and services for our combi-steamers and the iVario, as well as with care products for combi-steamers.

ConnectedCooking is our digital kitchen management system, comprising a free, cloud-based connectivity solution. Our customers can use it to connect their cooking systems, control them remotely, update their software, get inspiration from recipes, transfer cooking administration programs, and manage hygiene data.

Our customers can additionally benefit from a large range of free and fee-based services. These include the free-of-charge iCombi and iVario live events, the Academy RATIONAL and expert kitchens in our training centres, at trade fairs or on site at our customers. There was again strong demand for digital formats, such as webinars, live streams and uploaded videos, in the year under review. We also provide our customers with expert tips on our ChefLine. Fee-based consulting offerings include Academy events on specific topics and in-depth process consulting as part of post-installation support at the customer.

Segments
We report the following regional segments in accordance with the RATIONAL Group's internal control system:

- DACH (Germany, Austria, Switzerland)
- EMEA (Europe, Middle East, Africa)
- North America
- Asia North (China, Japan, Korea)
- Other segments (Latin America, Asia South)

Markets, customers and competitive situation
Our products are targeted at commercial kitchens and businesses of all kinds that prepare at least 20 hot meals per service. The customer base ranges from restaurants and hotels, large-scale catering operations such as company canteens, hospitals, schools, universities, military facilities, prisons and retirement homes right through to ghost kitchens, quick service restaurants, caterers and delivery services, as well as supermarkets, bakeries, snack outlets, butchers' shops and service stations.

To make headway into the enormous untapped potential in the global market, we are expanding our global sales, marketing and service network organically, step by step. In addition to higher penetration of already well-developed markets, we are also addressing the growing potential presented by emerging markets.

We generated a total of around 54% (2023: 54%) of our sales revenues in the DACH and EMEA segments in the past fiscal year. In 2024, the North America and Asia North segments accounted for around 25% (2023: 26%) and 10% (2023: 11%) respectively of sales revenues. Other segments were responsible for 10% (2023: 10%) of sales revenues.

We estimate that there are around 100 manufacturers of competitor products worldwide. Our market and competitive structure and the competitive situation vary from country to country.

Legal framework
The legal framework relevant to us is described in the risk report.

Other than the above, there were no other changes in the 2024 fiscal year to the legal framework with a material impact on our business.

Strategy and objectives
Our success story stands on four main pillars:

1. Focus on large and commercial kitchens
2. Specialising in thermal food preparation
3. Maximum customer benefit as our primary corporate aim
4. U.i.U. (Entrepreneur in the Company) stands for success

These sources of success have been firmly entrenched in our corporate philosophy for decades.

Focus on large and commercial kitchens
We focus on a clearly defined target group, namely all the people preparing hot food on a commercial basis. With our own chefs now working in these customer-oriented functions, we are the company of chefs and for chefs.

Specialising in thermal food preparation
We see ourselves primarily as a solution provider rather than an appliance manufacturer. Our aim is to provide innovative products and services that lighten the daily workload of our customers and improve their sustainability.

Maximum customer benefit as our primary corporate aim
Always offering our customers the maximum benefit is our primary corporate aim. In addition to the sale of our products, our customers benefit from a comprehensive service offering during the entire business relationship.

U.i.U. (Entrepreneur in the Company) stands for success
A key factor in the high levels of motivation and sustained satisfaction of our employees has been the principle of Entrepreneur in the Company (U.i.U.). The U.i.U. entrepreneurs operate as independent business people within their own area of responsibility. As a result, employee management and working methods at RATIONAL have a decentralised management structure, high levels of personal responsibility and self-organisation.

To accommodate the social trend towards greater sustainability and climate protection, we expanded our corporate strategy in 2023 by adding a sustainability strategy.

Planning and control system

Financial key performance indicators
The table below shows the financial key performance indicators (KPIs) for all the regional segments of the RATIONAL Group. With these indicators, we can detect inefficiencies and make the necessary adjustments at an early stage.

Financial key performance indicators

Sales/sales revenue growth	EBIT margin (ratio of EBIT to sales revenues)
Group gross margin	ROCE (Return on capital employed)
Operating expenses	Group DSO (days sales outstanding)
EBIT (earnings before financial result and taxes)	Group equity ratio

Non-financial key performance indicators
In view of the varied nature of the sales and customer loyalty measures, we use the global customer satisfaction as a key performance indicator to inform our management actions. We measure the satisfaction of our customers together with an independent service provider using the net promoter score (NPS), a metric known internationally. The NPS expresses the extent to which satisfied customers are prepared to recommend our products to friends or business partners. High scores of 9 or 10 are awarded by those customers who intend to make a positive recommendation. They are considered to be active promoters. Scores of 7 or 8 are considered as passive scores, and a rating of 6 or lower is referred to as a detractor. This index is shown on a scale of –100 to 100. The NPS is determined every two years. The potential areas for improvement identified by our customers surveyed are specifically addressed in dedicated projects between survey dates. The aim is to consolidate and increase customer satisfaction for the long term. The aim of the subsequent survey is firstly to determine the success of these projects and secondly to establish what areas for improvement continue to exist.

Energy is a substantial cost factor for our customers, but also plays a critical role for many in attaining their sustainability targets. For this reason, energy efficiency is an important objective for the products and services of the RATIONAL Group. In terms of our ecological footprint, the current combi-steamer series has had to meet the new, even more ambitious criteria stipulated for the US Energy Star since January 2023. As in previous years, this is a relevant non-financial key performance indicator. It was met in fiscal year 2024.

The KPI for employee satisfaction is the staff turnover rate, which is determined monthly across the Group.

Research and development
We place a special focus on research and development and keep launching innovative technologies on the market at regular intervals. It includes physicists for fundamental research, chefs and nutritionists for applied research and development, as well as engineers in various disciplines. We had a total of 293 employees (2023: 246 employees) in this area throughout the Group as at the balance sheet date.

In 2024, we spent 67.0 million euros (2023: 59.5 million euros), or 6% of sales revenues (2023: 5%), on researching and developing new solutions and improving the performance and sustainability of our products and services. Of this total, 66.0 million euros (2023: 52.6 million euros) were recognised as an expense in the statement of comprehensive income. 1.0 million euros (2023: 6.9 million euros) were capitalised as intangible assets, since the requirements of IAS 38.57 for capitalisation were met. The capitalised development costs will be amortised over their respective useful lives from the time production or service provision commences. In fiscal year 2024, amortisation charges on capitalised development costs amounted to 3.7 million euros (2023: 1.0 million euros).

The result of our development efforts of recent years was that we were able to launch a completely new product category in three selected markets in March 2024. The new iHexagon is the first cooking system on the market that perfectly combines the three forms of energy – convection, steam, and microwave – for cooking on all six levels at the same time.

In addition, our pioneering iCareSystem AutoDose was recognised in the “Technology & Equipment” category at Internorga, one of the leading trade fairs for the out-of-home catering market. The five judges on the jury praised our innovative cleaner storage system as a path-breaking solution that is setting new standards in the market. In particular, the judges highlighted that the iCareSystem AutoDose, the first cleaning system that can store solid cleaning products, makes everyday work in the professional kitchen easier and minimises occupational risk, while at the same time contributing significantly to reducing waste compared to conventional cleaning methods.

Our innovations are currently protected by more than 600 patents, patent applications and registered designs.

Employees and human resources development

As a growing company with a strong financial standing, we continually invest in our employees – or, as we refer to them, “Entrepreneurs in the Company” (U.i.U.s).

The number of employees in the Group rose by 182 in 2024 from 2,554 to 2,736 (as of 31 December 2024). Of these, 1,548 (2023: 1,465) were employed in Germany.

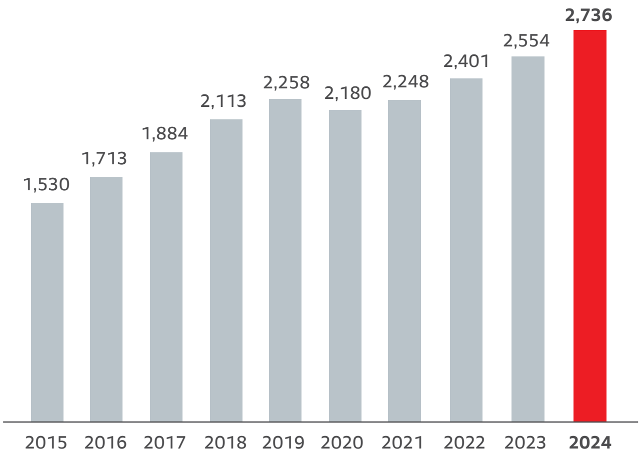
We see the focussed promotion of young, talented employees as an important building block for the company’s sustained successful development and fitness for the future. Qualified vocational training enjoys a very high priority at the RATIONAL Group. We currently employ 82 apprentices in the following disciplines: industrial business managers, warehouse logistics, industrial technicians, mechatronics engineers, metal technology, chefs and IT specialists. 47 employees are on dual courses of study, combining studies with practical experience in computer science, computer engineering, mechatronics, engineering, international business, food technology, systems engineering, business informatics and various Master’s courses. Another 36 employees were participating in a technical, business administration or sales-oriented young talent programme as at the balance sheet date.

Staff loyalty and satisfaction are at a high level, a sign of the bond and commitment of our employees. Staff turnover was just 7% worldwide (2023: 6%).

Remuneration and employee benefits

Wage and salary adjustments in Germany are based on the wage increases negotiated by the IG Metall union and inflation. In July 2024, we increased the salaries of our workforce by 3% on average throughout the Group. In Germany, an additional inflation premium was paid. We pay an additional Christmas bonus and holiday allowance and also provide a voluntary performance-related annual bonus as well as additional benefits, such as meal and travel allowances, subsidies for fitness programmes and long-service bonuses.

Number of employees



Status: 31 December of each year.

Non-financial consolidated report in accordance with Sections 315b and 315c of the German Commercial Code (HGB)

Disclosures on environmental, employee, social and customer concerns, respect for human rights (see UK Modern Slavery Act Statement) and combating corruption and bribery – over and above the information provided in this Group Management Report – can be found in the 2024 non-financial consolidated report of RATIONAL AG. This report is subjected to a voluntary assurance engagement with limited assurance by an independent auditor in accordance with ISAE 3000 (Revised). It will be published by the deadline of 30 April 2025 under rat.ag/publications.

Significant events in fiscal year 2024

Investing in the future

In Wittenheim, the development and production location for the iVario, construction of a customer centre, an administration building and a production facility began in mid-April 2021. The total investment volume is around 35 million euros. Of this amount, 5 million euros was incurred in 2024. Events in the reporting period included the occupation of the new office premises as well as the opening of the new staff restaurant and the new training centre. After delays caused by construction issues, production of the iVario is to start in the new assembly hall from the second half of 2025 onwards.

In fiscal year 2023, construction started on another production and development site in Suzhou (Greater Shanghai) in China. There, we will produce a combi-steamer that is tailored to the needs of customers with less purchasing power. Production is planned to start at the end of 2025 and marketing is to follow at the beginning of 2026. Preparations in the year under review went according to plan.

Moreover, at our headquarters in Landsberg am Lech, work started on the new distribution centre for service parts. Responding to rising demand, we are investing around 60 million euros in this project. A fully automated order-picking high-bay warehouse is under construction. Completion is expected at the end of 2026.

Market launch of the iHexagon

Following the two revolutionary new products launched in the company's history, the combi-steamer in 1976 and the VarioCookingCenter in 2005, we unveiled our next major innovation in 2024. After 10 years of intensive research and development, we achieved the combination of three types of energy – convection, steam, and microwave – simultaneously on all racks and thus the introduction of an all-new product category. As was the case with the first SelfCookingCenter from 2004 and in the iCombi Pro today, the iHexagon intelligently controls the combination of the three types of energy, thereby improving and guaranteeing the cooking result. The iHexagon was launched in selected markets in March 2024. Through the additional use of microwave technology, it cuts cooking times by up to 30% while retaining high food quality and capacity. It therefore gives us access to new customer groups requiring faster cooking times as well as high food quality and large volumes.

Economic report

Macroeconomic and sector-related framework

Economic growth slowed by geopolitical uncertainty: global economy grows by 3.2% in 2024
The International Monetary Fund (IMF) estimates growth of 3.2% for the fiscal year under review. Economic output in industrialised countries expanded by about 1.7% in 2024, while emerging countries recorded year-on-year growth of 4.2% (Source: IMF, World Economic Outlook, January 2025.)

Mixed commercial outlook for the catering and food service sector
The encouraging performance of the catering and food service sector continued in 2024. We nevertheless saw differences among the various regions, which were also reflected in the performance of our business.

The hospitality sector in Germany, for example, is battling major challenges. Restaurateurs face significantly higher costs and lower average meal spend, while price increases are causing strong resentment among price-sensitive customers. This has led to a drop in business for traditional restaurants, while sales revenues of system catering and fast-food chains have recorded strong growth. ("These six diagrams show how many restaurants are suffering", Handelsblatt, February 2025.) In contrast, the out-of-home business is flourishing in new markets such as India, with enormous increases in sales revenues. (Source: Out-of-home snacks and drinks growth driven by more trips and volume, Kantar, July 2024.) In the United States, too, there is an unbroken trend of increasing out-of-home spending by consumers, and this kind of spending accounts for a growing share of total food spending. (Source: U.S. Consumers Increased Spending on Food Away From Home in 2023, Driving Overall Food Spending Growth. USDA, October 2024.) In the UK, on the other hand, many catering businesses have their backs to the wall. About 20% of them are now reporting negative equity, and about 10% of them face insolvency. (Source: More than one in 10 restaurants facing "imminent risk of closure", Restaurant Online, November 2024.)

The hospitality sector has had to contend with serious skills shortages for a long time – a challenge that is threatening its growth and operating efficiency. Between 10% and 20% of vacancies in the European hospitality sector remain unfilled because there are not enough qualified applicants. In the United States, the hospitality sector is complaining of large numbers of professionals leaving their jobs. Although recruitment of new workers has more than offset the loss due to the high number of job leavers, it is the departure of qualified personnel that is felt most keenly. In Europe, too, many employees in the hospitality sector, especially those under the age of 25, have below-average qualifications. (Sources: Skills Shortages in the EU, Statista, November 2024; Understanding America's Labor Shortage: The Most Impacted Industries, U.S. Chamber of Commerce, December 2024.)

Since 2022, the restaurant and catering sector has faced further challenges. Despite their recovery from the extreme highs seen in 2022, energy and commodity costs, which have been rising for several years, remain at an elevated level and are putting increasing pressure on operators. (Sources: FAO Food Price Index (FFPI), Food and Agriculture Organization of the United Nations, January 2025; Harmonized Index of Consumer Prices (HICP) for food and non-alcoholic beverages [...], Statista, January 2025; Global price of Energy index, St. Louis FED, January 2025.)

According to our observations, the catering sector continues to respond to these trends with price increases, shorter opening hours, menu adjustments and a scaled-back service offering. The pressure to rationalise remains high and boosts the use of multi-functional cooking systems.

Management's assessment of the economic situation

Despite the current economic uncertainty in individual regions as well as geopolitical changes and conflicts, the Executive Board deems the RATIONAL Group's global economic and market situation to be very good in the medium to long term.

As a Group without financial debt, with a large liquidity reserve, flexible cost planning and large free market potential for an offering that is positioned close to a basic human need, we are well prepared for any currently conceivable macroeconomic scenario. This gives us adequate room to manoeuvre and the independence to take business decisions. Our organisation remains lean and resilient.

We monitor economic developments in our principal markets very carefully. How and where meals are prepared and eaten is changing, but food continues to be made and consumed away from home. Our products are used by both customer groups: those that suffer from the effects of inflation as well as those benefiting from it. Higher prices for out-of-home meals are changing the consumption behaviour of people. Demand for out-of-home catering is often shifting towards cheaper providers. This means that, although less costly alternatives are sought in many cases, the number of meals produced remains at a high level.

The restaurant and the catering sector has been under mounting pressure ever since the coronavirus crisis. Examples include a decline in the number of qualified kitchen staff, increasingly tighter hygiene regulations and greater demands for efficiency in response to cost increases. This situation continued to worsen in some areas during the year under review.

This trend encourages customers to replace traditional kitchen equipment with sustainable, efficient and intelligent cooking technology. Our multifunctional cooking systems make an essential contribution to energy and resource efficiency in large kitchens. Our cooking systems benefit from intuitive operation and continuous enhancements to cooking intelligence. The purpose of this intelligence is to make it easier both to prepare food and to clean the cooking systems and keep hygiene management records.

We believe that the launch of the new iHexagon in March 2024 and the planned start of sales of the entry-level appliance in China at the beginning of 2026 put us in an even better position to meet the range of requirements of different customer groups. In this way, we are firstly meeting the needs of customer groups for even greater speed compared to the iCombi, while maintaining cooking quality. Secondly, we are expanding our target group by adding price-sensitive customers in the high-potential, medium-sized cities in China.

Development of the business in 2024

Earnings situation

Sales and order trends

The number of cooking systems sold in fiscal year 2024 rose by 3%.

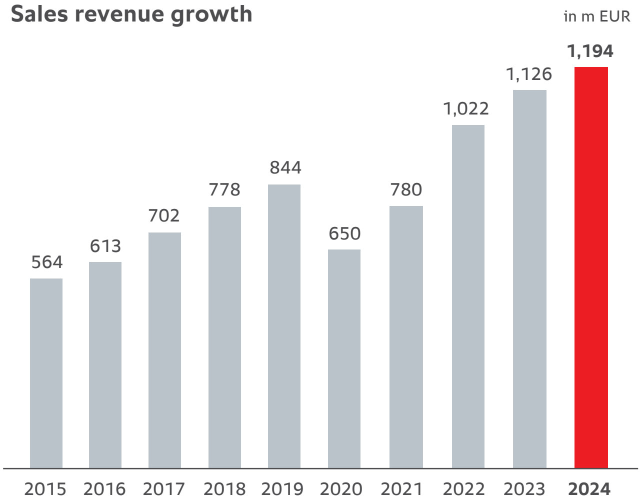
The number of iCombi systems delivered in 2024 was up slightly on the previous year (+1%). After consolidation in 2023, the number of iVario units sold in the reporting year increased by 19%.

In the course of 2024, orders on hand were between around 9,000 and 10,000 cooking systems, or around 100 to 120 million euros. This means that the order situation has stabilised on a forward order book at slightly above pre-crisis levels.

Sales revenue performance

Sales revenues exceeded the prior-year figure by 6%, growing to 1,193.5 million euros in fiscal year 2024 (2023: 1,125.8 million euros).

Sales revenue growth



The table below shows the breakdown of sales revenues by quarter.

Sales revenues by quarter

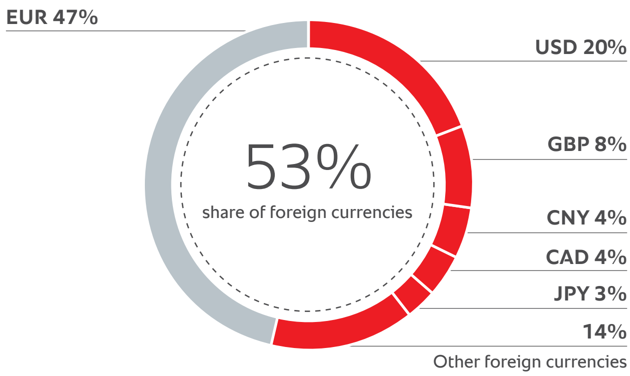
in m EUR	2024	2023	Change 2024/2023 in %
1st quarter	**286.4**	282.4	+1
2nd quarter	**294.8**	278.3	+6
3rd quarter	**294.2**	272.3	+8
4th quarter	**318.0**	292.8	+9
Full year	**1,193.5**	**1,125.8**	**+6**

In addition to sales growth for the iVario and the increasing after-sales business, the lag effects of the price increases also contributed to sales revenue performance.

The after-sales business with service parts, care products, accessories and services expanded by about 10% in 2024 and therefore made an important contribution to growth. As a proportion of total sales revenues, the after-sales business increased again, to 31% (2023: 30%).

In the 2024 fiscal year, we generated 53% of our sales revenues in foreign currency (2023: 54%). The most important currencies were the US dollar (20% of sales revenues), pound sterling (8%), the Chinese yuan (4%), the Canadian dollar (4%), and the Japanese yen (3%). Exchange rate effects had only a slightly adverse effect on sales revenues. Negative factors included above all the appreciation of the euro against the Japanese yen and the Brazilian real. Other negative effects came from movements in the exchange rates of the Mexican peso and the Canadian dollar. Pound sterling, the US dollar, the Swiss franc and the Polish zloty made a noticeably positive contribution. Sales revenue growth after adjustments for exchange rate movements was around 6%.

Share of foreign currencies in 2024



In the iCombi product group, we achieved a new sales revenue record of 1,056.1 million euros in 2024 (2023: 1,007.7 million euros), a 5% increase over the previous year. The main reason for the somewhat smaller rise for the iCombi compared to the Group as a whole was the slight decline in sales revenues in Asia, where a major contract had caused the year 2023 to end at a very high level. Following the slight drop in the previous year, sales revenues in the iVario product group rose by 16% to 137.4 million euros in 2024 (2023: 118.1 million euros). The iVario benefited not only from good performance in its home market of France but also from its rising popularity in Eastern Europe and the overseas regions.

Differences between regional segments – growth driven by North America

Despite economic challenges, especially in Germany, sales revenues in the DACH segment, which amounted to 169.0 million euros, were around 2% higher than in the previous year (2023: 166.3 million euros). In our home market of Germany, the business situation improved from quarter to quarter, with a slight increase in sales revenues of 2% overall.

The EMEA segment generated sales revenues of 476.6 million euros (2023: 445.8 million euros), 7% more than in the previous year. The two largest individual markets, the UK and France, expanded by 4% and 6% respectively. In addition, contributions to segment growth came particularly from our markets in Eastern and Southeastern Europe, which increased sales revenues by around 20%.

Segments in 2024

in m EUR	DACH	EMEA	North America	Asia North[1]	Other segments	Total of segments	Reconciliation[2]	Group
Segment sales revenues	**169**	**477**	**299**	**119**	**122**	**1,186**	**8**	**1,194**
Segment profit	**39**	**128**	**87**	**24**	**33**	**311**	**3**	**314**
Sales revenue growth	**2%**	**7%**	**4%**	**−4%**	**8%**	**4%**	**–**	**6%**
Profit margin	**23%**	**27%**	**29%**	**20%**	**27%**	**26%**	**–**	**26%**

Segments in 2023

in m EUR	DACH	EMEA	North America	Asia North[1]	Other segments	Total of segments	Reconciliation[2]	Group
Segment sales revenues	166	446	289	124	113	1,138	−12	1,126
Segment profit	40	113	76	25	28	282	−5	277
Sales revenue growth	−2%	6%	39%	31%	24%	16%	–	10%
Profit margin	24%	25%	26%	20%	24%	25%	–	25%

1 As from this fiscal year, the “Asia North” segment is internally reported separately from the “Asia South” segment, which is now included in the “Other segments” column. Further details can be found in note 24: “Operating segments” in the notes to the consolidated financial statements.
2 Reconciliation includes the total of corporate departments and reconciliation. See note 24.

Sales revenues in the North America segment were 4% higher than in the previous year, at 299.2 million euros (2023: 288.6 million euros). The increase was driven by similarly good business performance in the United States and Canada.

Sales revenues in the Asia North segment were 118.8 million euros in the past fiscal year, 4% lower than in the previous year (2023: 123.9 million euros), China was down around 15% on the previous year, which had seen a particularly strong figure because of a major key-account order. In contrast, Japan, the second major market in the region, expanded by 17%.

In the Other segments (Latin America, Asia South), sales revenues in 2024 amounted to 122.3 million euros, 8% more than in the previous year (2023: 113.1 million euros). While Latin America recorded growth of more than 20%, sales revenues in the South Asian markets were slightly lower – after in some cases very strong rates of expansion in the previous year.

Consolidated gross margin of 59%

In the course of the year under review, commodity and logistics costs stabilised at a lower level than in the previous year and therefore had a beneficial impact on the consolidated gross margin (ratio of gross profit to sales) in the reporting period. Significant beneficial factors affected stainless steel, chemical and energy costs in particular. As a result, cost of sales was almost unchanged from the previous year, at 486.9 million euros (2023: 487.2 million euros). In addition, positive lag effects of the price increases of recent years had a beneficial impact on gross profit and the gross margin.

This development was also evident in the development from quarter to quarter. After 58.5% in the first quarter of 2024, the gross margin rose to 59.3% in the second quarter and maintained a high level of 59.0% and 59.9%, respectively, in the third and fourth quarters of 2024. This resulted in a consolidated gross margin of 59.2% for fiscal year 2024 (2023: 56.7%).

26% EBIT margin

While cost of sales was virtually unchanged, operating costs (total of sales and service expenses, research and development expenses and general administration expenses) rose by 7%, and therefore slightly faster than sales revenues, as expected. Total operating costs amounted to 385.5 million euros in the year under review (2023: 358.9 million euros).

Cost and earnings structure

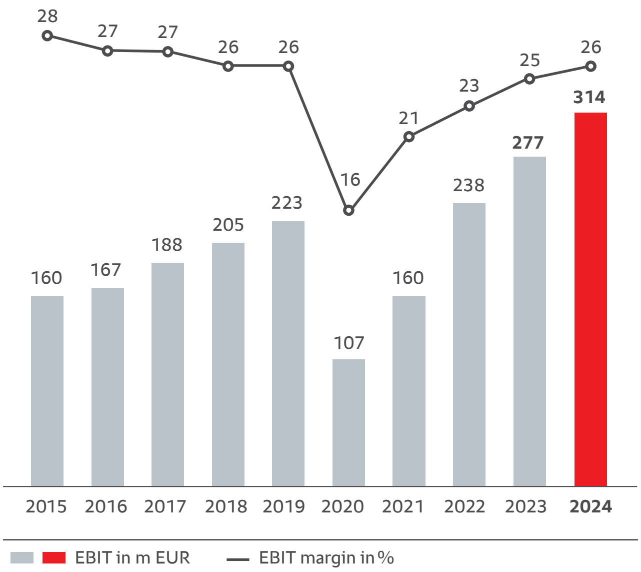
in m EUR	2024	in % of sales revenues	2023	in % of sales revenues
Sales revenues	**1,194**		1,126	
Cost of sales	**487**	**41**	487	43
Sales & service	**265**	**22**	254	23
Research and development	**66**	**6**	53	5
Administration & other*	**62**	**5**	55	5
EBIT	**314**	**26**	277	25

* Includes net currency gain or loss.

Operating costs in sales and service stood at 264.8 million euros (2023: 254.3 million euros), a year-on-year increase of 4%. In particular, personnel costs for sales and sales-related functions were increased specifically. In addition, there were above-average increases in costs for sales activities such as trade fairs and customer events, as well as for business travel. In contrast, logistics costs benefited significantly from lower freight charges.

In the past fiscal year, the cost of enhancing our technologies and products in research and development amounted to 66.0 million euros (2023: 52.6 million euros), an increase of 25%. The large increase is mainly attributable to development costs capitalised in the previous year. In 2023, intangible assets of 6.9 million euros were recognised as assets, with a corresponding reduction in costs; this item had amounted to only 1.0 million euros in 2024. Adjusted for this effect, the increase is 13%. The rise was driven by higher personnel costs due to the intentional increase in staff.

EBIT development and EBIT margin



General administration expenses went up by 5% to 54.7 million euros (2023: 52.0 million euros), driven especially by higher personnel and IT costs.

In the year under review, we incurred net currency losses of 9.4 million euros (2023: net currency losses of 4.5 million euros). This was attributable to the depreciation of the Brazilian real and the Mexican peso against the euro as well as negative measurement effects from hedges of US dollar and pound sterling exposures.

At 314.2 million euros (2023: 277.0 million euros), EBIT was 13% up on the previous year. The EBIT margin was 26.3% (2023: 24.6%). Adjusted for exchange rate movements, the EBIT margin would have been 27.2%.

Profit before tax amounted to 325.9 million euros (2023: 284.0 million euros). Compared with the previous year, the main driver here was the higher financial result of 11.7 million euros (2023: 7.0 million euros), which benefited from higher interest on deposits.

The absolute tax expense was 75.4 million euros (2023: 70.1 million euros). The consolidated tax rate for the past fiscal year stood at 23.1% (2023: 24.7%) The tax expense of fiscal year 2023 was adjusted by 1.8 million euros to 70.1 million euros due to the retrospective recognition of deferred tax assets. More detailed information can be found in “Consolidation methods and significant accounting policies – Deferred taxes” in the notes to the consolidated financial statements. This resulted in a 17% increase in consolidated net profit to 250.5 million euros for the year (2023: 214.0 million euros) with a net margin of 21.0% (2023: 19.0%).

Return on capital employed (ROCE)

The financial criterion for managing the company's lasting profitable growth is return on capital employed (ROCE) at Group level. It is used as a key performance indicator for the non-current component (LTI) of Executive Board remuneration (three-year target). The indicator is defined as:

$$\text{ROCE} = \frac{\text{EBIT}}{\text{Average equity + average interest-bearing borrowings + average pension provisions}}$$

At 39.1%, ROCE in fiscal year 2024 was similar to the previous year (38.9%).[3]

Net assets and financial position

Financial strategy: putting security before return

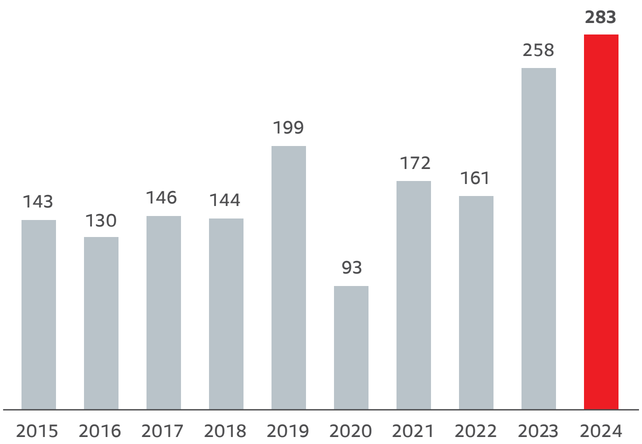
The core objective of RATIONAL's financial strategy is financial independence and short-term capacity to react to market changes. We put security before return. The key components of financial management are the management of capital structure, financial assets and money deposits, currency risk management, receivables management and the management of liquidity for the Group as a whole.

Because we always have sufficient liquidity, we are not dependent on lenders. This enables us to make rapid business decisions, even in uncertain economic times. We finance our growth exclusively from our own resources and keep liquidity in reserve at all times in case of unexpected economic risks.

When it comes to investing liquid assets, we put capital maintenance before return. We therefore deliberately forego higher returns and avoid risky cash investments. For this reason, we invest in primarily euro-denominated fixed-term and demand deposits with short maturities at banks with an investment grade rating.

We also ensure that our shareholders adequately participate in the success of the company. In recent years, we have on average distributed approximately 70% of our consolidated net profits as dividends.

Cash flow from operating activities



Cash flow statement

Because of the low level of capital intensity of our profitable business model, combined with little vertical integration and efficient receivables management, we are able to maintain our cash flows from operating activities at a consistently high level.

In fiscal year 2024, they amounted to 283.1 million euros (2023: 258.3 million euros). The increase in operating cash flow is mainly due to the higher profit after taxes. While stable inventories in 2024 did not influence cash flows, the previous year's significant decrease still had a positive effect of 12.1 million euros. The stronger increase in trade accounts receivable and other assets than in the previous year had a reductive effect on cash flows. On the other hand, a sharper rise in provisions, trade accounts payable and other liabilities than in the previous year drove up cash flows. On aggregate, the two effects approximately offset each other.

In fiscal year 2024, the cash flow from investing activities stood at −102.7 million euros (2023: −161.7 million euros). This includes, among other items, cash outflows for investments in property, plant and equipment and intangible assets of 31.6 million euros (2023: 34.6 million euros). They relate mostly to the expansion and maintenance of the Landsberg and Wittenheim locations and the new production facility in China.

In addition, there were new fixed-term deposits with original maturities of more than three months in a (net) amount of 82.2 million euros (2023: new deposits of 133.2 million euros). Interest income from financial assets amounted to 11.1 million euros in 2024 (2023: 5.6 million euros).

3 ROCE for both 2023 and 2024 is based on the indicators reported. The above-mentioned retrospective adjustment of fiscal year 2023 was not taken into account in the calculations.

According to our definition, free cash flow is calculated by deducting the cash flow for investments in non-current assets from the cash flow from operating activities; it amounted to 251.4 million euros in the past fiscal year (2023: 223.7 million euros).

Cash flow from financing activities reflects primarily the dividend distribution and lease payments. In the year under review, we paid dividends of 153.5 million euros to our shareholders for the 2023 fiscal year. In addition, we made lease payments (IFRS 16) of 11.3 million euros (2023: 10.0 million euros) and paid interest of 1.4 million euros. In total, the cash flow from financing activities stood at –166.2 million euros (2023: –165.6 million euros).

Cash flow

in m EUR	2024	2023	Change
Cash flow from operating activities	**+283**	+258	+25
Cash flow from investing activities	**–103**	–162	+59
Cash flow from financing activities	**–166**	–166	0

High level of liquidity

At 501.6 million euros, the balance of cash, cash equivalents and deposits as at the end of the year under review was significantly higher than the prior-year figure (2023: 402.7 million euros). Cash and cash equivalents and short-term deposits represented 45% of total assets (2023: 42%). In addition, we had unused credit lines amounting to 107.0 million euros as at the balance sheet date (2023: 94.9 million euros), including credit lines of 85.0 million euros with contractual maturities.

Dividend of 15.00 euros proposed

Our shareholders will again have an adequate share of the company's success this year. The Executive Board and Supervisory Board will therefore propose a dividend of 15.00 euros per share for the 2024 financial year to the General Meeting of Shareholders to be held on 14 May 2025. This equates to a distribution ratio of 68%.

The resulting dividend yield for 2024 is 1.8% based on the closing price on 31 December 2024. The dividend proposed entails distributing a total of 170.6 million euros (2023: 153.5 million euros). Even after the dividend payment, the company will retain an adequate liquidity reserve.

Long-term financing measures

We normally use our own resources to finance investments in property, plant and equipment. As at the balance sheet date, there were no residual liabilities from long-term financing.

High credit rating from banks and credit insurers

Our company has been given very good credit ratings of AA- to BBB+ by all lending banks as well as the leading credit insurers and credit agencies. We have not raised any borrowings on the capital market, so we do not have any external rating from a ratings agency.

High Group equity ratio

As of 31 December 2024, consolidated total assets were up by 12%, from 989.0 million euros to 1,106.2 million euros. Deferred tax assets and equity were adjusted retrospectively, which led to an increase in total assets by 22.2 million euros as at 31 December 2023. More detailed information can be found in “Consolidation methods and significant accounting policies – Deferred taxes” in the notes to the consolidated financial statements.

The rise in 2024 was mainly the result of the increase in fixed-term deposits (+84.3 million euros), which are included in other financial assets. The positive changes in cash flows led to an increase in cash and cash equivalents by 14.6 million euros, while trade accounts receivable expanded by 6% or 9.4 million euros and therefore approximately in line with sales revenues.

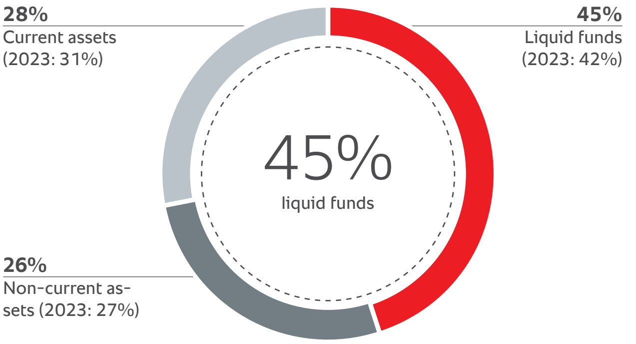
Due to the very good earnings position and since consolidated net profit for the year of 250.5 million euros was offset by a dividend distribution of only 153.5 million euros, equity increased to 856.9 million euros (2023: 760.8 million euros). The 7% increase in non-current liabilities to 45.1 million euros is primarily attributable to somewhat higher non-current income tax liabilities and other provisions. As at the balance sheet date, current liabilities were up on the previous year, rising by 18.2 million euros to 204.1 million euros (2023: 185.9 million euros). This was mainly attributable to higher other current provisions, liabilities from derivative exposures and to trading partners, as well as current income tax liabilities. At 77%, the Group equity ratio at the balance sheet date remained at the previous year's level (2023: 77%).

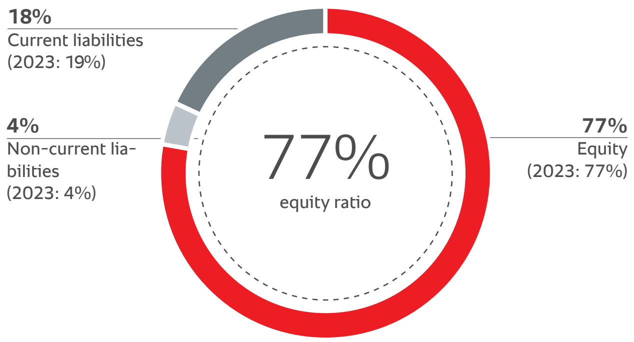
Capital tied up in the short term

Current assets grew by 112.1 million euros in 2024, driven mainly by higher balance of cash and cash equivalents and other financial assets (see above). Current assets accounted for 74% of total assets at the balance sheet date (2023: 71%).

As far as possible and within reasonable bounds, we optimise the amount of capital tied up in trade receivables. We always aim to find a balance between offering the best possible support to our dealers and tying up as little capital as possible – while at the same time ensuring high process efficiency for all aspects of order processing. As in the previous year, average

Balance sheet structure 2024





days sales outstanding (DSO) stood at 47 days in 2024 (2023: 47 days) and therefore again at the long-term average.

Using global trade credit insurance programmes, export guarantees, confirmed, irrevocable letters of credit and bank guarantees, we achieved a receivables coverage ratio of 90% as at the balance sheet date, taking into account the trade credit insurance deductibles (2023: 89%).

Inventories amounted 107.6 million euros as at the balance sheet date, similar to the previous year (2023: 107.1 million euros).

Property, plant and equipment increased by 8.5 million euros to 227.8 million euros in 2024 (2023: 219.3 million euros), driven by building investments at our production locations. As at the balance sheet date, intangible assets were slightly down on the previous year, at 19.0 million euros (2023: 21.2 million euros). The main reason for the decline was amortisation of capitalised development costs in an amount of 3.7 million euros.

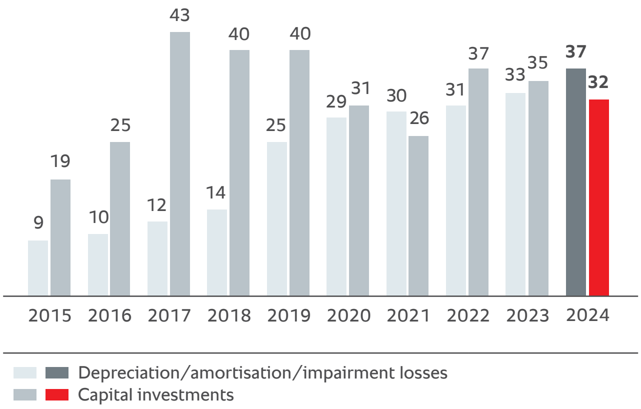
Investments

We invested 31.6 million euros (2023: 34.6 million euros) in non-current assets in the past fiscal year. This figure includes investments in real estate and technical equipment totalling 21.1 million euros (2023: 20.4 million euros) and capitalised development costs of 1.0 million euros (2023: 6.9 million euros). In the segments, investments were around the usually low levels. The investment projects were funded from our own resources.

In 2025, we expect maintenance, replacement and new investments to total around 40 million euros. Investments for 2025 already contractually agreed amount to around 16.4 million euros. Beyond that, there are no significant investment commitments that are contractually fixed or contingent upon economic considerations.

Capital investments and depreciation/amortisation

in m EUR



Includes depreciation and amortisation expense resulting from IFRS 16 of 9.5 million euros in 2023 and 10.6 million euros in 2024.

Forecast/actual comparison

The table below shows our forecasts of the financial and non-financial KPIs for fiscal year 2024, which we had published in the 2023 Group management report.

Contrary to our expectations, unit sales in the past fiscal year were only slightly up on the previous year due to a small decline in demand.

Sales revenue growth of 6% was within the range we had forecast.

Due to declining commodity costs, the gross margin exceeded the previous year more significantly than originally forecast.

Operating costs increased slightly faster than sales revenues, as anticipated.

Thanks to positive sales revenue performance and the improved gross margin, EBIT rose from 277.0 million euros in the previous year to 314.2 million euros and the EBIT margin from 24.6% to 26.3%. This means that we slightly exceeded the forecast range for 2024 provided in the 2023 management report.

Tracking the rise in the EBIT margin, ROCE of 39.1% was up on the forecast of around 37%.

Group-wide days sales outstanding (DSO) for trade accounts receivable were on a level with the low prior-year figure and therefore below expectations.

The Group equity ratio was 77% and therefore on a level with the previous year, as expected.

We reached a net promoter score (NPS), which measures customer satisfaction, of 60 points in 2024, thus meeting our forecast that we would repeat the high level of previous years and remain in the best-in-class range. The next NPS survey is planned for 2026.

The staff turnover rate in 2024 was up slightly on the previous year, at 7%, and therefore at a similarly low level and within the forecast range.

Forecast/actual comparison

	Actual 2023 in %	Forecast 2024	Actual 2024 in %
Financial KPIs			
Sales volume growth	0	Mid to high single-digit percentage range	**+3**
Sales revenue growth	+10	Mid to high single-digit percentage range	**+6**
Group gross margin	56.7	Slight increase	**59.2**
Growth in operating costs	+9	Slightly faster than sales revenue growth	**+7**
EBIT growth	+17	In line with sales revenue growth	**+13**
EBIT margin	24.6	Close to previous year's level	**26.3**
ROCE [4]	38.9	Around 37%	**39.1**
Group DSO (days)	47	50 - 51 days	**47**
Group equity ratio	77	At previous year's level	**77**
Non-financial KPIs			
Net Promoter Score [5]	61/64	Similarly high level	**60**
Staff turnover worldwide	6	Similarly low level	**7**

4 ROCE for both 2023 and 2024 is based on the indicators reported. The above-mentioned retrospective adjustment of fiscal year 2023 was not taken into account in the calculations.
5 The net promoter score is determined every two years. The values under "Actual 2023" relate to the two satisfaction surveys that were conducted previously, in 2021 and 2022, and to which the forecast refers.

Outlook and report on opportunities and risks

Outlook

Outlook assumptions

Our outlook takes into account all factors deemed material affecting business performance at the time this report was prepared. Such factors include general market indicators as well as sector and company-specific matters. The market-related parameters are growth of the global economy, movements in exchange rates and commodity prices, and the geopolitical situation. Sector-related matters relate to the users of our products, dealers and the competitive situation. Company-specific factors are customer and employee satisfaction. Furthermore, the persistent major economic and political uncertainty has been taken into account.

The outlook takes into account activities that have already been implemented and measures planned for the future.

Economic prospects

Following growth of 3.2% in 2024, IMF's economists expect the global economy to expand by 3.3% in 2025. Experts predict an improved growth outlook for the US economy, while Europe's largest economies are expected to expand more slowly than previously anticipated. Growth totalling around 1.9% is forecast for the industrialised nations. The United States is expected to grow by around 2.7%, compared with only slight growth of 1.0% for the eurozone and 1.1% for Japan. A strong year is predicted for China, with an expansion of 4.6% expected. Growth totalling more than 4.2% is anticipated for emerging markets in 2025. (Source: IMF, World Economic Outlook Update, January 2025.)

Assessment of economic prospects

The European economy and the commercial kitchen industry are adversely impacted particularly by high energy prices and skills shortages. Although energy prices have significantly retreated from their highs, they are still at a high level. Skilled professionals who left the catering industry during the coronavirus crisis are in many cases not returning. Unskilled and part-time staff are unable to fill this gap.

In the overseas markets, the assessment of the overall economic situation is somewhat more positive. With our easy-to-use and energy-efficient cooking systems, we help our customers to counter rising input prices and skills shortages. We see growing demand and the promotion of climate-friendly investments in commercial kitchens as positive factors for our business performance. Our cooking systems use less water and power than conventional cooking appliances. We believe that, in addition, they enable healthier eating.

Commodity costs, which had peaked at the beginning of the war in Ukraine, have come down significantly since then and stabilised in 2024. We anticipate that costs, in particular commodity costs, will continue to stabilise in 2025 and remain at the current level.

Assessment of geopolitical prospects
The current political and military conflicts around the world are not expected to have a material impact on our value chains and business performance, provided they do not spread to other regions.

Financial key performance indicators

Sales volume, sales revenue and profit forecast for 2025
The trends relevant to our business performance continue. We consider ourselves a solutions provider, helping our customers in the out-of-home catering market deal with the current challenges. We anticipate that our long-term trend of growth in the mid to high single-digit percentage range will continue. Due to the latest economic developments in Europe and also in China, we currently consider sales revenue and sales growth in the mid-single-digit percentage range realistic for 2025.

Commodity and logistics prices stabilised in fiscal year 2024, and this led to a higher gross margin. Current indications are that costs will stabilise at the current levels. At the same time, we have reduced our selling prices for most of our care products from 1 January 2025, so we expect the gross margin in 2025 to be at a slightly lower level than in 2024.

In recent years, RATIONAL has invested heavily in increasing capacity to expand the international infrastructure, safeguard process quality, enable strategic projects as well as implement new legal requirements. In 2025, we will again consciously increase some of our operating expenses, while critically examining the need for others. We are planning targeted measures in sales to continue to win more customers and increase customer proximity. We will not raise costs not related to sales to the same extent. Overall we expect that the Group's operating costs will rise slightly faster than consolidated sales revenues.

On this basis, we anticipate that EBIT will rise slightly slower than sales revenues. We expect an EBIT margin of around 26%. ROCE in fiscal year 2025 is projected to be at just above 37%.

Sustainably solid underlying financial position
For 2025, we expect the Group equity ratio to be at around 77%, broadly on a level with 2024.

With regard to average days sales outstanding (DSO), our expectation for 2025 is a figure of 50 days, which is above the prior-year level and the long-term average. This slight rise is due to our granting of simplified payment terms more widely in order to improve order processing efficiency.

Non-financial key performance indicators
We want to continue to keep employee satisfaction, which is already at a high level, at the current level by initiating targeted activities and support measures in 2025. In 2024, the staff turnover rate was again low, at 7% (2023: 6%). For 2025, we believe that it will be at a similarly low level as in the previous year.

The net promoter score (NPS) was determined in 2024, and we achieved a score of 60 points. We anticipate that we will keep the score at a similarly high level next time it is measured in 2026. We will continue to aim to belong to the “best in class” segment, which covers companies achieving an NPS of between 60 and 80.

Although Energy Star requirements became even more demanding as from January 2023, we were able to meet the required standards in 2023 and 2024 and expect to meet them again in 2025.

Optimistic outlook for the future
Despite some isolated risks, RATIONAL AG's Executive Board continues to look ahead optimistically. The potential available market is still huge. Customer satisfaction remains in the best-in-class category of the net promoter score. For the main challenges facing many customers – rising energy prices and increasing shortages of skilled staff – our products present the perfect solution, and we are convinced that they help our customers particularly effectively. At the same time, we support them in improving their own sustainable actions.

Our financial strength allows us to maintain our entrepreneurial freedom to continue investing in the future of our Group. Together with high-performing, motivated and satisfied employees, we will continue to work to provide our customers with the best possible benefit. These efforts are reflected not only in the high level of customer satisfaction, but also in our sales revenue and earnings prospects.

We anticipate that, together with our employees and customers, we will continue on our sustained growth path.

Report on opportunities and risks

The risk and opportunity policy adopted at RATIONAL aims to capture, manage and monitor potential risks systematically at an early stage, thus securing the continued existence of RATIONAL AG and the Group. Identifying new opportunities at an early stage also ensures that the company can continue to develop in a sustainably profitable way and meet financial and strategic objectives.

In principle, the opportunities and risks presented affect the DACH, EMEA, North America, Asia North and Other segments in the same way, since we have created similar distribution channels and are addressing similar customer groups in all segments. Moreover, the same products are sold. The nature of risk impact and probability can vary slightly from segment to segment, but in terms of overall risk exposure it corresponds to the Group level presented below.

Overall assessment of opportunities and risks by the Executive Board

The company's overriding aim is to offer the greatest possible benefit to the people preparing hot food in commercial kitchens. The net promoter score attained in our customer satisfaction survey proves that customers rate our products and services superior to those of our competitors. Today, we achieve this above all with the multifunctionality of our products, which provides opportunities for future success based on the innovation-induced need to replace existing equipment in well developed sales regions, the penetration of younger markets, the winning of new customer groups, growing prosperity in emerging countries, and the rise in out-of-home catering in these regions that this entails. In the context of global efforts to limit climate change, we also expect strong demand for energy-efficient cooking technology. This great potential in the market and our high-quality products are reasons for the Executive Board to take a positive view of the prospects of continuing our history of success.

In addition to the above-mentioned opportunities, there are risks that may have a negative impact on the achievement of business targets or negatively affect areas outside the Group as a result of our own business activities. Apart from insurable risks, these include in particular economic turmoil, political and legal developments, changes in the competitive environment, changes in the financial and capital markets, supply, production and product risks, as well as risks arising from climate change, including the resulting transformation of society and the economy.

Overall, the Executive Board believes that these risks can be controlled. In other words, these types of risks do not currently constitute a threat to the existence of the parent company or Group as a going concern. Nevertheless, should any one or a combination of these risk factors materialise, the company may fail to achieve its corporate objectives.

RATIONAL continues to watch the latest developments very closely in relation to the economic effects of the war in Ukraine and the Middle East conflict. The negative economic effects on the RATIONAL Group were particularly felt in the form of price increases by suppliers, with growing stabilisation in 2024. Despite the noticeable decline in commodity and energy prices from their highs in 2022, they were still significantly above pre-war levels.

The assessment of risks arising from RATIONAL's business activities vis-à-vis the environment has not identified any material risks that are very likely to have a serious negative impact on environmental matters, employee interests, social issues, respect for human rights, combating corruption and bribery, or on customer concerns now or in the future.

Opportunities report

RATIONAL opportunities management

Opportunities encompass, in particular, external factors and trends that have a positive influence on the Group's future prospects. To ensure sustainable and profitable growth, it is necessary to identify those opportunities at an early stage and consistently exploit them, while at the same time avoiding unnecessary risks. Since we do not believe that the opportunities shown below are quantifiable, they are presented here according to their significance to the future development of the company.

Huge untapped potential in the global market
According to our estimates, only around 25% of the around 4.8 million potential end customers are currently cooking with combi-steamer technology. The vast majority are still using conventional cooking technologies. Since the iCombi Pro can replace not only conventional cooking technology but also older combi-steamers thanks to its cooking intelligence, we see enormous additional market potential.

With around 1.6 million potential customers, we currently estimate the overall potential for the iVario to be lower. As this technology has only been on the market for a few years, market penetration is accordingly still low. This means that we see very great potential for the iVario, too.

Close association with the basic human need for food
We focus on a basic human need, namely eating away from home. We believe that this provides us with a degree of security, even in times of crisis.

Shortage of professionals
The number of people training to become chefs is falling. As a result, kitchens are finding it more and more difficult to find qualified staff. Intelligent cooking processes can help chefs to work around these bottlenecks, because they also allow the same high cooking quality even when operated by untrained staff. The coronavirus crisis has led to a significant deterioration of the labour market situation for the catering and hotel industry and will, in our opinion, further exacerbate the shortage of professionals. In addition, we are seeing trends of chefs changing careers permanently, forcing restaurants to keep running by employing more unskilled or semi-skilled staff.

Sustainable and future-proof technology
We expect the cost of resources used in the businesses of our customers to increase in the long term. This trend has been observed for decades in all modern economies and is being accelerated further by sustainability efforts, which affect the cost of food, energy, water, salaries and rents. Inflationary effects were also felt in fiscal year 2024 in the catering and food service industry, especially in Europe. With resource-efficient (especially energy and water-saving), space-saving and labour-saving technology, we help our customers to counter this trend. Especially in times of crisis, the importance of efficiency gains and cost savings increases significantly. What is more, we regard stricter hygiene requirements and greater efficiency pressure resulting from the coronavirus crisis as drivers of investments in innovative cooking systems, such as the iCombi and iVario. In the development of our cooking systems, we paid attention to ergonomic details, minimising harmful activities such as lifting heavy loads and accident risks arising from open fire and burns, for example. In this way, we support the health of users of our appliances and in turn also of kitchen operators by reducing absences due to sickness or accidents.

Large variety of venues
The variety of places where thermally prepared food is consumed is steadily increasing. In addition to existing restaurants, these meals are increasingly prepared in ghost kitchens and then taken to centrally located venues, where they are consumed. Demand for delivery services that take prepared food to all kinds of destinations is also on the rise, and this leads to growing demand for our products.

Trend towards healthier eating and greater variety of food
The importance of a healthy, balanced diet is increasing, especially in developed industrialised nations. Public institutions, such as schools and universities, have also recognised this trend and are offering healthier foods. The hospitality sector, too, provides a healthier, more varied range of foods. When our cooking systems are used to prepare food, both vitamins are conserved and fat is reduced, thus promoting this trend.

Urbanisation and lack of space
The United Nations predicts that almost 70% of the world's population will live in cities by 2050. (Source: World Cities Report 2022, United Nations Human Settlements Programme, 2022.) Moreover, there are complaints of high rentals and a lack of space in most cities around the world. Because of these two factors, kitchens in major cities have to be fitted into as little space as possible. By using advanced technologies such as the iCombi and iVario as intelligent cooking systems, we expect that investing in our cooking systems will provide significant space savings for our customers.

Growing prosperity in emerging countries
As prosperity increases, the restaurant and catering sector is growing in significance, including in emerging countries. Per capita income is rising in many emerging markets and, therefore, the buying power of the growing population has increased tangibly in recent years, leading to the emergence of a new middle class with a corresponding standard of living. This in turn has an indirect positive impact on demand for our products in these markets and leads to a rise in untapped market potential.

Risk report

The RATIONAL risk management system

In order to meet targets and assure the company's success, it is essential to capture, manage and monitor potential risks systematically at an early stage. Risk is understood as referring to all factors internal and external to the company that may have an adverse effect on the parent company or the Group by impacting on the attainment of business targets in a defined assessment period. As a matter of principle, our risk management process does not exclude any risks from the assessment. The risk management structure takes account of the entire scope of consolidation of the RATIONAL Group.

Risk management is a core task of the entire Executive Board, which has delegated this process to the Risk Manager. The Risk Manager is authorised to specify methods and set guidelines, and coordinates risk reporting in the RATIONAL Group. The process managers and executives are responsible for identifying and measuring risks and for formulating and implementing risk management measures. To this end, they are equipped with guidelines that give them direction in the identification, analysis, assessment, and monitoring of risk.

Risk culture

The RATIONAL Group's internal financing power and equity ratio are both high. Its clear and simple business model builds on organic growth and lean structures. Business decisions are taken with the aim of maintaining these strengths. It is important to us in this context to act cautiously at all times and take a conservative approach to risk.

Risk strategy

The risk strategy, which has been derived from the corporate strategy, defines key points for analysing the company's risk-bearing capacity and risk tolerance. When determining free risk-bearing capacity, which is a quarterly process, the total of all expected losses for all individual risks identified are compared to defined balance sheet items. The loss expected for a risk is calculated by multiplying the average probability by the average potential amount of loss, based on the ranges for probability and amount of loss. Risk-bearing capacity was positive at all times of the fiscal period under review.

Risk identification, analysis and assessment

As a company with a long-term focus, we set store by a holistic assessment of risk, which means a balanced assessment of non-financial and the resulting financial risks, as well as primary financial risks.

The owners responsible from the different functional areas are involved in the risk identification and assessment process. The assessment of the risks and any changes compared with the previous year are explained below.

As part of the six-monthly risk analysis (risk inventory), risks that appear relevant for the RATIONAL Group's tasks and objectives are captured both for a period of 12 months and for a 36-month period and assessed by the Executive Board. In addition, the Executive Board regularly discusses strategic risks and their impact on the company's performance.

Both the company-specific risk tolerance and risk-bearing capacity have been derived from the established risk strategy. We analytically consider the extent to which the interaction of several risks, which when considered separately are not existential, could lead to developments that threaten the continued existence of the business. Existing risks assessments of the functional areas are consulted to this end and discussed with the help of the risk manager. One outcome of these discussions is to group the individual risks in a sensible manner. Quantitative and stochastic risk aggregation methods were not used. Based on many years of experience and the simplicity and clear focus of our business model, this approach seems more helpful to us than quantitative or stochastic assessment. This exercise did not identify any risks, either individually or in combination, that could represent a threat to the continued existence of the business as a going concern.

The risks captured are examined during risk analysis to establish cause-and-effect relationships. They are then assessed in terms of probability and their potential impact on the company's net assets and results of operations. This initially involves assessing the risk on a gross basis, i.e., an estimate before any risk-mitigating measures are implemented. This is followed by an assessment on a net basis, taking the risks-mitigating measures instituted into account.

The classifications presented in the table below are used for this purpose.

Risk assessment

Probability	Description
≤ 10%	Low
> 10% to 30%	Average
> 30% to 60%	High
> 60%	Very high

Risk impact	Description	EBIT risk
Very low	Limited negative impact on the net assets, financial position and results of operations	≤ 2%
Low	Low negative impact on the net assets, financial position and results of operations	> 2% to 5%
Average	Some negative impact on the net assets, financial position and results of operations	> 5% to 10%
High	Considerable negative impact on the net assets, financial position and results of operations	> 10% to 20%
Very high	Severe negative impact on the net assets, financial position and profit or loss	> 20%

In addition to assessing their effect on EBIT, risks are also assessed on the basis of qualitative risk equivalents, such as the possible extent of reputational damage, liability risks or risks to health, life and limb.

Risk management and monitoring
The risks identified are managed as specified in the RATIONAL risk strategy. Their management may be aimed at avoiding, controlling or reducing risk by taking suitable countermeasures, transferring risk, or consciously accepting risk. We have implemented measures suitable for managing the risks identified. These are described in more detail below.

If it makes strategic and financial sense, the main insurable business risks are covered by a global insurance strategy drawn up in concert with external insurance brokers. The associated Group insurance policies transfer the risk to the insurer. An insurance deductible may still apply in each case, depending on the provisions agreed. Changing risk situations for the Group are examined regularly and insurance cover is adjusted if necessary.

Compliance with the risk-mitigating measures agreed is assessed by the Risk Manager and regularly reported to the Executive Board.

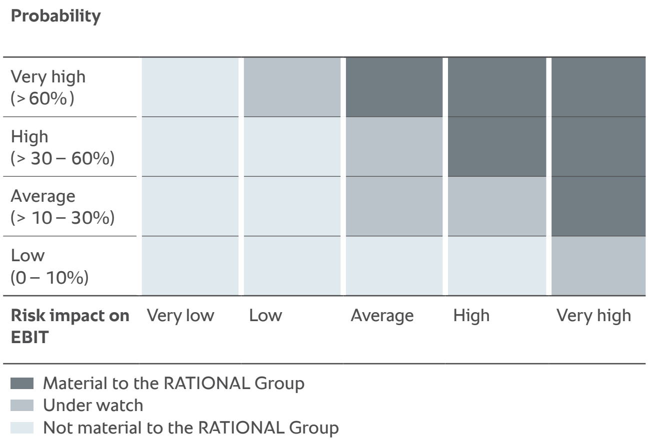
The Group's risk management system is continuously reviewed and improved to allow a prompt response to changes in general conditions. Through risk monitoring, we consider changes in risks and their impact over time. This may result in adjustments to the way in which the risks are assessed and managed. Internal Audit audited the risk management process in 2024 without making any findings.

Risk reporting
The RATIONAL Group has a set communication structure for both continuous and ad-hoc reporting on the risk situation in the defined risk areas. The Risk Manager collects the information communicated and reports to the Executive Board on a monthly basis.

Risks
In the section below, the risks classified as relevant for RATIONAL by the Executive Board are categorised in accordance with the definitions provided under “Risk analysis and assessment” above.

The materiality assessment was conducted by assessing risk impact and probability. Risk-mitigating measures already implemented were taken into account in the net risk assessment. The diagram illustrates when a net risk is classified as material, under watch or immaterial for the RATIONAL Group.

Risk impact/probability



The summary below lists the risks classified as “material” or “under watch” in the net assessment, adopting a short to medium-term view, taking account of the progress of implementing the risk-mitigating measures. In addition, we consider certain standard risks, irrespective of their current materiality assessment. These risks are defined in interdisciplinary discussions together with the Executive Board and likewise monitored on a permanent basis. The following sections describe the risks and deal with countermeasures or indicate where the relevant details are presented in the consolidated financial statements.

There were changes in the following risk items:

Risk

	Probability		Risk impact	
Market and competitive risks				
Risks from competition and substitution	High	→	Low	→
Dependence on major customers	Low	→	Average	→
Impact of the economy on our customers' propensity to invest	Average	→	Average	→
Production and product risks				
Production disruption risk	Low	→	Very high	↑
Product quality	Low	→	Average	↑
Operational risks				
IT risks	Average	→	High	→
Shortages of skilled staff/human resources risks	Average	↓	Average	→
Other non-financial and sustainability risks				
Environmental and climate risks	Average	↑	Very low	→
Health risks for employees	Low	→	High	→
Political and legal risks				
Geopolitical risks	Very high	→	Very low	→
Patent risks	Low	→	High	→
Legal risks from local laws and regulations	High	↑	Average	↓
Investment risk	Average	→	Very low	↓
Financial and capital market risks in accordance with section 315 (2) no. 1 (b) of the HGB				
Currency risk	High	→	Average	→
Price risks	Very high	↑	Very low	→
Credit risks	Average	↑	Low	↓
Liquidity risk	Low	→	Very low	→
Interest rate risk	Low	→	Very low	→

Change in assessment of probability and risk impact compared to previous year: ↑ higher, ↓ lower, → unchanged.

For the risk of disrupted production, we expect low (2023: medium) probability, given stable supply chains after the end of the procurement crisis. However, a detailed analysis conducted in 2024 of contingent business interruption (CBI) losses caused by the failure of suppliers revealed that the unlikely occurrence could have very high (2023: medium) risk impacts.

Unlike in the previous year, we consider the probability of risks caused by inferior product quality to be low (2023: medium). The established quality management process reduces the probability of this risk. A reassessment of the risk impacts found that quality-related failures or limited operational readiness of our appliances could lead to a sales risk with medium (2023: low) impact. Since the preparation of hot food is the core activity of the kitchen, end customers set great store by flawless product quality.

Due to the changed situation in the labour market, we believe that there is a medium (2023: high) probability that skilled staff shortages and human resources risks will materialise. The recruitment situation, which was tense before, has changed in favour of employers due to economic uncertainty in many markets.

For environmental and climate risks, we consider probability to be medium (2023: low). The reason for this adjustment is that the Chinese production location, which is being constructed in Suzhou (Greater Shanghai), is located in a region that is more exposed to physical risks associated with climate change.

Due to the expansion of international requirements and the increasing complexity of implementation, we consider the probability of legal risks to be high (2023: medium). Based on deeper experience with these requirements, we believe that the extent of any resulting losses is low (2023: medium).

Requirements imposed and action taken by governments, such as the increase in carbon taxes, will result in higher energy costs, among other things. We therefore assume that the probability of price risks will go up. Following reassessment of this risk in 2024, the probability is very high (2023: low).

Given the investment guarantee from the German government for our project in China and the advanced state of construction of the new building in Wittenheim, we consider the risk impacts of international investments very low (2023: medium).

In light of the difficult economic situation in many markets, we currently assess the probability of default as medium (2023: low). Since the proportion of unsecured receivables is low, we consider the risk impact in such a case to be low (2023: medium).

Market and competitive risks

Risks from competition and substitution

There is a risk that new, larger competitors with high innovation and sales capacities could emerge as a result of mergers and the acquisition of major competitors. This could result in RATIONAL losing some of its innovation leadership, and this would have negative consequences for our market share and sales revenues. In addition, new competitors may enter the market, and therefore increase the intensity of competition and have a negative impact on our market position and, consequently, financial earnings power. Besides that, there is a risk that a competitor may be able to catch up in terms of technology or develop a new superior technology and launch it onto the market.

We monitor developments and trends in the sector and the market strategies of our competitors constantly and factor them into our corporate planning. Furthermore, we pursue an efficient and interdisciplinary development process to continue to meet market requirements with our products and holistic solutions. Included in this process is a view to the increased relevance of sustainability requirements.

We do not expect this to have much impact on our business in the medium term. The competitors' business model differs from ours in that we focus exclusively on intelligent cooking systems for the thermal preparation of food; we specifically drive innovation; and we grow organically.

Dependence on major customers

There is generally a risk of being dependent on a small number of major customers or dealers. If these customers switch to competitors or we are unable to meet delivery obligations, this may have an adverse financial effect. We mitigate this risk by maintaining close relations with our customers and dealers.

We do not consider the business risk of dependence on major customers material since a large number of our customers worldwide each account for a small proportion of sales revenues. Our largest end customer is currently the source of around 2% of sales revenues.

Impact of the economy on our customers' propensity to invest

Purchasing our cooking systems represents a significant investment for customers. A weak economy or uncertainty about future economic conditions can have a negative impact on our end customers' propensity to invest.

However, the diversification in our customer landscape and in different regions limits this risk significantly. RATIONAL is not only strong in the traditional hospitality industry, but also has considerable market and sales revenue shares in retail and in-store cafés and restaurants as well as in the takeaway business. The customer structure in the catering industry is also very diverse – ranging from hospitals and care institutions all the way to the education sector. Experience has shown that economic downturns never affect all segments with the same severity. It is likewise unlikely that all markets will enter a recession simultaneously, but we monitor economic developments in our principal markets very carefully nonetheless. Weakness in the economy, regardless of the causes, could have a negative impact on our business in the short term. Thanks to our needs-driven cost planning and our large liquidity reserve, we are, however, well prepared for any macroeconomic scenario currently conceivable. This gives us adequate room to manoeuvre in response to economic developments and the flexibility and independence to take all necessary business decisions.

Production and product risks

Risk of disrupted production arising from problems in the supply chain

Our procurement strategy involves working in long term partnerships with key component and module suppliers. This leads to continuous quality and product improvements, but also produces a certain degree of co-dependency. The complete loss of a major supplier, supply problems at indirect suppliers or disruptions to transport routes could lead to interruptions in production.

If this risk were to materialise, it could prevent us from meeting demand from our customers. This could have a negative impact on sales revenues and profit as well as the reputation of the RATIONAL Group and customer satisfaction. There is also a risk that customers will migrate to the products of our competitors, if they are available.

The situation in the procurement markets has eased significantly since fiscal year 2023. During the coronavirus and logistics crisis, secondary suppliers were developed for key components. In 2024, no components were affected by serious supply shortages.

Nevertheless, we keep a careful eye on business development at our suppliers, including their upstream suppliers, and the production processes relevant to us, given that we continue to depend on individual suppliers for some key components. As described above, the potential failure of these suppliers could have a negative impact on our sales revenues and earnings. If the resulting loss were to exceed the maximum insured under our insurance policy, this would result in a specific financial risk.

Risk-mitigating measures include regular risk assessments of our key suppliers and a system for auditing upstream suppliers. Accordingly, we are still in the process of adjusting capacity in strategic purchasing to our needs and are driving the consistent implementation of our second source strategy where this is expedient and feasible.

Product quality

There is a risk of quality problems in the products we supply. Possible consequences include damage to property and injury to persons, additional financial costs as well as harm to our image.

In order to counter quality risk, we impose the strictest quality requirements on our suppliers and test all our cooking systems before they leave our premises. In addition to comprehensive tests on every single appliance, cooking systems undergo additional detailed inspections on a random sample basis. In this way, we ensure the reliability of our products and can also identify any possible sources of defects at an early stage. If complaints are, nevertheless, received from customers — or from internal sources — the problems are analysed and immediate solutions are sought quickly as part of our urgent quality improvement system. Damage to property or injury to persons occurring on customer premises are adequately covered by the existing product liability insurance. We go to extreme lengths to avoid potential harm to our image, overcompensating for any defect and resulting damage.

Operational risks

IT risks

IT risks can arise as a result of the ever-increasing integration of IT systems. Networks can go down, data can be corrupted, stolen or destroyed by operating or program errors or as a result of external factors, and system failures can cause work to be delayed. Inadequate security systems could allow unauthorised outsiders to access critical information.

We counter information technology risks by investing continuously in hardware and software, using state-of-the-art methods, which we refrain from explaining in any greater detail as a precaution. Many of our systems have redundant backup facilities to counteract failures quickly. In regular mandatory information security training, employees are continually made aware of risks to ensure the company’s data is protected. As far as possible, the economic consequences of cyber risks are transferred by taking out appropriate insurance cover.

Shortages of skilled staff/human resources risks

Skilled and motivated employees and managers are the cornerstone of the company’s success, and it is essential for a seamless production process that we are able both to attract new, competent personnel and to retain existing high achievers over the long term.

A modern, young employer brand has been developed in order to win suitable employees. Under this umbrella, the company undertakes various activities, such as scouting at university campuses or visiting vocational training fairs. To motivate and retain employees in the long term, RATIONAL offers appropriate levels of pay as well as targeted measures to develop and promote its employees. In addition, our U.i.U. philosophy fosters a special corporate culture that encourages them to be loyal and stay for the long term.

Other non-financial and sustainability risks

Environmental and climate risks

Manufacturing companies like ours are always subject to the risk that accidents involving oil, chemicals or other hazardous substances used during the production process damage the environment. Breaches of obligations could have legal consequences, such as administrative fines or claims for damages. Alongside the effects of our production on the environment, the consequences of climate change may have an adverse impact on our business. If sustainability requirements are underestimated or inadequately met, this may lead to a loss of reputation and ultimately of sales revenues and market share. It could lead to increased expenses for waste disposal and recycling or risks resulting from new or more stringent requirements, for example on processing certain materials. Extreme weather events could damage our, as well as our suppliers', buildings or other assets.

As a socially responsible company, we are aware of our responsibility for environmental and climate protection and therefore raise awareness of environmental and climate risks among our employees. To ensure that our environment is not harmed, we take appropriate safety measures and organise safety training and regular audits. Our production buildings in Landsberg and Wittenheim are not located close to major rivers, lakes or mountains. According to the specialists at XDI (Cross Dependency Initiative), the production facility under construction in Suzhou (Greater Shanghai) is located in a region that will be more severely affected by climate change in future. For this reason, we consider the probability of loss or damage resulting from extreme weather events "medium" and the extent of loss or damage "very low".

Risks to the health of employees

If hazardous and poisonous substances are handled improperly and legal safety requirements are not complied with, there is a risk of injury to people.

We counter these risks by taking a large number of measures at the main location in Landsberg am Lech. In order to avoid work accidents and high sickness rates, regular check-ups and preventive measures are conducted by the company doctor. Annual instructions on health and safety at work are performed as part of the RATIONAL Safety Initiative. Employees are in this way made aware of and taught about general safety rules and accident prevention measures. Since the end of 2018, we have been providing financial support for the sporting activities of employees in Germany.

Political and legal risks

Geopolitical risks

The developments of the past two years point to a considerable probability of geopolitical tensions and military conflicts, including in markets in which we have a presence. Alongside the threat to the welfare of our employees at the subsidiaries, this also harbours the risk of the sale of our products in the regions affected being impeded or becoming impossible. Moreover, military conflicts can have a massive impact on the supply chains. Depending on which markets are affected, there may be a negative impact on sales revenues and profit.

Patent risks

Both active and passive infringements of patents can give rise to costs for litigation and damages. A team of patent specialists meticulously monitors new products of our competitors and cooperates closely with our product development. Checks against international patent databases thus help to avoid patent infringements by our own company and allow us to pursue patent infringements by our competitors at an early stage. By strengthening competence in the relevant functions, we are countering this risk with even greater determination.

Legal risks from local laws and regulations

The increasingly international nature of our business activities entails numerous legal risks. These include in particular:

- Country-specific product requirements or safety regulations affecting the licensing and sales of our products.
- Customs or import/export regulations that place restrictions on product imports and/or exports.
- Business arrangements that infringe local competition or antitrust law.
- Business arrangements that constitute corruption and bribery or human rights violations.
- Financial regulations that apply worldwide and are subject to constant change, as well as non-financial regulations (EU Taxonomy Regulation, CSRD, ESRS, etc.), which may lead to high penalties or damages if infringed.
- Compliance risks, in other words, possible infringements by employees of local legislation and applicable corporate guidelines; This also includes the EU General Data Protection Regulation (GDPR), which has been in force since May 2018.
- Non-compliance with standards for licensing in the respective markets.

To minimise such risks, we work — where necessary — with experts on the respective local legal requirements in all markets that are of importance to us. We counteract violations by specifying internal rules of conduct (compliance management system, Code of Conduct, AMMPL Code of Conduct, anti-corruption policy and sanctions list search). The compliance management system implemented in the RATIONAL Group has been continually enhanced in accordance with legal requirements. In the reporting year, the design and effectiveness of a part of the compliance management system was reviewed to determine compliance with the regulations to prevent money laundering in accordance with IDW AuS 980. In addition, awareness and training campaigns on these topics continued for all employees in 2024.

Investment risks

We are an international company with sales branches in all regions of the world. Based on market-specific local price and performance requirements for our products, we will make long-term investments in international production capacities. At present, a plant for the manufacture of a local product is being built in China. For this project, we received an investment guarantee of up to 25 million US dollars from the German government in 2023. As with any kind of investment, such projects are exposed to the risk of incurring losses. With these production expansions being planned or started, we observe this risk very closely.

Furthermore, the project to expand the location in Wittenheim will continue in 2025. Completion of the assembly hall has been delayed due to the inferior quality of the flooring installed. There is a risk that RATIONAL will incur additional costs for relaying the hall floor. We mitigate this risk with construction damage insurance.

Financial and capital market risks in accordance with section 315 (2) no. 1 (b) of the HGB

Currency risk

One of the factors giving rise to currency risk is exchange rate fluctuations as at the balance sheet date and consequently possible changes in the fair values of existing balance sheet items denominated in foreign currencies (translation risk). At RATIONAL, these risks are not minimised by the use of hedges.

Secondly, there are currency risks from financial instruments denominated in foreign currency due to possible future exchange rate fluctuations (transaction risk). Where necessary, any identified transaction risks are hedged by means of derivative financial instruments. Such hedges relate to recognised and anticipated transactions.

Continuous observation of market and sales volume trends allows us to respond quickly with price adjustments in order to counter any adverse effects on earnings from this angle as well. In addition, expected cash flows in foreign currency are hedged with currency hedging.

Around half of the sales revenues are generated in foreign currencies. If the euro had been an average of 10% weaker (stronger) in 2024, consolidated sales revenues would have been around 6% (5% lower). EBIT would have been around 15% higher (14% lower) if the euro had depreciated (appreciated) on average by 10%.

Price risks

Price risk may arise primarily from the need to purchase components and raw materials for the manufacture of products. Concerning the basic price of steel, RATIONAL has fixed contracts with suppliers, under which the purchase price is set about one year in advance. The basic price of steel or that of alloy metals is not hedged with derivative financial instruments. Given the very volatile situation in the procurement markets for components, it is not currently possible to estimate their future development. Moreover, new or more stringent regulatory requirements and rising energy costs could lead to cost increases.

Due to our market position and the fact that these are global risks that affect the entire industry, we believe that we can limit the effects by making price adjustments.

Credit risks

Credit risk can arise as a result of customers not fulfilling their payment obligations. In order to avoid or reduce credit risk, which could lead to potential liquidity risk and a risk to RATIONAL's credit rating, customers will be subjected to credit checks and permanent credit monitoring performed by the credit insurance provider and its local partner companies.

Credit risk exists in relation to deposits, financial investments and derivative financial instruments from the possible failure of the contract partner to fulfil its obligations. For this reason, only investment-grade banks qualify for deposits and financial investments at RATIONAL. To diversify the risk, the financial assets are distributed across several banks.

Liquidity risks

Liquidity risk refers to the possibility that RATIONAL may not be in a position to meet its payment obligations in full by the relevant due dates. Corporate Treasury assigns top priority to the monitoring and control of liquidity. It does so by implementing daily cash management and rolling liquidity planning, including the continuous monitoring and control of the Group's incoming and outgoing payments.

Interest rate risks

Interest rate risk may arise from a possible change in fair values or in future cash flows from financial instruments resulting from changes in market interest rates. RATIONAL counteracts the risk of changing interest rates for future payments relating to financial liabilities by agreeing fixed interest rates wherever possible.

There are no interest rate risks from outstanding loans because the last outstanding bank loans were repaid in fiscal year 2023.

Since interest rate risk is influenced by a large number of other inputs and the extent of its impact is immaterial, no sensitivity analysis is conducted.

Internal control and risk management system in relation to the (Group) accounting process

The main features of the internal control and risk management system in relation to the (Group) accounting process can be summarised as follows:

- The (Group) accounting processes in place at the parent company and its subsidiaries are clearly structured in relation to areas of responsibility and management.
- Standardised accounting practice is assured across the Group through constantly updated guidelines that are applied Group-wide as well as through a centrally maintained chart of accounts.
- The functions of the main units (Finance and Accounting, Group Accounting and Controlling) involved in the accounting process are clearly demarcated in respect of the preparation of the financial statements, and responsibilities are unambiguously assigned.
- The actual bookkeeping process is handled centrally in Landsberg where possible. This ensures a high level of quality throughout the Group when recording and processing data relevant to accounting.
- Standard software is employed wherever possible for the financial systems used in the Accounting and Consolidation units. Appropriate security and authorisation concepts are deployed to protect these systems against unauthorised access. Consolidation-related transactions are captured and reconciled with the help of appropriate systems.
- The units involved in the accounting process are properly equipped to meet requirements. The staff involved have the necessary skills and qualifications and receive further training on a continuous basis. The parties involved closely coordinate their activities at regular meetings of representatives from across the Group.
- Accounting-related data is subject to regular random sample checks to ensure the data is complete and accurate.
- All key processes relevant to (Group) accounting are subject to the universal principle that transactions must be double-checked by a second person.
- The consolidated financial statements are analysed and discussed monthly by the units involved in the preparation process.
- All of the Group processes relevant to accounting are regularly checked by Group Audit at three- to six-year intervals as part of the audit process for subsidiaries. The processes involved at the Landsberg site are also regularly checked.
- The annual and consolidated financial statements and the management report and Group management report of RATIONAL AG are prepared, reviewed and approved by Accounting and Investor Relations in consultation with those with technical responsibility and the Executive Board while observing the dual-control principle.

The internal control and risk management system, the main features of which are described above, ensures that the (Group) accounting process is efficient. The controls in place largely eliminate errors and make certain that any errors that do occur are detected and corrected. This ensures that accounting practice at the company complies with the applicable statutory regulations. The control and checking mechanisms described above also create a structure through which business transactions can be recorded, reported and evaluated consistently and appropriately throughout the Group, which enables us to make reliable and relevant information available as necessary.

The annual financial statements of all companies relevant to the consolidated financial statements are audited by an auditor or reviewed by the Group auditor in order to ensure that accounting practice is consistent and complies with the law.

Takeover-related disclosures

Pursuant to section 315a (1) of the German Commercial Code (HGB), listed stock corporations must provide and explain information relating to takeovers.

RATIONAL AG's share capital as at 31 December 2024 was unchanged at 11.37 million euros, divided into 11,370,000 no-par-value bearer shares, each with a notional share of the capital of 1.00 euro. Each share carries one vote and is necessary for calculating the share of the profits. There are currently no restrictions affecting voting rights or the transfer of shares. The subscribed capital is fully paid in. Conditional capital amounts to 200 thousand euros and relates to option rights for members of the Executive Board to purchase up to 200,000 shares.

According to the mandatory disclosure of 25 February 2019, Ms Gabriella Meister and Ms Franziska Würbser hold a total of 3,581,578 shares, most of them under a pooling agreement. According to a corresponding disclosure of 25 February 2019, Ms Ulrike Meister holds 1,803,464 shares. Each of the individuals named therefore exceeds the threshold of 10% of the voting rights.

By resolution of the General Meeting of Shareholders on 29 April 2015, article 8 (6) sentence 1 of the Articles of Association of RATIONAL AG was amended. The wording of the resolution is as follows: "For as long as Mr Siegfried Meister and Mr Walter Kurtz are shareholders of the company, they shall have the joint right to appoint up to two members of the Supervisory Board. If one of the two holders of the right to appoint ceases to be a shareholder of the company, the remaining shareholder shall have the sole right to appoint. The right to appoint shall be exercised by submitting a written declaration to the Executive Board of the company."

In accordance with both statutory regulations and the Company's Articles of Association, all employees of RATIONAL AG may directly exercise the rights of control they possess as shareholders in the same way as other shareholders.

Section 84 of the AktG (Aktiengesetz, German Stock Corporation Act) stipulates that the Supervisory Board is responsible for the appointment and removal of members of the Executive Board. In relation to these powers, article 6 (2) of the Articles of Association of RATIONAL AG states in more detail that the Supervisory Board appoints the members of the Executive Board, determines their number and allocates their duties. The Executive Board manages the company and represents it vis-à-vis third parties.

The company does not hold any treasury shares. The company does not currently have authorisation from the General Meeting of Shareholders to repurchase its own shares or to issue new shares.

RATIONAL AG has not entered into any material agreements that are subject to the condition of a change of control following a takeover bid.

No agreements have been entered into with members of the Executive Board or other employees of the company that provide for any particular compensation or additional remuneration in the event of a change of control.

Combined corporate governance statement

The Declaration of Conformity to the German Corporate Governance Code in accordance with section 161 of the AktG and the combined Declaration of Corporate Governance in accordance with sections 289f and 315d of the HGB, which includes the declaration in accordance with section 161 of the AktG, are publicly accessible under the Corporate Governance heading on the RATIONAL website under Corporate Governance.

Landsberg am Lech, 4 March 2025

RATIONAL Aktiengesellschaft
The Executive Board

Dr Peter Stadelmann
CEO

Dr Martin Hermann
CTO

Markus Paschmann
CSMO

Jörg Walter
CFO

Consolidated Financial Statements

Contents

Statement of Comprehensive Income
RATIONAL Group

for the period 1 January to 31 December

in thousands of euros	Notes	2024	2023 [1] restated
Sales revenues	1	1,193,529	1,125,838
Cost of sales	2	−486,901	−487,217
Gross profit		**706,628**	**638,621**
Sales and service expenses	2	−264,825	−254,348
Research and development expenses	2	−65,959	−52,594
General administration expenses	2	−54,687	−51,972
Other operating income	3	17,862	22,061
Other operating expenses	3	−24,821	−24,767
Earnings before financial result and taxes (EBIT)		**314,198**	**277,001**
Interest income	4	12,976	8,056
Interest expenses	4	−1,678	−1,304
Other financial result	4	95	−155
Gain or loss on the net monetary position in accordance with IAS 29	4, 28	325	438
Earnings before taxes (EBT)		**325,916**	**284,036**
Income taxes	5	−75,386	−70,068
Profit or loss after taxes		**250,530**	**213,968**
Items that may be reclassified to profit and loss in the future:			
Differences from currency translation	15	81	514
Differences from currency translation, reclassified to profit or loss		–	773
Differences from IAS 29 Hyperinflation	28	−509	−371
Items that will not be reclassified to profit and loss:			
Actuarial gains and losses from defined benefit obligations	5, 15, 16	−494	−818
Other comprehensive income		**−922**	**98**
Total comprehensive income		**249,608**	**214,066**
Average number of shares (undiluted/diluted)		11,370,000	11,370,000
Earnings per share (undiluted/diluted) in euros, based on profit or loss after taxes and the number of shares	6	**22.03**	**18.82**

1 The previous year's comparative figures and the previous year's opening balance sheet have been restated retrospectively in accordance with IAS 8 (see "Consolidation methods and significant accounting policies – Deferred taxes").

Balance Sheet
RATIONAL Group

Assets

in thousands of euros	Notes	31 Dec 2024	31 Dec 2023 restated[1]	1 Jan 2023 restated[1]
Non-current assets		**292,093**	**287,027**	**261,271**
Intangible assets	8	19,024	21,229	15,978
Property, plant and equipment	9, 22	227,841	219,307	203,917
Other financial assets	12	1,475	1,680	1,158
Deferred tax assets	5	41,738	41,822	38,018
Other assets	13	2,015	2,989	2,200
Current assets		**814,068**	**702,004**	**661,929**
Inventories	10	107,593	107,111	116,297
Trade accounts receivable	11	181,103	171,659	174,663
Other financial assets	12	350,002	267,634	133,757
Income tax receivables		3,173	1,784	1,004
Other assets	13	19,669	15,854	28,307
Cash and cash equivalents	14	152,528	137,962	207,901
Total equity and liabilities		**1,106,161**	**989,031**	**923,200**

Equity and liabilities

in thousands of euros	Notes	31 Dec 2024	31 Dec 2023 restated[1]	1 Jan 2023 restated[1]
Equity		**856,902**	**760,789**	**700,218**
Subscribed capital	15	11,370	11,370	11,370
Capital reserves	15	28,058	28,058	28,058
Retained earnings	15	822,885	725,850	665,377
Other components of equity	15	−5,411	−4,489	−4,587
Non-current liabilities		**45,123**	**42,297**	**31,430**
Pension and similar obligations	16	5,970	5,100	4,025
Other provisions	17	13,429	12,213	10,600
Other financial liabilities	18	20,385	19,581	11,423
Deferred tax liabilities	5	2,632	4,675	3,704
Income tax liabilities		1,638	–	820
Other liabilities	19	1,069	728	858
Current liabilities		**204,136**	**185,945**	**191,552**
Other provisions	17	82,033	77,081	79,050
Financial debt		–	–	944
Trade accounts payable	18	33,230	33,063	36,352
Other financial liabilities	18	25,954	17,980	21,971
Income tax liabilities		29,345	26,198	21,821
Other liabilities	19	33,574	31,623	31,414
Liabilities		**249,259**	**228,242**	**222,982**
Total equity and liabilities		**1,106,161**	**989,031**	**923,200**

1 The previous year's comparative figures and the previous year's opening balance sheet have been restated retrospectively in accordance with IAS 8 (see "Consolidation methods and significant accounting policies – Deferred taxes").

Cash Flow Statement
RATIONAL Group

for the period 1 January to 31 December

in thousands of euros	Notes	2024	2023
Earnings before taxes (EBT)		325,916	284,036
Depreciation and amortisation	8, 9, 22	37,394	32,619
Other		4,371	1,551
Net interest		–11,298	–6,752
Changes in			
Inventories	10	–482	12,106
Trade accounts receivable and other assets	11, 12, 13	–23,625	–5,207
Provisions	17	6,217	–395
Trade accounts payable and other liabilities	18, 19	18,481	10,356
Income taxes paid		–73,910	–69,969
Cash flow from operating activities	**20**	**283,064**	**258,345**
Capital expenditures in intangible assets and property, plant and equipment	8, 9	–31,618	–34,632
Proceeds from asset disposals		78	561
Change in fixed deposits	12	–82,219	–133,203
Interest received		11,066	5,560
Cash flow from investing activities	**20**	**–102,693**	**–161,714**
Dividends paid	7	–153,495	–153,495
Repayment of liabilities to banks		–	–944
Payments for lease liabilities		–11,277	–9,954
Interest paid		–1,389	–1,163
Cash flow from financing activities	**20**	**–166,161**	**–165,556**
Effects of exchange rate fluctuations in cash and cash equivalents		356	–1,014
Change in cash and cash equivalents		**14,566**	**–69,939**
Cash and cash equivalents as at 1 January	**14**	**137,962**	**207,901**
Cash and cash equivalents as at 31 December	**14**	**152,528**	**137,962**

Statement of Changes in Equity
RATIONAL Group

in thousands of euros	Subscribed capital	Capital reserves	Retained earnings[1]	Other components of equity			Total
				Differences from currency translation	Actuarial gains and losses	Other changes (e.g. acc. to IAS 29)	
Notes	**15**	**15**	**7, 15**	**15**	**5, 15, 16**	**28**	
Balance as at 1 Jan 2023	**11,370**	**28,058**	**665,377**	**–5,278**	**934**	**–243**	**700,218**
Dividend	–	–	–153,495	–	–	–	–153,495
Profit or loss after taxes	–	–	213,968	–	–	–	213,968
Other comprehensive income	–	–	–	1,287	–818	-371	98
Balance as at 31 Dec 2023	**11,370**	**28,058**	**725,850**	**–3,991**	**116**	**–614**	**760,789**
Balance as at 1 Jan 2024	**11,370**	**28,058**	**725,850**	**–3,991**	**116**	**–614**	**760,789**
Dividend	–	–	–153,495	–	–	–	–153,495
Profit or loss after taxes	–	–	250,530	–	–	–	250,530
Other comprehensive income	–	–	–	81	–494	–509	–922
Balance as at 31 Dec 2024	**11,370**	**28,058**	**822,885**	**–3,910**	**–378**	**–1,123**	**856,902**

1 The previous year's comparative figures and the previous year's opening balance sheet have been restated retrospectively in accordance with IAS 8 (see "Consolidation methods and significant accounting policies – Deferred taxes").

Notes

Fundamentals

Description and explanation of business activities

RATIONAL Aktiengesellschaft (abbreviated to "RATIONAL AG" in the following text) is an Aktiengesellschaft (stock corporation) under German law with its registered offices at Landsberg am Lech, Germany. RATIONAL AG is entered in the Commercial Register in Augsburg, Germany under number HRB 2001 with the address Siegfried-Meister-Strasse 1, Landsberg am Lech, Germany.

The RATIONAL Group (referred to as "RATIONAL" or "Group" in the following text) provides products and solutions worldwide in the field of the thermal preparation of food in professional kitchens. Since its formation in 1973, the company's sole activities have been the development, production and sale of professional cooking systems for industrial kitchens. RATIONAL sells its products worldwide through its own subsidiaries and through independent distribution partners. The appliances are produced in Germany and France.

Presentation of financial statements

The consolidated financial statements cover RATIONAL AG and its subsidiaries. The functional currency and the currency used in the consolidated financial statements is the euro. For the sake of clarity, figures are always shown in thousands of euros. The balance sheet and statement of comprehensive income comply with the IAS 1 guidance on classification and format. The presentation for the balance sheet date, 31 December 2024, and for the previous year is classified in the balance sheet into maturities of "12 months or less" (current) and "more than 12 months" (non-current). RATIONAL prepares the statement of comprehensive income in the cost-of-sales format.

The consolidated financial statements were approved by the Executive Board of RATIONAL AG on 4 March 2025.

Basis of preparation

The consolidated financial statements for fiscal year 2024 (including prior year figures) have been prepared in compliance with the International Financial Reporting Standards (IFRS) promulgated and published by the International Accounting Standards Board (IASB), as adopted in the European Union, and in accordance with the supplementary rules applicable under section 315e (1) of the German Commercial Code (HGB).

All the standards as well as SIC and IFRS IC interpretations effective and mandatory for fiscal year 2024 have been taken into account, with the result that a true and fair view of the Group's net assets, financial position and profit or loss has been reported.

The following revised standards were applied on a mandatory basis for the first time for fiscal year 2024:

		Entry into force
Amendment	IAS 1 "Classification of Liabilities as Current or Non-current"	1 January 2024
Amendment	IAS 1 "Classification of Liabilities as Current or Non-current – Deferral of Effective Date"	1 January 2024
Amendment	IAS 1 "Non-current Liabilities with Covenants"	1 January 2024
Amendment	IFRS 16 "Lease Liabilities in a Sale-and-Leaseback Transaction"	1 January 2024
Amendment	IAS 7 and IFRS 7 "Supplier Finance Arrangements"	1 January 2024

The revised standards that were applied on a mandatory basis for the first time in fiscal year 2024 and not applied voluntarily in previous years have no material effect on these consolidated financial statements of RATIONAL.

The following amendments did not yet apply on a mandatory basis in fiscal year 2024 and were not applied early:

		Entry into force
Amendment	IAS 21 "The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability"	1 January 2025

These amendments are not expected to have any material effect on RATIONAL's consolidated financial statements.

The following new and amended standards have been published by the IASB but not yet adopted by the European Union, and are also not applied to the consolidated financial statements.

		Entry into force in accordance with standard
Amendment	IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"	1 January 2026
Amendment	IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	1 January 2026
Amendment	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
New	IFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027
New	IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	1 January 2027

These amendments will be applied once they have been adopted as mandatory by the European Union. They are not expected to have any material effect on RATIONAL's future consolidated financial statements. Based on the latest information, the new standard IFRS 18 will lead to changes to the structure of the statement of comprehensive income and additional disclosures in the notes from fiscal year 2027 onwards.

Scope of consolidation

Eight domestic (2023: eight) and 24 foreign subsidiaries (2023: 24) in addition to the parent company were included in the consolidated financial statements.

There were no changes in the scope of consolidation compared with 31 December 2023.

As at 31 December 2024 the consolidated companies were as follows:

Group structure

Company name and registered office			% of capital / % of voting rights
Germany			
RATIONAL AG	Landsberg am Lech	Germany	100.0
LechMetall GmbH	Landsberg am Lech	Germany	100.0
RATIONAL Komponenten GmbH	Landsberg am Lech	Germany	100.0
RATIONAL Technical Services GmbH	Landsberg am Lech	Germany	100.0
RATIONAL Dienstleistungsgesellschaft mbH	Landsberg am Lech	Germany	100.0
RATIONAL Montage GmbH	Landsberg am Lech	Germany	100.0
RATIONAL Deutschland GmbH	Landsberg am Lech	Germany	100.0
RATIONAL F & E GmbH	Landsberg am Lech	Germany	100.0
RATIONAL Ausbildungsgesellschaft mbH	Landsberg am Lech	Germany	100.0
Europe			
RATIONAL UK Ltd.	Luton	UK	100.0
RATIONAL France S.A.S.	Wittenheim	France	100.0
RATIONAL Wittenheim S.A.S.	Wittenheim	France	100.0
TOPINOX S.A.R.L.	Nantes	France	100.0
RATIONAL Italia s.r.l.	Mestre	Italy	100.0
RATIONAL Ibérica Cooking Systems S.L.	Barcelona	Spain	100.0
RATIONAL Austria GmbH	Salzburg	Austria	100.0
RATIONAL International AG	Balgach	Switzerland	100.0
RATIONAL Schweiz AG	Balgach	Switzerland	100.0
RATIONAL Sp. z o.o.	Warsaw	Poland	100.0
RATIONAL Czech Republic s.r.o.	Prague	Czech Republic	100.0
RATIONAL Scandinavia AB	Malmö	Sweden	100.0
RATIONAL Endüstriyel Mutfak Ekipmanları Ticaret Limited Sirketi	Istanbul	Turkey	100.0
America			
RATIONAL Cooking Systems, Inc.	Rolling Meadows	USA	100.0
RATIONAL Canada Inc.	Mississauga	Canada	100.0
RATIONAL México, S.A. DE C.V.	Mexico City	Mexico	100.0
RATIONAL Brasil Comércio E Distribuição de Sistemas De Cocção Ltda.	São Paulo	Brazil	99.9
RATIONAL Colombia - America Central SAS	Bogotá	Columbia	100.0
Asia			
RATIONAL Japan Co., Ltd.	Tokyo	Japan	100.0
RATIONAL Trading (Shanghai) Co., Ltd.	Shanghai	China	100.0
RATIONAL Technology (Suzhou) Ltd.	Suzhou	China	100.0
RATIONAL International India Private Ltd.	Gurgaon	India	100.0
RATIONAL Cooking Systems PTE. LTD.	Singapore	Singapore	100.0
RATIONAL Kitchen and Catering Equipment Trading FZCO	Dubai	United Arab Emirates	100.0

The fiscal year of RATIONAL AG and its subsidiaries, with the exception of RATIONAL International India Private Ltd., corresponds to the calendar year. In accordance with local legal requirements, the Indian subsidiary has a fiscal year from 1 April to 31 March, but for consolidation purposes the figures are prepared on a calendar-year basis. The balance sheet date of the consolidated financial statements is the balance sheet date of the parent company.

The domestic subsidiaries LechMetall GmbH, RATIONAL Deutschland GmbH, RATIONAL Technical Services GmbH, RATIONAL Dienstleistungsgesellschaft mbH, RATIONAL Montage GmbH, RATIONAL Komponenten GmbH, RATIONAL F & E GmbH and RATIONAL Ausbildungsgesellschaft mbH have exercised all available exemption options provided in section 264 (3) of the HGB (Handelsgesetzbuch, German Commercial Code) for fiscal year 2024.

Consolidation methods and significant accounting policies

Consolidation methods

In addition to RATIONAL AG as the ultimate parent company, all material domestic and foreign subsidiaries under the direct or indirect control of RATIONAL AG have been included in the consolidated financial statements. The consolidation of an investee begins on the day on which RATIONAL AG gains control over the entity and ends when it no longer has control over the investee.

Initial consolidation of the investment account is performed using the acquisition method in accordance with IFRS 3. Any remaining positive differences are capitalised as goodwill.

The effects of intercompany transactions are eliminated. Balances between consolidated companies and intercompany profits are eliminated and intercompany expenses are deducted from the corresponding income. Deferred taxes are recognised for temporary differences arising from consolidation measures in accordance with IAS 12.

The consolidation methods remain unchanged from those used last year.

Foreign currency translation

In the separate financial statements of the subsidiaries, foreign currency transactions are translated into the functional currency at the exchange rate prevailing at the time of the transaction. The local currency in each country is the functional currency for the entities based in the country concerned. RATIONAL International AG, based in Switzerland, and RATIONAL Kitchen and Catering Equipment Trading FZCO, which has its registered office in the United Arab Emirates, are exceptions to this rule and use the euro as their functional currency, because most sales revenues are generated in euros. Profits and losses resulting from the settlement of such transactions and from the translation at the spot rate of monetary foreign currency assets and liabilities are recognised in the statement of comprehensive income.

For the consolidated financial statements, the annual financial statements of the foreign subsidiaries are translated into euros, the functional currency used in the consolidated financial statements. Assets and liabilities are translated at the spot rate as at the balance sheet date and the items in the statement of comprehensive income at the annual average rate. For subsidiaries in hyperinflationary countries, items of the statement of comprehensive income are translated in accordance with IAS 29.35, also at the spot rate as at the balance sheet date. The portions of equity to be included in the consolidation of the investment account and the accumulated profit or loss brought forward are translated at historical rates. If this gives rise to differences in the consolidated balance sheet, the differences are recognised under “Differences from currency translation” in other comprehensive income.

The accumulated exchange rate differences in other components of equity are derecognised through profit or loss when subsidiaries are deconsolidated and the loss (gain) is recognised in other operating expenses (income).

The following table shows the most important exchange rates in relation to the euro used in the consolidated financial statements:

		Annual average exchange rate		Exchange rate on 31 Dec	
1 euro =		**2024**	**2023**	**2024**	**2023**
CAD	= Canadian dollar	**1.4809**	1.4590	**1.4889**	1.4567
CNY	= Chinese yuan	**7.7098**	7.6694	**7.4682**	7.8451
GBP	= Pound sterling	**0.8447**	0.8679	**0.8265**	0.8667
JPY	= Japanese yen	**163.77**	153.09	**162.77**	155.80
USD	= US dollar	**1.0797**	1.0828	**1.0355**	1.1047

Intangible assets

Purchased intangible assets are recognised at cost and usually amortised over three to five years using the straight-line method.

Development costs are recognised as internally generated intangible assets if the requirements of IAS 38.57 are met. Development activities eligible for capitalisation are activities in connection with the specific development of new technology. Capitalised development costs include all attributable direct costs and a proportion of indirect costs. The assets are amortised over their useful lives using the straight-line method (usually five years), starting when they are available for commercial use. Amortisation charges on capitalised development costs are reported under cost of sales in the statement of comprehensive income.

Acquired intangible assets and capitalised development costs for development projects that have not yet been completed are tested annually for impairment. If impairment is identified in excess of depreciation, the asset is written down to its recoverable amount. The recoverable amount is either the fair value less costs of disposal or the value in use of an asset, whichever is higher.

Goodwill arising from the consolidation of the investment account and other company acquisitions is tested at least annually for impairment in compliance with IAS 36. If the fair value less costs of disposal or the value in use is below the carrying amount of the cash-generating unit or the group of cash-generating units, an impairment loss is recognised in the income statement. Value in use is determined using the discounted cash flow method. The weighted cost of capital after tax is used for discounting.

Property, plant and equipment

Property, plant and equipment is measured at cost less depreciation. Cost includes all directly attributable costs and appropriate portions of production-related overheads. Depreciation is calculated on the basis of the useful lives of the assets. Administration and production buildings are usually depreciated over a period of between 10 and 33 years, while items of technical equipment and machinery as well as operating and office equipment are depreciated over their useful lives, which usually range between 3 and 15 years. The straight-line method is normally used. Depreciation is charged pro rata in the year the asset is purchased.

As at each balance sheet date, the Group has to assess whether there are any indications that the carrying amount of an item of property, plant and equipment may be impaired. If impairment is identified in excess of depreciation, the asset is written down to its recoverable amount. The recoverable amount is either the fair value less costs of disposal or the value in use of an asset, whichever is higher.

Leasing

Under IFRS 16, the lessee accounts for leases by recognising right-of-use assets and the corresponding lease liabilities from the date on which the lease asset is available for use by the Group. They are recognised at the present value of the lease payments at the date of initial recognition; the lease payments are discounted using the lessee's incremental borrowing rate. The incremental borrowing rate is determined at RATIONAL using a benchmark interest rate and a financing margin. The right-of-use asset is depreciated on a straight-line basis over the lease term.

At RATIONAL, eligible right-of-use assets are real estate (especially office and warehouse buildings), vehicles and other operating and office equipment in accordance with IFRS 16. Leases are normally entered into for fixed periods of up to 10 years, but may contain termination and renewal options in order to maintain a maximum of operating flexibility in relation to the lease portfolio. The leases are normally negotiated individually and contain a large variety of different terms and conditions.

For low-value lease assets (chiefly IT equipment), RATIONAL makes use of the exemption provided by IFRS 16.5 (b). Payments for low-value assets are recognised in profit or loss using the straight-line method.

With regard to accounting as lessor, RATIONAL classifies existing leases as operating leases, if RATIONAL retains substantially all the risks and rewards of ownership of the lease asset. In this case, the lease assets are measured at amortised cost. Lease assets are depreciated in accordance with the provisions for property, plant and equipment. Lease payments are recognised as revenue in the income statement on a straight-line basis over the lease term.

Inventories

Inventories are measured either at cost or at the net realisable value, whichever is lower. Raw materials, consumables, supplies and merchandise are measured at cost using the moving weighted average cost method. Price reductions, such as volume and cash discounts and other comparable amounts, are taken into account when measuring cost. Work in progress and finished goods are measured at production costs. They include all costs directly attributable to the production process, as well as appropriate portions of production-related overheads.

Financial instruments

In the course of normal operating activities, companies can enter into a large number of contractual agreements that lead to the creation of financial assets for one company and, at the same time, financial liabilities for another. These relate to financial instruments.

Financial assets and liabilities measured at amortised cost are recognised as at the settlement date. The settlement date is the date on which an asset is delivered to or by the company. Financial instruments measured at fair value are recognised as at the trading date.

Financial assets and liabilities are initially recognised at fair value plus or less directly attributable transactions costs, if they are measured at amortised cost. Under IFRS 9, all financial assets and liabilities are classified as being subsequently measured at amortised cost or measured at fair value. The classification depends on the group's business model for controlling financial assets and on the contractual cash flow characteristics of the financial assets or liabilities

› Financial assets are allocated to the category of subsequent measurement at amortised cost, if they are held within a business model whose objective is exclusively to hold assets in order to collect contractual cash flows ("hold" business model) and the contractual cash flows are solely payments of principal and interest.
› Financial assets and financial liabilities are allocated to the category of subsequent measurement at fair value, if they are held exclusively for trading and not in order to collect contractual cash flows, or are not held for both collecting contractual cash flows and selling financial assets ("other" business model), or if their contractual cash flows are not solely payments of principal and interest.
› All financial liabilities are subsequently measured at amortised cost, unless they have to be allocated to the subsequent measurement category at fair value.

RATIONAL does not use hedge accounting. For financial instruments measured at amortised cost, changes in fair value between reporting dates are recognised under other operating income or expenses or in the financial result in the consolidated statement of comprehensive income. Net gains and losses on financial instruments measured at fair value are presented in other operating income and expenses.

The assignment of the respective financial instruments within the balance sheet items to IFRS 9 categories is summarised in "Other notes to the consolidated financial statements" under note 21 "Financial instruments".

A financial asset is derecognised if the contractual right to cash flows from the financial asset has expired or if the financial asset has been transferred and RATIONAL has transferred or received substantially all risks and rewards associated with ownership. A receivable will also be derecognised if there is no realistic prospect of recovering an impaired receivable (normally defined as insolvency of the debtor or an external collection specialist's inability to realise the receivable). A financial liability is derecognised if the corresponding obligation has been settled or rescinded, or has lapsed. A financial liability that is settled via an electronic payment system is derecognised already before the settlement date, if the payment order has been triggered and all of the following conditions are met: (1) RATIONAL is unable to withdraw, stop or cancel the payment instructions, (2) RATIONAL has no practical way to access the cash used in the payment, (3) the processing risk associated with the electronic payment system is insignificant. The gains and losses arising from the derecognition of financial assets and financial liabilities are recognised in the income statement for the period.

The impairment loss on financial assets recognised in the context of subsequent measurement at amortised cost takes account not only of losses already incurred, but also an estimate of expected credit losses (expected credit loss model). IFRS 9 distinguishes between a general impairment model (three-stage approach) and a simplified approach. The general impairment model is used in all cases for determining impairment losses. Risk allowances are recognised for expected credit losses on deposits. For deposits with a low credit risk, the risk allowance is limited to the expected 12-month credit losses. To be able to assess whether the credit risk of fixed-term deposits has increased significantly, the ratings of banks with which there was an active contractual relationship during the reporting period are reviewed as at each reporting date. Deposits have a low risk of default if the issuer has an investment grade rating. The valuation allowances to be recognised are calculated on the basis of corresponding credit default swaps.

A significant deterioration in a contracting party's rating (e.g. worse than BBB-/or no longer investment grade) would constitute a significant rise in credit risk, which would trigger the transfer of the relevant fixed-term deposit contracts to Stage 2. As a consequence, the risk allowance would then correspond to the lifetime expected credit losses of the financial instrument.

RATIONAL applies the simplified approach under IFRS 9 to measure the expected credit losses for trade accounts receivable. The short-term nature of the receivables means that the expected 12-month credit losses correspond to the credit losses expected over their remaining lives. Transfers between Stage 1 and Stage 2 are therefore unnecessary, so trade accounts receivable are always allocated to Stage 2. If there is objective evidence of impairment, the financial instrument in question must be transferred to Stage 3.

The following model is used to measure credit losses to be expected on trade accounts receivable in Stage 2: receivables not requiring individual impairment losses to be recognised are classified into regional sub-portfolios. These sub-portfolios are rated regularly on the basis of changes in the country rating (external factor) and changes in the weighted portfolio risk score (internal factor). In this process, the external and internal factors are combined with each other and applied to the historical default experience of the respective regional sub-portfolios, after eliminating receivables on which specific valuation allowances had been recognised. Existing credit insurance cover is taken into account when determining the allowances.

Stage 3 specific valuation allowances must be recognised for receivables to be classified as doubtful on the basis of objective criteria and for which no information is available that justifies a different assessment. Objective evidence exists in particular if the customer is in substantial financial difficulties (and the receivable has been transferred to an external collection specialist), the receivables are more than 90 days overdue, insolvency proceedings have been filed for or commenced, or receivables are disputed in court.

Cash and cash equivalents
Cash and cash equivalents include cash in hand as well as cash in banks (including fixed-term deposits with an original maturity of less than three months); they are measured at nominal values. Cash in foreign currency is translated at the spot rate as at the balance sheet date. Positive current account balances are subject to the requirements of the general impairment model. However, since current account contracts can always be terminated at short notice, no risk provision is recognised for credit balances in current accounts.

Current income tax receivables and income tax liabilities
Current income tax receivables and income tax liabilities for current as well as prior periods are measured at the amount of the expected refund from or payment to the tax authorities. The amount is calculated on the basis of the tax rates and tax legislation enacted at the balance sheet date.

Deferred taxes
Deferred tax assets are recognised in accordance with IAS 12, using the liability method, for temporary differences between the value of an asset or liability as shown on the balance sheet and the tax base, as well as for tax loss carry-forwards and, where recognised, unused taxable profits to the extent that future taxable profits are expected or profits will be available according to the tax planning. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective in the period in which the asset is realised or liability settled. The tax rate used to calculate deferred taxes for RATIONAL AG is 27.73% (2023: 27.73%). For foreign subsidiaries, deferred taxes are calculated on the basis of tax rates applicable or enacted as at the balance sheet date. Deferred taxes recognised at Group level have been measured on the basis of each country-specific income tax rate.

Deferred tax assets and deferred tax liabilities are only reported on a net basis if there is an enforceable legal right to offset them and if the deferred tax assets and deferred tax liabilities relate to taxes on income that are levied on the same taxable entity and by the same tax authority.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the amount by which it is no longer probable that sufficient taxable income will be available against which the deferred tax asset and any unused tax loss can be used.

In fiscal year 2024, the accounting treatment of deferred tax assets under IAS 12 was changed retrospectively in accordance with IAS 8.42. The change is the result of an agreement with the Swiss tax authorities entered into in 2020. This should have resulted in the recognition of a deferred tax asset from fiscal year 2020 onwards. In subsequent periods, the deferred tax asset should have been reduced through profit or loss in accordance with the tax effects realised. For this reason, the comparative figures were restated for the earliest reporting period presented, fiscal year 2023. Cumulative effects from fiscal years before 2023 have been recognised directly in the opening balance as at 1 January 2023.

The reconciliation of the financial figures reported for the previous year to the retrospectively restated comparative figures is shown in the following charts:

Balance sheet as at 1 Jan 2023

Assets in thousands of euros	31 Dec 2022 reported	Adjustment	1 Jan 2023 restated
Non-current assets	**237,293**	**23,978**	**261,271**
Deferred tax assets	14,040	23,978	38,018
Other non-current assets	223,253	–	222,253
Current assets	**661,929**	**–**	**661,929**
Total assets	**899,222**	**23,978**	**923,200**

Equity and liabilities in thousands of euros	31 Dec 2022 reported	Adjustment	1 Jan 2023 restated
Equity	**676,240**	**23,978**	**700,218**
Retained earnings	641,399	23,978	665,377
Other equity	34,841	–	34,841
Non-current liabilities	**31,430**	**–**	**31,430**
Current liabilities	**191,552**	**–**	**191,552**
Total equity and liabilities	**899,222**	**23,978**	**923,200**

Balance sheet as at 31 Dec 2023

Assets in thousands of euros	31 Dec 2023 reported	Adjustment	31 Dec 2023 restated
Non-current assets	**264,843**	**22,184**	**287,027**
Deferred tax assets	19,638	22,184	41,822
Other non-current assets	245,205	–	245,205
Current assets	**702,004**	**–**	**702,004**
Total assets	**966,847**	**22,184**	**989,031**

Equity and liabilities in thousands of euros	31 Dec 2023 reported	Adjustment	31 Dec 2023 restated
Equity	**738,605**	**22,184**	**760,789**
Retained earnings	703,666	22,184	725,850
Other equity	34,939	–	34,939
Non-current liabilities	**42,297**	**–**	**42,297**
Current liabilities	**185,945**	**–**	**185,945**
Total equity and liabilities	**966,847**	**22,184**	**989,031**

Statement of Comprehensive Income

in thousands of euros	2023 reported	Adjustment	2023 restated
Earnings before taxes (EBT)	**284,036**	**–**	**284,036**
Income taxes	−68,274	−1,794	−70,068
Profit or loss after taxes	**215,762**	**−1,794**	**213,968**
Other comprehensive income	98	–	98
Total comprehensive income	**215,860**	**−1,794**	**214,066**

Restated earnings per share for fiscal year 2023 are therefore 18.82 euros (reported: 18.98 euros).

Statement of changes in equity – retained earnings

in thousands of euros	2023 reported	Adjustment	2023 restated
Balance as at 1 Jan 2023	**641,399**	**23,978**	**665,377**
Dividend	−153,495	–	−153,495
Profit or loss after taxes	215,762	−1,794	213,968
Other comprehensive income	–	–	–
Balance as at 31 Dec 2023	**703,666**	**22,184**	**725,850**

The cash flow statement was not retrospectively restated as there are no cash effects.

The tax reconciliation and the overview of deferred taxes (both in note 5 "Income taxes") include restated figures for the previous year.

Pension and similar obligations
The measurement of defined benefit provisions for pensions is based on the projected unit credit method stipulated in IAS 19. The actuarial gains and losses are directly recognised in other comprehensive income. The interest paid is recognised in the income statement under "Interest expenses".

Other provisions
Other provisions are recognised if there is a legal or constructive obligation to a third party as a result of a past event, it is probable that the obligation will have to be settled in the future, and the amount required to settle the obligation can be reliably estimated. The carrying amount of provisions is reviewed at each balance sheet date. If the effect of discounting is material, the provision is discounted by applying market interest rates.

Contingent liabilities

Compared to provisions, contingent liabilities are subject to substantially greater uncertainty, since they represent either a potential obligation or a present obligation that is unlikely to be settled or whose amount cannot be estimated with sufficient certainty. The assessment of the financial effects arising from contingent liabilities for such risks (e.g. from litigation) that do not meet the criteria for recognising provisions is uncertain as to the probability and the amount of outflow of resources and is subject to estimates and assumptions.

Government grants

Government grants are recognised at fair value if there is reasonable assurance that RATIONAL will comply with any conditions attached to the grant and the grant will be received.

Government grants paid as compensation for expenses already incurred are recognised in profit or loss in the period in which the claim arises. These grants are normally deducted from the corresponding expenses. Grants for research and development not eligible for capitalisation are reported under other operating income.

Government grants for assets reduce the carrying amounts of the corresponding assets reported in the balance sheet. The income is recognised in profit or loss by way of reduced depreciation or amortisation charges over the useful life of the asset.

Cost of sales and other functional costs

Cost of sales comprises the manufacturing costs of the products sold, the cost of merchandise sold, warranty expenses, allowances on inventories and the cost of providing services sold. Sales and service expenses include sales organisation costs for office-based and field sales, shipping costs, costs for marketing, application consultancy and after-sales service. Research and development expenses comprise costs of basic and application research and development costs not eligible for capitalisation. General administration expenses are made up of business administration costs, such as finance, IT, accounting and controlling as well as costs for human resources, central services and a proportion of executive management costs. Amortisation and depreciation charges are allocated to cost of sales as well as functional costs according to cost drivers.

Sales revenue recognition

RATIONAL generates sales revenues primarily from selling goods to dealers and partners. Order lead times are generally short. Sales revenues are recognised when the underlying performance obligation has been satisfied by transferring control to the customer. In most cases, this occurs on delivery of the goods. RATIONAL generates a small proportion of its sales revenues by providing services, which are recognised in the period in which the services are rendered. Some contracts contain multiple performance elements, such as the sale of appliances and the related installation of the appliances in the kitchen or extended warranty services. The installation or extended warranty is accounted for as a separate performance obligation, and the transaction price is allocated to all performance obligations on the basis of the relative stand-alone selling prices.

The revenues include the consideration received or receivable, not including cash discounts, discounts and trade bonuses. Trade bonuses are normally based on total sales revenues generated in a year and are granted retrospectively. Variable consideration is determined on the basis of the most probable amount. Sales revenues are only recognised in the amount that is highly probable of not being reversed to any significant extent. Obligations of uncertain amount arising from trade bonuses still to be granted are reported under other provisions. If the amount of the trade bonuses to be granted is known, they are reported under other financial liabilities. The payment terms are determined on the basis of local circumstances and are always shorter than one year. There are no significant financing elements.

Expense recognition

Operating expenses are recognised in the income statement when the goods or services are utilised or on the date the expenses are incurred. Provisions for warranties are recognised on an individual basis or when the corresponding sales revenues are recognised. Interest income and expenses are recognised in the period in which they accrue or are incurred. Research expenses and development costs not eligible for capitalisation are expensed as incurred. Finance costs are expensed in the period in which they are incurred, unless they can be allocated to the acquisition, construction or manufacture of a qualifying asset.

Hyperinflation

In order to reflect changes in purchasing power in hyperinflationary countries as at the balance sheet date, the carrying amounts of non-monetary assets and liabilities and of equity as well as the statement of comprehensive income of subsidiaries in hyperinflationary countries, including prior-period comparative figures, are translated into the unit of measurement current at the balance sheet date. This is done on the basis of a general price index in accordance with IAS 29. Prior-year figures in the consolidated financial statements are not restated, as they are presented in a stable currency. In contrast, translation of monetary assets and liabilities is not required. They represent existing funds to be received or paid that are already presented in the measuring unit current at the balance sheet date.

Effects from inflation-based adjustments to non-monetary assets and liabilities are included in the respective balance sheet item. Effects from adjusting the statement of comprehensive income to the general price index are presented in the “Gain or loss on the net monetary position in accordance with IAS 29” item. The residual of adjustments for inflation is recognised in other comprehensive income.

Effects of climate change

RATIONAL observes actual and potential financial and non-financial risks arising from climate change and the associated ecological sustainability issues with both short- and long-term effects, and their effects on the assets, liabilities, financial position and profit or loss. This is in particular also done in the context of materiality assessments, which form the basis for non-financial reporting. One focus area is increased expenses due to direct and indirect consequences of climate change. For example, this could relate to increased expenses for waste disposal and recycling or risks resulting from new or more stringent regulatory sustainability requirements that prohibit the processing of certain materials. Furthermore, if sustainability requirements were underestimated or inadequately met, this would lead to a loss of reputation and ultimately of sales revenues and market share. Potential risks also concern company locations in regions affected by climate change, which are therefore exposed to a higher probability of natural disasters.

In the course of preparing the consolidated financial statements for the fiscal year under review, the effects of global climate change on the measurement of assets and liabilities were examined. This was done in particular with regard to the recoverability and useful lives of assets, expected credit losses, future obligations and other factors influencing business performance, such as regulatory requirements, changes in production conditions or a change in customer demand behaviour. This had no material direct financial effects from climate-related factors on the net assets, financial position and profit or loss.

Use of estimates and assumptions and significant use of management judgement

In preparing the consolidated financial statements, company management must make certain estimates and assumptions which may influence the amounts reported for assets, liabilities and financial obligations as at the balance sheet date, as well as income and expenses for the year under review. The carrying amounts of the items in question are disclosed individually in the relevant notes.

The assumptions and estimates the Executive Board made to the best of their knowledge could have been made differently for equally plausible reasons. The assumptions made may alter over time and hence have a material effect on the net assets, financial position and profit or loss. The Executive Board is confident that the assumptions and estimates made are appropriate.

The following items in particular are subject to assumptions and estimates made by corporate management.

For intangible assets and property, plant and equipment, the assumptions and estimates relate in particular to the useful life, whether there are indications of impairment, and the recoverable amount of an impaired asset. Additional assumptions are made in relation to the discount rate for right-of-use assets. Capitalised development costs require estimates of the technical and financial feasibility of the projects.

When goodwill and capitalised development costs for uncompleted development projects are subjected to the annual impairment test, assumptions must be made about future profit or loss levels and the resulting cash flows to be expected in the underlying cash-generating units or group of cash-generating units in order to determine the recoverable amount. Uncompleted development projects additionally require assumptions about costs still to be incurred and the period to completion.

Discretionary decisions are taken by the Executive Board in reviewing the business model for classifying and measuring financial assets. The impairment losses on financial assets are based on assumptions about the risk of default and expected loss rates. The Executive Board applies discretionary judgement in making these assumptions and selecting the inputs for calculating the impairment loss, based on past experience, existing market conditions and forward-looking estimates as at the end of each reporting period.

To calculate deferred tax assets, management must assess the tax benefits arising from the available tax strategies and future taxable income. The reported amount of deferred tax could decline if the estimates of planned taxable income and the achievable tax benefits are reduced or current tax legislation limits the period during which, or the extent to which, future tax benefits can be utilised.

The material sources of uncertainty in respect of provisions relate to forward-looking measurement factors, such as the assumed rate of interest, including assumptions about the risk situation and changes in interest rates.

The warranty provision covers the Group companies' liability to ensure that their products are fully functioning. To determine this provision, it is necessary to make assumptions about the future expense arising from warranty claims or goodwill gestures. The provision is essentially determined in respect of historical claims and unit sales. A standard warranty period of two years is taken into account.

Provisions for legal proceedings, as well as the risk of losing legal cases and risk of liability to pay damages, are recognised if the corresponding requirements of IAS 37 are met. The recognition and amount of the provisions are subject to Executive Board judgement. Because such cases usually extend over a longer period and involve complex issues, the determination of provisions for legal proceedings, as well as the risk of losing legal cases and the risk of liability to pay damages is subject to uncertainty. The Executive Board regularly assesses their status, sometimes with the involvement of external lawyers, in order to estimate the provisions reliably.

When assessing contingent liabilities, management estimates and assumptions are used to determine the amount and probability of incurring a potential obligation.

The assessment of the effects of climate change on the measurement of assets and liabilities is subject to management assumptions and estimates of the future influence of climate and sustainability-related factors on business performance and of regulatory requirements.

In recognising sales revenues, it is normally assumed that the customer obtains control of the goods upon delivery. To a small extent, the performance obligations under a contract are satisfied in different periods. In these cases, the transaction price has to be allocated to the separate performance obligations. Trade bonuses and cash discounts are determined on the basis of assumptions about the total volume to be purchased by dealers and about their payment behaviour.

Actual developments may, under certain circumstances, differ from the estimates and assumptions made. The principle of the "true and fair view" is applied unreservedly when using estimates.

Other than to form estimates and assumptions, there was no significant use of Executive Board judgement in the application of accounting policies.

Notes to the consolidated statement of comprehensive income

1. Sales revenues

The rise in sales revenues by 67,691 thousand euros, or 6%, compared to the previous year is mainly attributable to the expanding non-appliance business, strong growth in sales volumes in the iVario product group and the lag effects of the price increases. Fourth-quarter sales revenues expanded by 9%, which made this and the third quarter the drivers of full-year sales revenue growth.

The regional breakdown of sales revenues by customer location was as follows:

Sales revenues by region

in thousands of euros	2024	% of total	2023	% of total
Germany	**124,051**	**10**	122,217	11
Europe (excl. Germany)	**490,585**	**41**	460,584	41
North America	**280,727**	**24**	261,567	23
Latin America	**79,470**	**7**	68,067	6
Asia	**152,628**	**13**	156,173	14
Rest of the world*	**66,068**	**5**	57,230	5
Total	**1,193,529**	**100**	**1,125,838**	**100**

* Australia, New Zealand, Middle East, Africa

A significant share of consolidated sales revenues was generated in these countries, including 233,239 thousand euros (2023: 217,842 thousand euros) in the USA and 124,051 thousand euros (2023: 122,217 thousand euros) in Germany. As in the previous year, no more than 10% of sales revenues were generated with any one customer.

The iCombi product group achieved sales revenues of 1,056,100 thousand euros in the period under review (2023: 1,007,699 thousand euros), and the iVario product group had sales revenues of 137,429 thousand euros (2023: 118,139 thousand euros). 69% (2023: 70%) of sales revenues was attributable to appliance sales. The remaining 31% (2023: 30%) was generated from the sale of accessories, spare parts and care products and from the provision of services.

In the reporting period, sales revenues of 5,328 thousand euros (2023: 6,527 thousand euros) were recognised, which had been recognised under contract liabilities at the end of the previous year. The final settlement of prior-year trade bonuses led to an increase in sales revenues of 1,320 thousand euros (2023: 1,645 thousand euros).

The contract liabilities recognised (see note 19 “Other liabilities”) arise from payments we received before the contractual performance obligations were satisfied. The contract liabilities are recognised as sales revenues as soon as the respective performance obligation has been satisfied.

The term of most remaining performance obligations is below one year. In accordance with IFRS, no other information is therefore provided on current performance obligations.

Sales revenues include an amount of 35 thousand euros (2023: 12 thousand euros) in income from leasing land and buildings.

Further information on sales revenues appears in note 24 “Operating segments”.

2. Cost of sales and functional costs

Cost of sales was on a level with the previous year, which means that it increased more slowly than sales revenues. This resulted mainly from a further reduction in purchase prices on the procurement market, which more than offset additional costs due to sales volume growth. This contrasted with changes in production costs, which rose by 9% for reasons such as higher amortisation of capitalised development costs. The increase in sales and service expenses was slightly slower than sales revenue growth, and this was due in particular to a decline in freight costs and lower sales commission. The year-on-year decrease in capitalised development costs led to a rise in research and development expenses. Adjusted for this factor, growth amounted to 13%, driven by higher costs for development projects and an increase in development staff.

In 2024, RATIONAL recognised government grants in the form of personnel and rental cost subsidies of 234 thousand euros (2023: 34 thousand euros). The corresponding claims arose in the reporting period. The conditions attached to these grants were satisfied in full, and there are no uncertainties.

3. Other operating income and expenses

in thousands of euros	2024	2023
Exchange gains	14,187	18,442
Further income	3,675	3,619
Other operating income	**17,862**	**22,061**
Exchange losses	–23,602	–22,917
Further expenses	–1,219	–1,850
Other operating expenses	**–24,821**	**–24,767**

Exchange gains and losses were primarily generated by fluctuations in the exchange rate between origination and payment dates, and by measuring balance sheet items at the spot rate as at the balance sheet date.

Other income and other expenses include income and expenses relating to impairment losses and the derecognition of receivables and to compensation from credit sale insurers. They are explained in note 11 "Trade receivables". Other income presents income from government grants amounting to 1,733 thousand euros (2023: 1,728 thousand euros) and includes grants for research and development services. The claim arose in the reporting period. Other income also includes compensation from insurers and suppliers amounting to 755 thousand euros (2023: 471 thousand euros). The other items in other income and the items in other expenses are of minor significance.

4. Financial result

The largest items in the financial result are interest income and interest expenses in connection with leases. The sharp year-on-year rise in interest income is mainly attributable to increased investments in fixed-term and demand deposits. Furthermore, it includes the gain or loss on the net monetary position from adjusting the statement of comprehensive income in hyperinflationary countries to the consumer price index (see note 28 "Hyperinflation"). This adjustment amounted to 325 thousand euros in the fiscal year under review (2023: 438 thousand euros).

5. Income taxes

The following table shows the reconciliation from expected to reported income tax expense. This figure includes both current and deferred taxes included in the calculation of profit or loss for the period. A combined income tax rate of 27.73% (2023: 27.73%) was applied to profit before tax to calculate expected income tax expense. This tax rate is composed of a corporate income tax rate of 15.0% and a solidarity surcharge of 5.5% levied on corporate income tax, as well as a municipal trade tax multiplier of 340%, which is applied to the parent company.

in thousands of euros	2024	2023 [1]
Earnings before taxes (EBT)	325,916	284,036
Expected tax rate in %	27.73	27.73
Expected income tax expense	**90,376**	**78,763**
Variations in local tax rates in the subsidiaries	–18,944	–14,208
Tax revenue from previous years	–263	–152
Tax expenses relating to previous years	170	884
Tax expenses from supplementary taxes	511	–
Non-tax-deductible expenses and other amounts	3,536	4,781
Reported income tax expense	**75,386**	**70,068**

Alongside non-tax-deductible expenses, non-tax-deductible expenses and other amounts contain deferred taxes and the effects of dividend distributions of subsidiaries, which are sometimes not fully tax deductible in the respective parent company.

The regulations published by the OECD in 2021 for a new global minimum tax framework (Pillar II) were applicable for the first time in fiscal year 2024 as a result of the adoption of the EU Directive, which was transposed into national law through the German Minimum Taxation Act (Mindeststeuergesetz). This resulted in an income tax expense of 511 thousand euros (2023: 0 thousand euros) for supplementary taxes in two jurisdictions. This did not have any material effect on the consolidated tax rate.

RATIONAL applies the temporary exemption from accounting for deferred taxes, which arises from the introduction of global minimum taxation and is mandatory under IAS 12.

The deferred tax income in the statement of comprehensive income attributable to 2024 was 1,920 thousand euros (2023: 2,678 thousand euros[1]). The current income tax expense, excluding deferred taxes, thus amounted to 77,306 thousand euros (2023: 72,746 thousand euros[1]).

1 The previous year's comparative figures have been restated retrospectively in accordance with IAS 8 (see "Consolidation methods and significant accounting policies – Deferred taxes").

The deferred taxes are attributable to the following balance sheet items:

in thousands of euros	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2024	**31 Dec 2023[1]**	**31 Dec 2024**	**31 Dec 2023**
Intangible assets	**19,367**	22,197	**–4,390**	–5,131
Inventories	**19,284**	17,865	**–**	–
Provisions	**4,063**	4,320	**–29**	–35
Right-of-use assets and lease liabilities	**7,098**	7,064	**–6,811**	–6,884
Other	**3,219**	773	**–2,695**	–3,022
Total deferred tax assets/liabilities	**53,031**	**52,219**	**–13,925**	**–15,072**
Tax offset	**–11,293**	–10,397	**11,293**	10,397
Total recognised under asset/liabilities	**41,738**	**41,822**	**–2,632**	**–4,675**

Deferred taxes in provisions include deferred tax assets of 181 thousand euros (2023: 142 thousand euros) recognised on actuarial gains and losses and taken directly to equity.

Of the total deferred tax assets, 28,869 thousand euros (2023: 25,948 thousand euros[1]) is current and 24,162 thousand euros (2023: 26,271 thousand euros[1]) non-current. Of the total deferred tax liabilities, 4,534 thousand euros (2023: 4,788 thousand euros) is current and 9,391 thousand euros (2023: 10,284 thousand euros) non-current. Deferred taxes result from various temporary differences between the IFRS values and the tax base as well as from consolidation measures. Current deferred taxes arise primarily from consolidation measures, while non-current deferred taxes are mainly based on recognition and measurement differences for intangible assets, non-current provisions and right-of-use assets as well as non-current lease liabilities

As at 31 December 2024, there were temporary differences of 6,782 thousand euros (2023: 6,297 thousand euros) in connection with shares in subsidiaries for which no deferred tax liabilities were recognised, because there is no intention to distribute these profits.

In addition, there are deferred tax assets from unused loss carryforwards of 1,091 thousand euros (2023: 0 thousand euros), which arose during the start-up phase of the new Chinese production company. Based on internal project planning, the subsidiary is expected to generate sufficient taxable income within the next five years. The losses can be carried forward during this period.

6. Earnings per share

Earnings per share are calculated as stipulated by IAS 33 by dividing profit or loss after tax by the weighted average number of shares outstanding during the fiscal year.

Calculated on the basis of 11,370,000 shares (2023: 11,370,000 shares) and profit after tax of 250,530 thousand euros (2023: 213,968 thousand euros[1]), basic and diluted earnings per share for fiscal year 2024 were 22.03 euros (2023: 18.82 euros[1]).

7. Dividend per share

For fiscal year 2023 the dividend of 13.50 euros per share proposed by the Executive Board and Supervisory Board of RATIONAL AG was approved by a majority at the General Meeting of Shareholders on 8 May 2024. Total dividends of 153,495 thousand euros (2023: 153,495 thousand euros) were paid in May 2024.

The Executive Board and Supervisory Board will propose to the General Meeting of Shareholders on 14 May 2025 a dividend of 15.00 euros per share for fiscal year 2024, the total distribution in this case being 170,550 thousand euros.

1 The previous year's comparative figures have been restated retrospectively in accordance with IAS 8 (see "Consolidation methods and significant accounting policies – Deferred taxes").

Notes to the consolidated balance sheet – assets

8. Intangible assets

in thousands of euros	Industrial and similar rights	Goodwill	Capitalised development costs	Intangible assets under development and advance payments	Total
Cost					
Balance as at 1 Jan 2024	**16,549**	**424**	**12,789**	**12,871**	**42,633**
Exchange rate differences	**–39**	**–**	**–**	**–**	**–39**
Additions	**1,010**	**–**	**–**	**1,586**	**2,596**
Reclassifications	**23**	**–**	**13,875**	**–13,898**	**–**
Disposals	**–39**	**–**	**–**	**–**	**–39**
Balance as at 31 Dec 2024	**17,504**	**424**	**26,664**	**559**	**45,151**
Depreciation					
Balance as at 1 Jan 2024	**14,269**	**–**	**7,135**	**–**	**21,404**
Exchange rate differences	**–32**	**–**	**–**	**–**	**–32**
Additions	**1,098**	**–**	**3,696**	**–**	**4,794**
Reclassifications	**–**	**–**	**–**	**–**	**–**
Disposals	**–39**	**–**	**–**	**–**	**–39**
Balance as at 31 Dec 2024	**15,296**	**–**	**10,831**	**–**	**26,127**
Carrying amounts					
Balance as at 31 Dec 2024	**2,208**	**424**	**15,833**	**559**	**19,024**
Cost					
Balance as at 1 Jan 2023	17,966	424	7,336	11,446	**37,172**
Exchange rate differences	3	–	–	–	**3**
Additions	654	–	–	6,878	**7,532**
Reclassifications	–	–	5,453	–5,453	**–**
Disposals	–2,074	–	–	–	**–2,074**
Balance as at 31 Dec 2023	**16,549**	**424**	**12,789**	**12,871**	**42,633**
Depreciation					
Balance as at 1 Jan 2023	15,037	–	6,157	–	**21,194**
Exchange rate differences	2	–	–	–	**2**
Additions	1,252	–	978	–	**2,230**
Reclassifications	–	–	–	–	**–**
Disposals	–2,022	–	–	–	**–2,022**
Balance as at 31 Dec 2023	**14,269**	**–**	**7,135**	**–**	**21,404**
Carrying amounts					
Balance as at 31 Dec 2023	**2,280**	**424**	**5,654**	**12,871**	**21,229**

The reported goodwill arose from the acquisition of RATIONAL Wittenheim S.A.S. in 1993; it is allocated to the EMEA segment. The annual impairment test did not give rise to any requirement to recognise an impairment loss because the recoverable amount exceeded the carrying amount. Compared to the previous year, there was no significant reduction in the headroom (positive difference between recoverable amount and carrying amount).

Capitalised development costs relate to the development of new solutions and improvements in the performance of our products and services. Total research and development costs (including capitalised development costs) amounted to 66,986 thousand euros in fiscal year 2024 (2023: 59,449 thousand euros).

As in the previous year, there were no indications of impairment. There are no pledges or restrictions on disposal. Exchange rate differences can occur when foreign-currency-denominated intangible assets recognised by the subsidiaries are translated into the Group's functional currency, the euro.

As at 31 December 2024, obligations to purchase intangible assets amounted to 2,117 thousand euros (2023: 127 thousand euros). The year-on-year rise is due in particular to purchase commitments for software technology in connection with the construction of a new building for service parts in Landsberg am Lech.

9. Property, plant and equipment

This balance sheet item covers property, plant and equipment within the meaning of IAS 16 in an amount of 199,084 thousand euros (2023: 191,872 thousand euros) and right-of-use assets within the meaning of IFRS 16 in an amount of 28.757 thousand euros (2023: 27,435 thousand euros).

In fiscal year 2024, as in the previous year, there were no indications of impairment.

Property, plant and equipment within the meaning of IAS 16 breaks down as follows:

in thousands of euros	Land and buildings*	Technical equipment and machinery	Operating and office equipment	Advance payments and assets under construction	Total
Cost					
Balance as at 1 Jan 2024	**154,756**	**106,338**	**58,728**	**36,143**	**355,965**
Exchange rate differences	**196**	**29**	**86**	**78**	**389**
Additions	**8,680**	**3,373**	**7,885**	**9,084**	**29,022**
Reclassifications	**26,450**	**1,651**	**2,029**	**–30,130**	**–**
Disposals	**–251**	**–545**	**–1,114**	**–**	**–1,910**
Balance as at 31 Dec 2024	**189,831**	**110,846**	**67,614**	**15,175**	**383,466**
Depreciation					
Balance as at 1 Jan 2024	**58,519**	**66,159**	**39,415**	**–**	**164,093**
Exchange rate differences	**92**	**4**	**58**	**–**	**154**
Additions	**5,377**	**10,223**	**6,369**	**–**	**21,969**
Reclassifications	**–**	**–**	**–**	**–**	**–**
Disposals	**–250**	**–514**	**–1,070**	**–**	**–1,834**
Balance as at 31 Dec 2024	**63,738**	**75,872**	**44,772**	**–**	**184,382**
Carrying amounts					
Balance as at 31 Dec 2024	**126,093**	**34,974**	**22,842**	**15,175**	**199,084**
Cost					
Balance as at 1 Jan 2023	151,506	105,249	54,904	25,547	**337,206**
Exchange rate differences	–121	–1	–38	–3	**–163**
Additions	2,109	2,908	6,703	15,380	**27,100**
Reclassifications	1,777	1,930	930	-4,637	**–**
Disposals	–515	–3,748	–3,771	–144	**–8,178**
Balance as at 31 Dec 2023	**154,756**	**106,338**	**58,728**	**36,143**	**355,965**
Depreciation					
Balance as at 1 Jan 2023	54,591	59,350	37,048	–	**150,989**
Exchange rate differences	–82	–1	–59	–	**–142**
Additions	4,523	10,296	6,074	–	**20,893**
Reclassifications	–	–	–	–	**–**
Disposals	–513	–3,486	–3,648	–	**–7,647**
Balance as at 31 Dec 2023	**58,519**	**66,159**	**39,415**	**–**	**164,093**
Carrying amounts					
Balance as at 31 Dec 2023	**96,237**	**40,179**	**19,313**	**36,143**	**191,872**

* incl. lease assets, see note 22 “Leasing”.

A land charge of 33,500 thousand euros (2023: 33,500 thousand euros) is registered for land and buildings in Landsberg. There are no other restrictions on disposal. Exchange rate differences can occur when foreign-currency-denominated property, plant and equipment recognised by the subsidiaries is translated into the Group's functional currency, the euro.

As at 31 December 2024, obligations to purchase property, plant and equipment amounted to 14,265 thousand euros (2023: 6,657 thousand euros). The year-on-year rise is due in particular to purchase commitments in connection with the construction of a new building for service parts in Landsberg am Lech.

Further details of right-of-use assets arising from leases, which are also presented under property, plant and equipment in the balance sheet, can be found in note 22 “Leasing”.

10. Inventories

in thousands of euros	31 Dec 2024	31 Dec 2023
Raw materials, consumables and supplies	**29,217**	30,559
Work in progress	**4,210**	4,200
Finished goods and goods for resale	**74,166**	72,352
Total	**107,593**	**107,111**

Inventories were on a level with the previous year. After the exceptional situations in previous years, with limited component availability and a tense supply situation around the world, there was only a small increase in finished goods in the fiscal year under review, which was attributable to sales volume growth.

In fiscal year 2024, write-downs on inventories of 4,081 thousand euros (2023: 2,029 thousand euros) were expensed as cost of sales.

In total, inventories of 453,946 thousand euros (2023: 452,536 thousand euros) were recognised as expenses in the period under review.

As in the previous year, the inventories were not subject to any restrictions on disposal or pledges as at the balance sheet date.

11. Trade accounts receivable

Trade receivables break down as follows:

in thousands of euros	31 Dec 2024	31 Dec 2023
Gross trade accounts receivable (subject to specific valuation allowances)	**385**	952
Gross trade accounts receivable (subject to portfolio valuation allowances)	**181,085**	171,473
Total	**181,470**	**172,425**
Specific bad debt allowance	**−228**	−735
Portfolio bad debt allowance	**−139**	−31
Trade accounts receivable	**181,103**	**171,659**

The increase in trade accounts receivable compared with 31 December 2023 is primarily due to the 9% rise in sales revenues in the last quarter of the reporting period compared with the prior-year period.

The trade accounts receivable outstanding at the beginning of the fiscal year were largely settled in the period under review. This means that the majority of trade accounts receivable as at 31 December 2024 are new receivables.

The trade receivables are due within one year.

Allowances for expected credit losses are recognised for credit risk on receivables. Information on the credit risk on trade receivables can be found in the section on financial risks in note 21 “Financial instruments”.

The following table shows the changes in specific valuation allowances on trade receivables:

in thousands of euros	As at 1 Jan	Currency effects	Use	Reversal	Additions	As at 31 Dec
2024	**735**	**1**	**−89**	**−510**	**91**	**228**
2023	179	−4	−36	−21	617	735

Portfolio valuation allowances are recognised in accordance with IFRS 9 on all trade receivables, unless specific allowances have already been recognised. In this context, a portfolio ratio of 0.00% to 1.21% (2023: 0.00% to 0.81%) was applied to each credit risk rating category as at the reporting date.

Gains and losses on the derecognition of receivables resulted in an expense of 569 thousand euros in fiscal year 2024 (2023: 211 thousand euros). This figure does not include any claims settled by or payments expected from the credit insurer, which amounted to 401 thousand euros (2023: 135 thousand euros).

Impairment losses and the reversal of impairment losses on trade accounts receivable gave rise to income of 401 thousand euros in fiscal year 2024 (2023: 72 thousand euros). This is reported under other operating income or other operating expenses.

12. Other financial assets

in thousands of euros	Current		Non-current	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Deposits incl. interest receivable	**348,870**	264,707	**–**	–
Derivatives not designated as hedges	**551**	1,953	**–**	–
Other	**581**	974	**1,475**	1,680
Total	**350,002**	**267,634**	**1,475**	**1,680**

The increase in other financial assets compared to 31 December 2023 essentially results from more investments in short-term fixed deposits; they are not cash equivalents as their original maturities are longer than three months.

Other financial assets do not include any currency positions with controls on capital movement (2023: 435 thousand euros).

In accordance with IFRS 9, a risk allowance has been recognised for deposits following the method described under "Financial instruments" in the section on consolidation methods and significant accounting policies. The risk allowance is limited to the expected 12-month credit losses.

in thousands of euros	Current		Non-current	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Deposits before risk allowances	**349,019**	264,950	**–**	–
Risk allowance	**−149**	−243	**–**	–
Deposits after risk allowances	**348,870**	**264,707**	**–**	**–**

In the fiscal year under review, a decline in the risk allowance of 94 thousand euros for deposits was recognised as income in the other financial result (2023: expense of 154 thousand euros).

Most fixed-term deposits at the end of the year are protected by deposit protection funds (for details, see the section on financial risks in note 21 "Financial instruments"). None of these deposits have been pledged as collateral.

13. Other assets

in thousands of euros	Current		Non-current	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Value added tax refund claims	**9,753**	7,586	**–**	–
Advance payments	**6,982**	5,925	**814**	1,788
Government grants	**2,285**	1,184	**1,201**	1,201
Other	**649**	1,159	**–**	–
Total	**19,669**	**15,854**	**2,015**	**2,989**

Other assets mainly consist of advances to employees in an amount of 552 thousand euros (2023: 601 thousand euros).

14. Cash and cash equivalents

in thousands of euros	Currency	31 Dec 2024	31 Dec 2023
Deposits	EUR	**102,672**	91,767
Deposits	USD	**13,221**	9,964
Deposits	GBP	**5,793**	4,651
Deposits	CNY	**4,531**	9,254
Deposits	CHF	**4,380**	3,700
Deposits	CAD	**4,072**	4,699
Deposits	JPY	**3,830**	2,752
Deposits	SGD	**2,331**	2,074
Deposits	MXN	**2,109**	1,741
Deposits	SEK	**1,886**	1,359
Deposits	CZK	**1,830**	1,047
Deposits	INR	**1,805**	740
Deposits	BRL	**1,599**	1,802
Deposits in other currencies and cash in hand	various	**2,469**	2,412
Total		**152,528**	**137,962**

Cash in foreign currencies is measured at the spot rate applicable on the balance sheet date. Information on credit risks can be found in the section on financial risks in note 21 "Financial instruments".

Cash and cash equivalents include currency positions with controls on capital movement in a total amount of 8,364 thousand euros (2023: 12,365 thousand euros). The decline in currency positions with controls on capital movement is primarily attributable to lower local liquidity in China. Due to the establishment of and planned investments in the production company, higher volumes had been held locally at the end of 2023. More information on currency restrictions can be found in the section on financial risks in note 21 "Financial instruments".

Fixed-term deposits that are not cash equivalents as their original maturities are longer than three months are classified as "other financial assets"; see note 12 "Other financial assets".

Notes to the balance sheet – equity and liabilities

15. Equity

Changes in equity are reported in the statement of changes in equity.

Subscribed capital

RATIONAL AG's share capital as at 31 December 2024 was unchanged at 11,370 million euros, divided into 11,370,000 no-par-value bearer shares, each with a notional share of the capital of one euro. Each share carries one vote and is necessary for calculating the share of the profits. There are currently no restrictions affecting voting rights or the transfer of shares. The subscribed capital is fully paid in.

Conditional capital amounts to 200 thousand euros and relates to option rights for members of the Executive Board to purchase up to 200,000 shares. The stock option plan is described in note 27, "Share-based payment".

Capital reserves

Capital reserves consist mainly of the premium from the initial public offering less the costs associated with the initial public offering.

Retained earnings

Retained earnings mainly include profits after tax generated in the past by companies included in the consolidated financial statements, unless they have been distributed as dividends.

Other components of equity

Other components of equity are divided into differences from currency translation, actuarial gains and losses and the income tax payable on these items (see note 5 "Income taxes") and the residual of adjustments for inflation in accordance with IAS 29 (see note 28 "Hyperinflation").

Capital management disclosures

RATIONAL's capital management is aimed at ensuring the company's continued existence on a sustainable basis and maintaining its capital structure with a high equity base. In addition, RATIONAL wants to let its shareholders have an adequate share of the company's success. In this context, RATIONAL AG is not bound by any capital requirements under its articles of association or contractual requirements.

The capital structure is monitored through the company's reporting process with a particular focus on the equity ratio, and the prevailing economic situation is the key determining factor in its management. The equity ratio indicates the ratio of equity shown on the balance sheet to the Group's total capital. The RATIONAL Group's equity ratio as at 31 December 2024 was 77% (2023: 77%[1]).

To ensure adequate shareholder participation, RATIONAL AG adjusts the dividend payments to shareholders in line with the profit situation.

16. Pension and similar obligations

The pension provisions for employees of the RATIONAL Group comprise benefit entitlements of active and former employees in Germany and Switzerland. In addition, statutory requirements give rise to post-employment benefit obligations in a number of subsidiaries, primarily in Italy and France.

The amount of the obligation is primarily determined by the length of service, level of remuneration, life expectancy and current interest rates.

Germany

RATIONAL AG has given pension commitments to two former employees. They are financed exclusively through pension provisions. Both pension recipients are already receiving benefits, which are expected to amount to 60 thousand euros in 2025 (2023: 53 thousand euros). Both pension obligations have an average maturity of 11 (2023: 12 years).

In addition, there are individual commitments and commitments for members of the Executive Board and selected employees, which are implemented through a provident fund. The individual commitments are basic pension commitments and defined contribution commitments, for which the benefits depend on how the contributions have been used in the insurance arrangements. The commitments relate to members of the Executive Board and retired former managers. The pension commitments implemented through the provident fund are, for the most part, fully reinsured with matching cover under pledged reinsurance policies. As a result, these commitments are accounted for as a DC-like DB plan, where obligations are equal to plan assets, resulting in a provision of zero.

Switzerland

The old age pension plan arrangements in Switzerland cover a total of 62 (2023: 62) active employees with pension entitlements. As at the balance sheet date, none of these individuals received any benefits. Old age pension, surviving dependents' protection and disability insurance in Switzerland are based on a three-pillar system with different funding arrangements. Under the BVG (Gesetz über die berufliche Vorsorge, Swiss Occupational Pensions Act), the second pillar provides cover for employees and their dependents in case of death or disability. From the age of 25, there is an additional mandatory pension cover, which is funded on the basis of income-related contributions by the employer and employee into a pension fund that is fully reinsured. The plan assets exclusively reflect insurance claims. The Act specifies minimum benefit levels. The benefit obligation and the benefit costs are calculated using the projected unit credit method. This means that the projected accrued benefit is based on the pension plan and the years of service, with future salary increases included. The retirement pension is determined on the basis of the units of benefit accrued, the interest rate, and the conversion rate at retirement age. The risk benefits are dependent on salary. Employer contributions into the pension plans are expected to amount to 547 thousand euros in 2025 (2023: 500 thousand euros). The pension obligations have an average maturity of 18 years (2023: 18 years).

Italy and France

By law, employees in Italy are entitled to a severance payment, irrespective of the reason for terminating the employment contract. In France, every employee has the right to a basic pension paid from the social insurance system as well as an additional pension from a defined contribution plan. In addition, the law requires employers to make one-time payments when employees retire. The remuneration to be paid to French salaried employees is defined in the collective bargaining agreement of the wholesale and metal industries. Defined benefit obligations are funded through provisions. The payments forecast for 2025 amount to 299 thousand euros (2023: 222 thousand euros).

1 The previous year's comparative figures have been restated retrospectively in accordance with IAS 8 (see "Consolidation methods and significant accounting policies – Deferred taxes").

The present values of the defined benefit obligations are as follows:

in thousands of euros	Defined benefit obligation (DBO)		Fair value of plan assets		Provisions	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Value as at 1 Jan	**10,164**	**8,191**	**5,064**	**4,166**	**5,100**	**4,025**
Currency difference	**−66**	301	**−48**	258	**−18**	43
Interest expense	**218**	209	**–**	–	**218**	209
Interest income	**–**	–	**74**	94	**−74**	−94
Service cost	**1,285**	1,118	**–**	–	**1,285**	1,118
Past service cost	**96**	−91	**–**	–	**96**	−91
Actuarial losses/gains due to changes to financial assumptions	**443**	592	**–**	–	**443**	592
Actuarial losses/gains due to changes in demographic assumptions	**–**	–	**–**	–	**–**	–
Actuarial losses/gains due to experience	**−19**	175	**–**	–	**−19**	175
Return on plan assets excluding amounts included in interest income	**–**	–	**−121**	−205	**121**	205
Employer contributions	**–**	–	**538**	491	**−538**	−491
Employee contributions	**–**	–	**411**	380	**−411**	−380
Benefits received/paid	**−3**	−331	**230**	−120	**−233**	−211
Value as at 31 Dec	**12,118**	**10,164**	**6,148**	**5,064**	**5,970**	**5,100**
thereof Germany (DE)	**861**	628	**–**	–	**861**	628
thereof Switzerland (CH)	**8,359**	6,772	**6,148**	5,064	**2,211**	1,708
thereof Italy (IT)	**1,177**	1,121	**–**	–	**1,177**	1,121
thereof France (FR)	**1,105**	1,180	**–**	–	**1,105**	1,180
thereof other	**616**	463	**–**	–	**616**	463

The calculations were based on the following weighted actuarial assumptions:

in %		DE	CH	IT	FR	Other
Discount rate	**2024**	**3.20**	**0.95**	**2.95**	**3.10**	**5.98**
	2023	3.20	1.40	3.38	3.50	6.45
Salary progression rate	**2024**	**–**	**1.60**	**1.00**	**3.00**	**4.68**
	2023	–	1.75	1.00	3.50	4.82
Pension progression rate	**2024**	**2.20**	**0.00**	**–**	**–**	**–**
	2023	2.20	0.00	–	–	–

As in the previous year, the biometric calculations for Germany were based on Prof K. Heubeck's mortality tables (2018 G version), while the BVG-2020 generational tables were used for Switzerland.

The sensitivity analysis presented below shows how possible changes in the relevant assumptions would impact on the defined benefit obligation as at the balance sheet date. The sensitivity analysis does not take into account the fact that dependencies exist between the actuarial assumptions. Only one factor is changed, while the others remain the same for the purpose of the analysis. The sensitivity analysis is therefore not expected to represent the actual change in the defined benefit obligation.

in thousands of euros	2024	2023
Discount rate −0.5%	**+957**	+778
Discount rate +0.5%	**−829**	−681
Salary progression rate −0.5%	**−213**	−184
Salary progression rate +0.5%	**+222**	+195
Pension progression rate −0.5%	**−18**	−20
Pension progression rate +0.5%	**+385**	+297
Life expectancy +1 year	**+149**	+105

17. Other provisions and contingent liabilities

2024

in thousands of euros	Balance Sheet as at 1 Jan	Exchange rate differences	Use	Reversal	Additions	Interest rate effects	Balance Sheet as at 31 Dec	Of which non-current
Personnel	**31,125**	**50**	**−23,058**	**−1,122**	**27,159**	**147**	**34,301**	**6,700**
Trade bonuses	**24,664**	**967**	**−23,520**	**−1,402**	**27,203**	**–**	**27,912**	**–**
Warranty	**22,923**	**−26**	**−12,722**	**−1,380**	**12,947**	**−181**	**21,561**	**5,358**
Other	**10,582**	**255**	**−8,845**	**−1,055**	**10,749**	**2**	**11,688**	**1,371**
Total	**89,294**	**1,246**	**−68,145**	**−4,959**	**78,058**	**−32**	**95,462**	**13,429**

2023

in thousands of euros	Balance Sheet as at 1 Jan	Exchange rate differences	Use	Reversal	Additions	Interest rate effects	Balance Sheet as at 31 Dec	Of which non-current
Personnel	30,393	−270	−23,835	−620	25,417	40	31,125	6,528
Trade bonuses	25,318	−367	−23,115	−1,836	24,664	–	24,664	–
Warranty	23,579	−50	−15,832	−223	15,588	−139	22,923	5,014
Other	10,360	−235	−8,357	−671	9,484	1	10,582	671
Total	**89,650**	**−922**	**−71,139**	**−3,350**	**75,153**	**−98**	**89,294**	**12,213**

Provisions for personnel obligations primarily comprise estimated expenses for variable remuneration components and future long-service benefits.

The provision for trade bonuses is recognised for outstanding discounts yet to be granted as at the balance sheet date.

The warranty provision covers the Group companies' liability for ensuring that its products are fully functioning; it is normally utilised within two years.

The "Other" item includes provisions for a number of items, each of which is measured at an amount below the materiality threshold.

The majority of provisions will lead to cash flows within 12 months of the balance sheet date.

As at 31 December 2024, there were contingent liabilities to the US and Brazilian tax authorities for tax expenses of 1,806 thousand euros, including interest and penalties (2023: 1,226 thousand euros). The uncertainties here relate to the probabilities and amounts of potential payments. On the basis of, among other things, external opinions, RATIONAL believes that it has a high chance of winning these disputes and has therefore not recognised any provisions for these matters.

18. Other financial liabilities

in thousands of euros	Current		Non-current	
	31 Dec 2024	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2023**
Trade accounts payable	**33,230**	**33,063**	**–**	**–**
Lease liabilities	**9,412**	8,497	**20,385**	19,581
Liabilities to business partners	**9,887**	7,179	**–**	–
Derivatives not designated as hedges	**5,632**	1,633	**–**	–
Other	**1,023**	671	**–**	–
Other financial liabilities	**25,954**	**17,980**	**20,385**	**19,581**

Most current other financial liabilities and trade accounts payable are settled within a few months of the balance sheet date. A maturity analysis for lease liabilities can be found in note 22 "Leasing".

19. Other liabilities

in thousands of euros	Current		Non-current	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Value added tax	**13,431**	12,444	**–**	–
Wage taxes and social security liabilities	**7,409**	7,004	**–**	–
Holiday claims	**6,658**	6,421	**–**	–
Contractual obligations	**5,736**	5,158	**1,069**	728
Other	**340**	596	**–**	–
Total	**33,574**	**31,623**	**1,069**	**728**

Notes to the cash flow statement

20. Cash flow statement

In compliance with IAS 7, the statement of cash flows reports the cash flows classified by operating, investing and financing activities. Payments of income taxes and custody fees are allocated to cash flows from operating activities. Payments of interest and dividends are presented in cash flows from financing activities, while interest payments received are classified as cash flows from investing activities.

Cash flows from operating activities are determined using the indirect method. To this end, profit before tax (or earnings before tax, EBT) is adjusted for non-cash items (such as depreciation and amortisation charges), changes in inventories, receivables, provisions and liabilities as well as net interest income/expense, and income tax payments are deducted. Cash flows from investing activities are determined on the basis of actual cash inflows or outflows. They are driven primarily by investments in intangible assets and property, plant and equipment as well as purchases of and reductions in financial assets. Cash flows from financing activities are also determined on the basis of actual cash inflows or outflows. The main items they include are dividend payments to shareholders and payments of interest and principal relating to lease liabilities. Information on right-of-use assets and lease liabilities can be found in note 22 “Leasing”.

The year-on-year increase in cash flows from operating activities is mainly due to higher profit before tax. Moreover, the change in trade accounts payable and other liabilities has a positive impact on the cash flow from operating activities, while the change in trade accounts receivable and other assets has a reducing effect. The change in cash flows from investing activities is attributable in particular to the smaller year-on-year increase in fixed-term deposits with original maturities of more than three months. The cash flow from financing activities is on a level with the previous year because of the dividend payment in the same amount of 153,495 thousand euros (2023: 153,495 thousand euros).

Other notes to the consolidated financial statements

21. Financial instruments

Based on the classification categories, financial assets and liabilities are in general recognised subsequently at amortised cost in the balance sheet. Exceptions to that are derivative financial instruments, which are recognised at fair value in the balance sheet.

The following table shows the carrying amounts and the fair values that have to be disclosed additionally under IFRS 7 for financial instruments. If no fair value is stated in the table for a financial instrument, the specified carrying amount of the financial instrument is a reasonable approximation of its fair value. For lease liabilities, no fair value is specified in accordance with IFRS 7.29 (d).

Categories of financial assets and liabilities in accordance with IFRS 9

in thousands of euros	Fair value hierarchy	Carrying amount 31 Dec 2024	Fair value 31 Dec 2024	Carrying amount 31 Dec 2023	Fair value 31 Dec 2023
Financial assets measured at amortised cost		**684,557**		**576,982**	
Other financial assets (non-current)	Level 2	**1,475**	**1,440**	1,680	1,659
Trade accounts receivable		**181,103**	**–**	171,659	–
Other financial assets (current)		**349,451**	**–**	265,681	–
Cash and cash equivalents		**152,528**	**–**	137,962	–
Financial assets measured at fair value through profit or loss		**551**		**1,953**	
Derivatives not in a hedging relationship[1]	Level 2	**551**	**551**	1,953	1,953
Financial liabilities measured at amortised cost		**44,140**		**40,913**	
Trade accounts payable		**33,230**	–	33,063	–
Other financial liabilities (current)		**10,910**	–	7,850	–
Financial liabilities measured at fair value through profit or loss		**5,632**		**1,633**	
Derivatives not in a hedging relationship[3]	Level 2	**5,632**	**5,632**	1,633	1,633
Financial liabilities that cannot be allocated to any IFRS 9 category		**29,797**		**28,078**	
Non-current lease liabilities [2]		**20,385**	–	19,581	–
Current lease liabilities [3]		**9,412**	–	8,497	–

1 Included in balance sheet item “Other financial assets” (current)
2 Included in balance sheet item “Other financial liabilities” (non-current)
3 Included in balance sheet item “Other financial liabilities” (current)

The above table contains the fair value hierarchy levels in accordance with IFRS 13 used to determine the fair value of financial instruments. During the reporting period there were no reclassifications between the fair value hierarchy levels. If circumstances occur which necessitate a different classification, the financial instruments will be reclassified at the end of the reporting period.

The fair values of financial instruments allocated to Level 2 of the fair value hierarchy are measured using the following techniques:

Other financial assets measured at amortised cost

The fair value is calculated using the discounted cash flow method by discounting the outstanding amounts matching the relevant maturity. If material, the credit risk of the contracting party is also taken into account.

Derivative financial instruments

The derivative financial instruments recognised at the balance sheet date are forward exchange contracts, currency options and, where applicable, other derivatives. The calculation of fair value is based on the measurement as at the measurement date, as supplied by the treasury management system in use, with zero impact on the credit rating. The system measures on the basis of the market data valid for the respective measurement data using recognised mathematical processes such as the Garman-Kohlhagen or the discounted cash flow model. Any offsetting effects from underlying transactions are disregarded when determining the measurement with zero impact on the credit rating. In addition to measurements with zero impact on the credit rating, the risk of non-performance is also taken into account in measuring fair value.

Net gain or loss on financial instruments

The table below shows the net gain or loss on financial instruments for each measurement category. Net interest income/expense and custody fees on deposits are not included in this amount.

Net gains or net losses excl. interest

in thousands of euros	2024	2023
Financial assets measured at amortised cost	**−2,026**	−3,706
Financial assets/liabilities measured at fair value through profit or loss	**−7,109**	−1,141
Financial liabilities measured at amortised cost	**+38**	+646
Financial liabilities that cannot be allocated to any IFRS 9 category	**+32**	−181

The net gains and losses include amounts from currency translation.

In addition, net gains or losses on financial assets measured at amortised cost include expenses relating to impairment losses and the derecognition of trade receivables as well as expenses relating to impairment losses on deposits.

Net gains or losses on financial assets and financial liabilities measured at fair value through profit or loss include expenses and income from the sale and measurement of financial assets and liabilities.

Total interest income and expense

The following total interest income and expense resulted from financial instruments measured at amortised cost; the items are carried in the financial result. The increase in interest income is primarily due to higher volumes of fixed-term deposits held in the fiscal year under review.

Total interest income and total interest expense from financial instruments measured at amortised cost

in thousands of euros	2024	2023
Total interest income	**12,976**	8,056
Total interest expense	**3**	16

Total interest expense on financial instruments that cannot be allocated to any IFRS 9 category amounted to 1,181 thousand euros in fiscal year 2024 (2023: 960 thousand euros).

Offsetting of financial instruments

The following financial assets and liabilities are either offset against each other in the balance sheet or are subject to a legally enforceable global netting agreement or similar agreements; this means that offsetting is only possible in the event of insolvency of one of the parties.

31 December 2024

in thousands of euros	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities	Net amounts presented in the balance sheet	Related amounts not set off in the balance sheet	Net amounts
Financial assets					
Trade accounts receivable	**185,142**	**4,039**	**181,103**	**–**	**181,103**
Deposits, cash and cash equivalents	**501,556**	**–**	**501,556**	**–**	**501,556**
Derivatives without a hedge relationship	**551**	**–**	**551**	**551**	**0**
Other financial assets	**1,898**	**–**	**1,898**	**–**	**1,898**
Total	**689,147**	**4,039**	**685,108**	**551**	**684,557**
Financial liabilities					
Trade accounts payable	**–**	**33,230**	**33,230**	**–**	**33,230**
Liabilities to business partners	**4,039**	**13,926**	**9,887**	**–**	**9,887**
Derivatives without a hedge relationship	**–**	**5,632**	**5,632**	**551**	**5,081**
Other financial liabilities	**–**	**30,820**	**30,820**	**–**	**30,820**
Total	**4,039**	**83,608**	**79,569**	**551**	**79,018**

31 December 2023

in thousands of euros	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities	Net amounts presented in the balance sheet	Related amounts not set off in the balance sheet	Net amounts
Financial assets					
Trade accounts receivable	176,674	5,015	171,659	–	171,659
Deposits, cash and cash equivalents	402,797	–	402,797	–	402,797
Derivatives without a hedge relationship	1,953	–	1,953	1,434	519
Other financial assets	2,526	–	2,526	–	2,526
Total	**583,950**	**5,015**	**578,935**	**1,434**	**577,501**
Financial liabilities					
Trade accounts payable	–	33,063	33,063	–	33,063
Liabilities to business partners	5,015	12,194	7,179	–	7,179
Derivatives without a hedge relationship	–	1,633	1,633	1,434	199
Other financial liabilities	–	28,749	28,749	–	28,749
Total	**5,015**	**75,639**	**70,624**	**1,434**	**69,190**

Financial risks

The financial instruments include specific risks, such as credit risk, liquidity risk and market risk, which in turn consists of currency risk, interest rate risk and price risk.

RATIONAL has a risk management system which is implemented worldwide, enabling it to identify and analyse opportunities and risks at an early stage, and so take appropriate preventive action. The following elements of the risk management system have particular relevance for the opportunities and risks connected with financial instruments (see also financial and capital market risks in the report on opportunities and risks in the Group Management Report):

- The integrated planning process defines specific sales and financial targets, as well as detailed measures to ensure those targets are met.
- The reporting process ensures that the degree to which targets are achieved in all corporate divisions is reliably and continuously measured, analysed and commented on. This allows corrective action to be taken quickly and flexibly if things start to go wrong.
- To minimise the risk arising in connection with receivables, RATIONAL collaborates worldwide with credit insurers.
- All business processes and internal control systems are clearly defined. Quality and compliance are assured through regular training and checks.
- The Internal Audit independently and objectively records and assesses any variances from targets. Undesirable developments can be identified at an early stage.
- A globally integrated treasury management system is implemented to provide quality liquidity management worldwide.
- The comprehensive insurance strategy is reviewed annually and adapted to the new risk environment.

The specific risks associated with financial instruments at the RATIONAL Group are explained in the following:

Credit risks

Trade accounts receivable

RATIONAL supplies customers in almost all regions of the world. Products are marketed through specialised retailers. The end customers mainly come from the hospitality, hotel and mass catering segments. The trade accounts receivable are mostly due from specialised retailers. Credit risk can arise as a result of customers not fulfilling their payment obligations.

In order to avoid or reduce credit risk, customers are subjected to credit checks and permanent credit monitoring performed by the credit insurance providers Coface and Atradius and their local partner companies. RATIONAL's customer portfolio is rated as "low – average risk" by them.

As far as possible, customer receivables are insured on the basis of this credit check. Under the existing arrangements, the credit insurance covers not only the risk of customer insolvency, but also protracted default (non-payment as the insured event). In the event of a claim, 95% (2023: 95%) of the credit loss on insured receivables is usually met by the credit insurer.

As an alternative to credit insurance cover, flat-rate export guarantees of the German government or other collateral (such as confirmed, irrevocable letters of credit, bank guarantees and other customary bank collateral) or advance payments are requested, depending on the type and value of the goods or services to be provided. The supply of goods or services to a customer on the basis of open payment terms without adequate collateral is only considered in clearly defined exceptional cases on the basis of an assessment of opportunities and risks.

Trade receivables from public-sector customers are not subject to credit checks or collateralisation, provided that the respective country rating is sufficiently high.

The following table shows how the credit risk on trade receivables not covered by the securities is calculated:

in thousands of euros	31 Dec 2024	31 Dec 2023
Trade accounts receivable	**181,103**	171,659
of which refundable value-added tax*	**13,524**	13,401
of which potential refund by credit insurance	**147,849**	138,422
of which receivables secured by letters of credit/bank guarantees	**858**	366
of which receivables from public-sector entities*	**31**	0
Unsecured credit risk	**18,841**	**19,470**
Risk coverage ratio	**90%**	**89%**

* if country rating meets requirements

The unsecured credit risk that remains after taking all the collateral presented into account includes trade accounts receivable from a large number of business partners that are not legally affiliated with each other and have their registered offices in all sales regions. This does not give rise to any cluster risks in the area of trade accounts receivable. Unsecured credit risks in the area of trade accounts receivable in the A customer segment are a direct focus of management based on internal competency arrangements and are only entered into on the basis of individual approvals or internal lines of credit in accordance with clearly defined rules.

Financial assets at banks

RATIONAL only makes deposits and financial investments with investment-grade banks, i.e. with a Standard & Poor's long-term rating of at least BBB–. To diversify the risk, the financial assets were distributed across several banks at the end of the year.

Credit risk exists in relation to deposits, financial investments and derivative financial instruments with a positive fair value from the possible failure of the contract partner to fulfil its obligations.

The following table shows the collateralisation of deposits with banks and the unsecured credit risk:

31 Dec 2024

in thousands of euros	Carrying amount after risk allowance	Protected by deposit protection fund	Unsecured credit risk
Deposits	**348,870**	**297,549**	**51,321**
Cash and cash equivalents	**152,528**	**74,596**	**77,932**
Total	**501,398**	**372,145**	**129,253**

31 Dec 2023

in thousands of euros	Carrying amount after risk allowance	Protected by deposit protection fund	Unsecured credit risk
Deposits	264,707	264,265	442
Cash and cash equivalents	137,962	81,819	56,143
Total	**402,669**	**346,084**	**56,585**

Other financial assets

The maximum credit risk for other financial assets corresponds to the values recognised in the balance sheet.

Liquidity risks

Liquidity risk refers to the possibility that RATIONAL may not be in a position to meet its payment obligations in full by the relevant due dates.

Group Treasury assigns top priority to the monitoring and provision of liquidity. It does so by implementing daily liquidity management and rolling liquidity planning, including the continuous monitoring and control of the Group's incoming and outgoing payments. The liquidity reserve also enables the Group to respond flexibly to considerable fluctuations in cash flow or any demand peaks that may occur, thereby ensuring that the Group meets all its payment obligations on time.

As of the balance sheet date, the liquidity reserve (including all fixed-term deposits included in other financial assets) amount to a total of 497,029 thousand euros (2023: 400,242 thousand euros). At both the 2023 and the 2024 balance sheet date, there were no fixed-term deposits with a remaining maturity of more than 12 months.

The maturity analysis of financial liabilities is presented in notes 18 “Other financial liabilities” and 22 “Leasing”.

RATIONAL attaches great importance to internal financing; most of the global growth in sales revenues over recent years has been funded in this way. In the event that RATIONAL should have additional need for external financing, contractually agreed, confirmed credit lines are available from several banks (with long-term Standard & Poor's and Fitch ratings ranging from BBB+ to A-).

Banks have given RATIONAL an investment-grade rating. The existing credit lines are not subject to any covenants that could require the credit lines to be renegotiated in the event of non-compliance. The Group has not provided any collateral to the banks in connection with the existing credit line agreements; instead, negative covenants or undertakings to treat banks equally have been agreed. Under this clause, RATIONAL undertakes to treat all banks equally in relation to the provision of any collateral for comparable loans. In addition, two of the contracts specify subsequent collateralisation rights in case of material changes in the shareholder structure of RATIONAL AG. The lines of credit totalled 108,000 thousand euros at the reporting date (2023: 98,000 thousand euros). After taking into account assignments for subsidiaries and sureties, this leaves unused credit lines amounting to 107,042 thousand euros (2023: 94,870 thousand euros).

Market risk

Because of RATIONAL's international orientation, the fair values of or future cash flows from financial instruments, taking the form of different asset and liability positions, may be exposed to market risk arising from changes in exchange rates, interest rates and commodity prices.

Currency risk

One of the factors giving rise to currency risk is exchange rate fluctuations at the balance sheet date and consequently the possible change in the fair value of existing items denominated in foreign currencies in the annual financial statements underlying the consolidated financial statements (translation risk). Secondly, there are currency risks from financial instruments denominated in foreign currency because of possible future exchange rate fluctuations (transaction risk).

On the basis of defined currency hedging strategies, currency risks are hedged on a rolling basis, for a period of up to 12 months, using common hedging instruments. Both forward exchange transactions and currency options are used for this purpose. Contractual partners in derivative financial instrument transactions are always investment-grade banks with a rating of BBB+ from Standard & Poor's/Fitch Ratings as a minimum.

The local currencies of companies that are subject to tight currency restrictions are either not freely convertible (e.g. Brazil and India) or are available only for verified commercial transactions (e.g. China). Information on the volume affected by these restrictions can be found in notes 12 "Other financial assets" and 14 "Cash and cash equivalents". Because of the low volume and the comparatively high costs, foreign currency transactions are currently only hedged in selected currencies that are not freely convertible or are convertible only to a limited extent.

By partially settling amounts payable to suppliers in the same foreign currencies that foreign sales companies use to recognise sales revenues, it is possible to reduce the existing currency risk within the Group (natural hedge).

In connection with financial instruments, changes in the exchange rate would have the following hypothetical impact on profit after tax and equity (the exchange rates with the greatest absolute impact are shown):

Hypothetical impact on profit and equity in 2024

in thousands of euros	Value of euro 10% higher	Value of euro 10% lower
EUR/GBP	**2,135**	**−3,672**
EUR/SEK	**761**	**−1,123**
EUR/USD	**3,230**	**−2,898**
EUR/CAD	**1,064**	**−1,321**
EUR/PLN	**311**	**−475**
Other	**−792**	**830**
Total	**6,709**	**−8,659**

Hypothetical impact on profit and equity in 2023

in thousands of euros	Value of euro 10% higher	Value of euro 10% lower
EUR/USD	3,455	−2,169
EUR/GBP	1,649	−2,721
EUR/CNY	77	367
EUR/JPY	−584	1,072
EUR/SEK	241	−1,299
Other	−537	−430
Total	**4,301**	**−5,180**

The sensitivity analysis is based on the assumption that all other factors impacting on value remain constant and the portfolio on the balance sheet date is representative of the full fiscal year.

The hypothetical impact on profit increased when compared to the previous year, mainly due to a higher hedged amount in foreign currency, the type of hedges used and the hedging rates as at the balance sheet date.

Interest rate risk

Interest rate risk is the risk of a possible change in fair values or future payments of financial instruments resulting from changes in market interest rates. Changes in market interest rates of primary fixed-income financial instruments only affect earnings if they are measured at fair value. Since RATIONAL almost exclusively has financial instruments measured at amortised cost (lease liabilities), they are not subject to any interest rate risk within the meaning of IFRS 7.

Price risks

In its production processes, RATIONAL uses several thousand tonnes of high-quality stainless steel a year. The risk arising from changes in the price of stainless steel is governed both by the basic price of steel itself and by the fluctuations in the price of alloys on metals markets, which are reflected in what is known as the “alloy surcharge”. Price risk may arise primarily in relation to the purchase of raw materials for the manufacture of products. In addition, there are price risks due to rising and increasingly volatile procurement costs for components. Neither the basic price of steel or alloy metals nor that of components is hedged by the using derivative financial instruments. Concerning the basic price of steel, however, RATIONAL does have fixed contracts with suppliers, under which the purchase price is set about one year in advance.

Fluctuations in the alloy surcharge have a direct impact on the cost of sales and so on total earnings. If the alloy surcharge had been an average of 10% higher (lower) in 2024, profit after taxes and equity would have declined (increased) by approximately 599 thousand euros in (2023: 611 thousand euros). This exposure is not hedged with derivative financial instruments either. This sensitivity analysis is based on the assumption that all other factors impacting on value remain constant.

22. Leasing

The “Leasing” subsection in “Consolidation methods and significant accounting policies” provides fundamental information on lease accounting and RATIONAL’s lease activities.

Right-of-use assets arising from leases and lease assets are recognised in property, plant and equipment. Lease liabilities are included in other financial liabilities (see note 18 “Other financial liabilities”). The lease payments received are presented in sales revenues (see note 1 “Sales revenues”).

Right of use assets within the meaning of IFRS 16 break down as follows:

	Lessee			Lessor
in thousands of euros	Land and buildings	Operating and office equipment	Total	Land and buildings
Cost				
Balance as at 1 Jan 2024	**31,726**	**18,312**	**50,038**	**375**
Exchange rate differences	**113**	**−90**	**23**	**–**
Additions	**4,986**	**6,938**	**11,924**	**–**
Disposals	**−314**	**−4,532**	**−4,846**	**–**
Balance as at 31 Dec 2024	**36,511**	**20,628**	**57,139**	**375**
Depreciation				
Balance as at 1 Jan 2024	**13,776**	**8,827**	**22,603**	**5**
Exchange rate differences	**106**	**−38**	**68**	**–**
Additions	**4,930**	**5,627**	**10,557**	**13**
Disposals	**−314**	**−4,532**	**−4,846**	**–**
Balance as at 31 Dec 2024	**18,498**	**9,884**	**28,382**	**18**
Carrying amounts				
Balance as at 31 Dec 2024	**18,013**	**10,744**	**28,757**	**357**
Cost				
Balance as at 1 Jan 2023	21,668	16,094	37,762	–
Exchange rate differences	−282	46	−236	–
Additions	11,781	7,841	19,622	375
Disposals	−1,441	−5,669	−7,110	–
Balance as at 31 Dec 2023	**31,726**	**18,312**	**50,038**	**375**
Depreciation				
Balance as at 1 Jan 2023	10,614	9,448	20,062	–
Exchange rate differences	−149	43	−106	–
Additions	4,510	4,984	9,494	5
Disposals	−1,199	−5,648	−6,847	–
Balance as at 31 Dec 2023	**13,776**	**8,827**	**22,603**	**5**
Carrying amounts				
Balance as at 31 Dec 2023	**17,950**	**9,485**	**27,435**	**370**

For existing lease liabilities, the following payments will become due in subsequent periods:

Maturity analysis for leases

in thousands of euros	2025	2026 – 2029	from 2030 onwards
Payments as of 31 Dec 2024	**10,758**	**19,519**	**2,376**
	2024	**2025 – 2028**	**from 2029 onwards**
Payments as of 31 Dec 2023	9,469	18,293	2,862

In the subsequent periods, RATIONAL expects payments under existing leases amounting to:

in thousands of euros	2025	2026	2027	2028
Payments as of 31 Dec 2024	**39**	**39**	**11**	**–**
	2024	**2025**	**2026**	**2027**
Payments as of 31 Dec 2023	38	39	40	12

Further disclosures on leases:

in thousands of euros	2024	2023
Interest expenses for lease liabilities	**1,181**	960
Expenses for low-value lease assets	**231**	246
Cash outflows for leases	**11,508**	10,200

23. Employees and personnel costs

Average number of employees

	2024	2023
Production and delivery process	**548**	555
Sales and marketing	**1,080**	993
After-sales service	**294**	277
Research and development	**278**	235
Administration	**478**	444
Total	**2,678**	**2,504**
thereof abroad	**1,165**	1,064

Personnel costs comprise the following items:

in thousands of euros	2024	2023
Remuneration	**213,134**	197,576
Social security	**43,996**	39,619
of which expenses for defined contribution plans	**16,911**	15,577
Total	**257,130**	**237,195**

24. Operating Segments

Internal control and reporting to the Executive Board, which has been identified as the chief operating decision maker, is based on the geographical regions. The following business segments are reported: DACH (Germany, Austria and Switzerland), EMEA, North America, Asia North (China, Japan, South Korea) and Other segments. As from this fiscal year, the “Asia North” segment is internally reported separately from the “Asia South” segment, which is now included in the “Other segments” column, because it does not meet the thresholds specified in IFRS 8.13. The current reporting on the business segments has been adjusted to the new structure. Moreover, as from this fiscal year, segment cost of sales is reported separately, which means the segments costs no longer include any production costs. The figures for the previous year are shown in this structure to allow comparison.

A regional segment reflects the Group’s sales activities in a region; it is not tied to the registered office of individual Group companies. The accounting policies of the segments correspond to those of the Group in all respects. Differences essentially result from exchange rate movements and the approach to imputing financial performance. All segments generate sales revenues from the sale of equipment, accessories, spare parts and care products and from the provision of services. There are no sales revenues between the segments. Segment costs include directly attributable expenses, such as personnel, marketing or travel expenses and overheads allocated for central functions. Segment earnings comprise segment sales revenues, directly attributable income and expenses as well as an allocation of the notional net costs or income of central functions, but do not include the financial result or income tax expense. Segment investments comprise additions to intangible assets and property, plant and equipment in the respective regions. They relate above all to investments in office buildings and operating and office equipment. Segment amortisation and depreciation relates to intangible assets and property, plant and equipment. Segment assets consist of trade accounts receivable and inventories.

Operating Segments in 2024

in thousands of euros	DACH	EMEA	North America	Asia North	Other segments	Total of Segments	Corporate departments	Reconciliation	Group
Segment sales revenues	**169,027**	**476,609**	**299,192**	**118,769**	**122,288**	**1,185,885**	**2,893**	**4,751**	**1,193,529**
Segment cost of sales	**127,678**	**360,996**	**170,406**	**90,117**	**88,700**	**837,897**	**–**	**–350,996**	**486,901**
Segment costs	**27,933**	**57,897**	**43,893**	**18,997**	**16,133**	**164,853**	**223,453**	**–2,835**	**385,471**
Segment profit or loss/EBIT	**39,140**	**127,638**	**87,304**	**24,063**	**33,015**	**311,160**	**–**	**3,038**	**314,198**
Financial result	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**11,718**
Earnings before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**325,916**
Segment investments	**20**	**1,476**	**276**	**2,343**	**209**	**4,324**	**25,922**	**1,372**	**31,618**
Segment depreciation	**122**	**482**	**316**	**286**	**267**	**1,473**	**22,705**	**2,585**	**26,763**
Segment assets	**12,231**	**106,141**	**100,734**	**44,021**	**45,288**	**308,415**	**43,837**	**–63,556**	**288,696**

Operating Segments in 2023

in thousands of euros	DACH	EMEA	North America	Asia North	Other segments	Total of Segments	Corporate departments	Reconciliation	Group
Segment sales revenues	166,330	445,761	288,643	123,881	113,101	1,137,716	3,076	–14,954	1,125,838
Segment cost of sales	123,195	338,008	161,314	90,084	83,168	795,769	–	-308,552	487,217
Segment costs	26,371	54,196	40,424	19,650	15,626	156,267	218,701	–16,054	358,914
Segment profit or loss/EBIT	39,659	113,211	76,357	24,760	27,543	281,530	–	–4,529	277,001
Financial result	–	–	–	–	–	–	–	–	7,035
Earnings before taxes	–	–	–	–	–	–	–	–	284,036
Segment investments	16	539	1,121	113	190	1,979	23,926	8,727	34,632
Segment depreciation	173	368	302	247	261	1,351	21,940	–168	23,123
Segment assets	11,652	94,974	93,162	50,300	42,764	292,852	43,051	–57,133	278,770

These are the only assets that are regularly reported to the Executive Board. Unlike net costs or income, central function assets are not allocated to the segments. Liabilities are not reported at segment level.

For sales revenues, the reconciliation results primarily from currency translation. The high amount for segment cost of sales in the reconciliation is mainly due to the use of cost of sales calculated in internal management in order to keep the reports comparable between segments. For segment costs and segment profit or loss, the reconciliation also includes the effects of currency translation, items not allocated to the segments or corporate departments as well as consolidation effects. For capital investments and depreciation/amortisation, the reconciliation is mainly attributable to items not allocated to the segments or corporate departments. For assets, the column includes primarily consolidation effects.

Differences between the regional presentation of sales revenues by customer location (see note 1 “Sales revenues”) and their presentation by business segment result mainly from the combination of geographical regions into business segments and from exchange rate differences.

An amount of 124,051 thousand euros included in sales revenues (2023: 122,217 thousand euros) was generated in Germany, while the remaining sales revenues of 1,069,478 thousand euros (2023: 1,003,621 thousand euros) are attributable to third countries. Of the property, plant and equipment, intangible assets and other non-current assets, 168,982 thousand euros (2023: 173,341 thousand euros) are reported in Germany and 43,575 thousand euros (2023: 39,865 thousand euros) in France, while 36,323 thousand euros (2023: 30,319 thousand euros) are attributable to third countries.

Further sales revenue breakdowns can be found in note 1 “Sales revenues”.

25. Related parties

Related parties of RATIONAL AG include the subsidiaries, shareholders with a significant influence, members of the Executive Board and Supervisory Board, as well as persons associated with them. Also included are companies that members of the above group of persons control, over which they have significant influence, or in which they hold key management positions.

Transactions with consolidated subsidiaries are eliminated during consolidation.

One member of the Supervisory Board holds shares in companies from which the company purchases or to which it supplies goods or services. The expense for these goods and services of sales amounted to 2,627 thousand euros in 2024 (2023: 2,905 thousand euros). As at 31 December 2024, outstanding trade accounts payable to these companies amounted to 29 thousand euros (2023: 59 thousand euros).

In the year under review, a dividend of 48,341 thousand euros (2023: 48,341 thousand euros) relating to fiscal year 2023 was paid to shareholders with a significant influence. In addition, members of the Supervisory Board and Executive Board as well as companies in which these persons hold shares or in which they hold key management positions received dividends totalling 12,728 thousand euros (2023: 11,986 thousand euros) on the basis of their shares in RATIONAL AG.

All of the transactions described were entered into at arm's length. No further material transactions occurred during the year under review with companies or individuals in any way related to RATIONAL AG.

26. Supervisory Board and Executive Board

The members of the Supervisory Board are:

Walter Kurtz, Chairman
Businessman

Erich Baumgärtner, since 14 May 2024: Deputy Chair
Businessman

Moritz Graser (since 8 May 2024),
Businessman

Clarissa Käfer (since 8 May 2024),
Attorney/tax consultant

Dr. Christoph Lintz (since 8 May 2024),
Attorney

Werner Schwind,
Businessman

Dr Johannes Würbser,
Businessman

The following individuals were also members of the Supervisory Board at times in 2024:

Dr Hans Maerz, Deputy Chairman (until 8 May 2024),
Wirtschaftsprüfer (German Public Auditor)

Dr. Gerd Lintz (until 8 May 2024),
Retired notary

Dr Georg Sick(until 8 May 2024),
Businessman

Members of the Supervisory Board receive fixed remuneration for exercising their mandate. In addition, a company vehicle is available to the Chairman of the Supervisory Board and his deputy. Total remuneration for 2024, including company car expenses, amounted to 1,232 thousand euros (2023: 1,236 thousand euros).

As at the balance sheet date, fixed remuneration of 1,024 thousand euros (2023: 1,200 thousand euros) for the current members of the Supervisory Board was included in current liabilities.

In fiscal year 2024, the Executive Board had the following members:

Dr Peter Stadelmann , CEO
Dipl.-Volkswirt (Economics Graduate)

Dr Martin Hermann, CTO
Dipl.-Ingenieur (Engineering Graduate)

Markus Paschmann, CSMO
Dipl.-Wirtschaftsingenieur (Industrial Engineering Graduate)

Jörg Walter, CFO
Dipl.-Wirtschaftsingenieur (Industrial Engineering Graduate)

Peter Wiedemann, COO (until 31 December 2024)
Dipl.-Ingenieur (Engineering Graduate)

In addition to his work on the Executive Board of RATIONAL AG, Mr Wiedemann is the Deputy Chairman of the Supervisory Board of WashTec AG, a listed company whose registered office is in Augsburg.

The total remuneration paid to the Executive Board for the performance of its duties within the parent company and its subsidiaries in fiscal year 2024 was 8,344 thousand euros (2023: 7,608 thousand euros). This amount includes performance-related components of 2,810 thousand euros (2023: 2,350 thousand euros), of which 1,338 thousand euros (2023: 1,271 thousand euros) represent non-current benefits. Also included are payments into the pension scheme totalling 704 thousand euros (2023: 667 thousand euros).

In addition, one former Executive Board member received post-employment benefits of 1 thousand euros (2023: 1 thousand euros).

Managers in key positions (Supervisory Board and Executive Board) were paid remuneration totalling 9,576 thousand euros (2023: 8,845 thousand euros). This is made up of current benefits in an amount of 8,238 thousand euros (2023: 7,574 thousand euros) and non-current benefits in an amount of 1,338 thousand euros (2023: 1,271 thousand euros).

27. Share-based payment

On 3 February 2000, RATIONAL AG launched a stock option plan comprising 200,000 shares for the company's Executive Board members. The plan is designed to offer Board members additional incentives, secure the company's economic success in the medium and long term and, in the interests of the shareholders, work towards increasing the value of the company.

To date, two tranches have been issued with a total of 69,000 option rights, which were settled in 2002 and 2006 in the form of cash payments equivalent to 100% of the value of a company share minus the exercise price.

There was no share-based payment agreement in 2024, so at the balance sheet date (31 December 2024) option rights to a maximum of 131,000 shares of RATIONAL AG remain in the stock option plan.

28. Hyperinflation

In 2022, the International Monetary Fund (IMF) classified Turkey as a hyperinflationary country. As a result, IAS 29 requires an inflation adjustment to be recognized on nonmonetary balance sheet items, equity and the statement of comprehensive income of the Turkish subsidiary on the basis of historical cost. The inflation adjustment is made on the basis of the TÜIK consumer price index (CPI), which rose sharply in the course of 2024 to 2,684.55 as at 31 December 2024 (31 December 2023: 1,859.38).

As at 31 December 2024, the net effect of inflation adjustments on non-monetary items amounted to 55 thousand euros (2023: 238 thousand euros); it comprises effects of 41 thousand euros (2023: 188 thousand euros) in property, plant and equipment, and of 14 thousand euros (2023: 47 thousand) in inventories. In the previous year, the item had included effects of 3 thousand euros in intangible assets. Effects from adjusting the statement of comprehensive income to the CPI (consumer price index) are presented in the "Gain or loss on the net monetary position in accordance with IAS 29" item. They amounted to 325 thousand euros in the fiscal year under review (2023: 438 thousand euros). The residual of these adjustments for inflation is recognised in other comprehensive income.

29. Declaration of Corporate Governance

The Executive Board and the Supervisory Board of RATIONAL AG issued a declaration in January 2025 in accordance with section 161 of the AktG (Aktiengesetz, German Stock Corporation Act) detailing which recommendations of the "Government Commission for a German Corporate Governance Code" were and are being complied with. This declaration was based on the German Corporate Governance Code as amended on 28 April 2022. The declaration has been made permanently available on RATIONAL AG's website at www.rational-online.com.

30. Significant events after the balance sheet date

No events have occurred since 31 December 2024 that would significantly alter the assessment of RATIONAL AG's and the Group's net assets, financial position and profit or loss.

31. Auditor's fee

By resolution of the General Meeting of Shareholders held on 8 May 2024, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, was appointed as auditor of the annual and consolidated financial statements for fiscal year 2024.

The auditor's fee, including reimbursement of expenses, totalled 656 thousand euros (2023: 539 thousand euros); of this amount, 537 thousand euros (2023: 473 thousand euros), including expenses, relates to the audit of the annual and consolidated financial statements for RATIONAL AG and its affiliated companies. In addition, other assurance services in an amount of 119 thousand euros (2023: 66 thousand euros), including expenses, were provided in fiscal year 2024. They comprised primarily a voluntary review of the non-financial statement as well as preparation for the audit in accordance with the CSRD.

Landsberg am Lech, 4 March 2025

RATIONAL Aktiengesellschaft
The Executive Board

Dr Peter Stadelmann
CEO

Dr Martin Hermann
CTO

Markus Paschmann
CSMO

Jörg Walter
CFO

Statement of Responsibility

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Landsberg am Lech, 4 March 2025

RATIONAL Aktiengesellschaft
The Executive Board

Dr Peter Stadelmann
CEO

Dr Martin Hermann
CTO

Markus Paschmann
CSMO

Jörg Walter
CFO

Independent Auditor's Report

To RATIONAL Aktiengesellschaft,
Landsberg am Lech/Germany

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions
We have audited the consolidated financial statements of RATIONAL Aktiengesellschaft, Landsberg am Lech/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2024, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and the notes to the consolidated financial statements,- including material accounting policy information. In addition, we have audited the group management report of RATIONAL Aktiengesellschaft, Landsberg am Lech/Germany, for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of the combined corporate governance statement pursuant to Section 289f and Section 315d German Commercial Code (HGB), to which reference is made in section 7 of the group management report, and the content of the separate consolidated non-financial report pursuant to Section 315b and Section 315c HGB, to which reference is made in section 1 of the group management report.

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

› the accompanying consolidated financial statements comply, in all material respects, with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024, and
› the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the contents of the above-mentioned combined corporate governance statement and of the above-mentioned separate consolidated non-financial report.

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

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

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

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

1. **Provisions for warranties**
2. **Recognition and valuation of deferred taxes**

Our presentation of these key audit matters has been structured as follows:

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

1. Provisions for Warranties

a) In the consolidated financial statements, mEUR 21.6 in non-current and current provisions for warranties are reported under the "other provisions" balance sheet item as at 31 December 2024. The Group sets aside provisions for expected claims arising from its legal obligation to ensure the functionality of the products sold ("warranty"). These provisions take into account the legal warranty term of two years and, on a case-by-case basis, additionally agreed warranty terms going beyond the legal term. In addition, provisions are occasionally set aside for replacement campaigns the costs of which are assumed by the Group because of a constructive obligation without any existing legal obligation.

In this connection, the executive directors of the Parent make assumptions about future warranty claims and/or the future need for ex gratia services, setting up corresponding provisions based on past experience (defect history, costs incurred) and units sold in the financial year and/or on a case-by-case basis. In this process, cost increases are generally taken into account.

From our point of view, this matter was of particular importance since in measuring provisions for warranties the executive directors are subject to estimation uncertainties and make judgements, especially when considering cost increases. Moreover, calculating provisions for warranties is complex.

The disclosures of the executive directors concerning provisions for warranties are included in chapters "Consolidation methods and material accounting policies – Provisions", "Use of estimates and assumptions and significant use of management judgement" and "Notes to the consolidated balance sheet – Equity and liabilities" (note 17 in this chapter) of the notes to the consolidated financial statements.

b) As part of our audit of provisions for warranties, we firstly obtained an understanding of the process for determining provisions. Furthermore, we examined whether the provisions for warranties were made based on applicable legal rules, contractual bases as well as factual positions in conformity with IAS 37. In the case of estimates made by the executive directors, we evaluated the reasonableness of the data used, assumptions made, and methods applied. We examined the calculation bases presented to us mostly by consulting contracts and documented decisions in specific cases as well as cost estimates. Determined historical values for sales figures and warranty cases or cases of ex gratia services and cost increase estimates were inspected by us using the accounting and controlling data provided to us. Moreover, we reconstructed and assessed the calculation scheme for measuring provisions.

2. Recognition and Valuation of Deferred Taxes

a) The consolidated financial statements disclosed deferred tax assets of mEUR 41.7 and deferred tax liabilities of mEUR 2.6.

When recognising and valuing deferred taxes, both a full determination of all differences between the recognition and valuation of assets and liabilities in accordance with the respective local tax regulations and IFRS accounting and a determination of tax loss carryforwards are necessary. This requires complex calculations due to various and often complex local tax regulations. The valuation of deferred tax assets requires the assessment of whether sufficient taxable income will be available in the future against which deferred tax assets arising from temporary differences and from loss carryforwards can be used. In this context, the executive directors of the parent company make assumptions about the economic development of the group companies that are affected by the current market environment and the assessment of future market developments and are therefore subject to judgement.

The disclosures of the executive directors concerning recognition and valuation of deferred taxes are included in chapters "Consolidation methods and material accounting policies – Deferred taxes", "Use of estimates and assumptions and significant use of management judgement" and "Notes to the consolidated statement of profit or loss and other comprehensive income" (note 5 in this chapter) of the notes to the consolidated financial statements.

b) When auditing the recognition and valuation of deferred taxes, we examined, among others, the underlying processes for the full recognition and valuation of deferred taxes at each group company. Given the need for knowledge of local tax regulations, we included internal tax experts from the relevant countries in auditing the matter. In the case of estimates, we evaluated the reasonableness of the data used, assumptions made and methods applied.

We examined the identified deviations between the recognition and valuation of assets and liabilities under local tax regulations and IFRS accounting, and we reconstructed and assessed the calculation of deferred taxes taking the applied tax rate into account. With regard to the recoverability of deferred tax assets arising from temporary differences and from loss carryforwards, we compared the respective tax planning with the relevant corporate planning and examined them for plausibility by applying sampling methods. In addition, we examined the relevant tax plannings to determine whether they comply with the respective local tax regulations on the use of loss carryforwards.

Finally, we examined the disclosures of the executive directors in the notes to the consolidated financial statements on deferred taxes for completeness and correctness.

Other Information

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

- the report of the supervisory board,
- the remuneration report pursuant to Section 162 German Stock Corporation Act (AktG),
- the separate consolidated non-financial report pursuant to Section 315b and Section 315c HGB, to which reference is made in the group management report in section 1 and which is expected to be presented to us after the date of this auditor's report,
- the combined corporate governance statement pursuant to Section 289f and Section 315d HGB, to which reference is made in the group management report in section 7,
- the executive directors' confirmations pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB regarding the consolidated financial statements and the group management report, and
- all other parts of the annual report, which is expected to be published after this auditor's report has been issued,
- but not the consolidated financial statements, not the audited content of the disclosures in the group management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the remuneration report and the statement according to Section 161 AktG concerning the German Corporate Governance Code, which is part of the combined corporate governance statement included in section 7 of the group management report. Otherwise, the executive directors are responsible for the other information.

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

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

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

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

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

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

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

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

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

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

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

› identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
› obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of internal control or these arrangements and measures of the Group.
› evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
› conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
› evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or of the business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and inspection of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

Other legal and regulatory requirements

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

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the group management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 667d2aa7d8884ffe72 c3370d61daa7d124a836d8e4b5665b4df4ba6e5f2435ab meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

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

Basis for the Audit Opinion

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

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

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

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

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

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

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the general meeting on 8 May 2024. We were engaged by the supervisory board on 27 June 2024. We have been the group auditor of RATIONAL Aktiengesellschaft, Landsberg am Lech/Germany, without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as with the audited ESEF documents. The consolidated financial statements and the group management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dirk Bäßler.

Munich/Germany, 4 March 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Bäßler	**Johanna Pickl**
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

To the Shareholders

Contents

Declaration of Corporate Governance pursuant to sections 289f and 315d of the HGB

In the Declaration of Corporate Governance pursuant to sections 289f and 315d of the HGB, the Executive Board and Supervisory Board report on corporate governance at RATIONAL in accordance with principle 23 of the current version of the German Corporate Governance Code dated 28 April 2022 (2022 Code). The report is supplemented by the remuneration report, The declaration of corporate governance is part of the management report of RATIONAL AG and the group management report in accordance with sections 289f and 315d of the HGB.

Remuneration report and remuneration system
The remuneration report pursuant to section 162 of the AktG for fiscal year 2024 can be found on RATIONAL website at rat.ag/publications and in the 2024 Annual Report. The auditors' opinion pursuant to section 162 of the AktG, the applicable remuneration system pursuant to section 87a (1) and (2) sentence 1 of the AktG and the latest remuneration resolution pursuant to section 113 (3) of the AktG are also publicly available on RATIONAL website at rat.ag/investors.

Key corporate governance practices and compliance
Responsible, sustainable, and socially aware actions have always been a basic element of the corporate culture of RATIONAL AG and a foundation of the company's success. This includes integrity in dealings with customers, employees, business partners, shareholders, and the public.

By compliance, RATIONAL understands adherence to legislation, laws and the Articles of Association, together with observance of other internal regulations. RATIONAL AG continued to develop its own corporate governance in fiscal year 2024.

RATIONAL largely complied with the recommendations of the German Corporate Governance Code. Where RATIONAL AG departs from the recommendations of the Code, this is reported in the following declaration of conformity. Other voluntary commitments exist in the form of compliance agreements with a number of our chain customers. The company has developed a comprehensive philosophy and has management principles that are set down in writing. It also has a Code of Conduct that applies throughout the Group and is published on RATIONAL website at rat.ag/CG.

The corporate philosophy stresses the self-image of the Company, its executive bodies and employees. There are also recommendations on how to behave in dealings with customers, partners and colleagues. All new employees receive training on this issue when they join the company.

The Compliance organisation is continuously enhanced. The starting point for compliance activities is the RATIONAL AG Code of Conduct, The Code of Conduct is based on the relevant legal requirements, UN Principles and OECD pronouncements, which have been summarised in the form of RATIONAL rules of conduct in business and communicated throughout the company. RATIONAL has a compliance team and a Compliance Officer for the entire Group. All employees at the RATIONAL Group receive training on compliance topics. Employees with computer access must also pass a test.

On the basis of the results of compliance risk analyses carried out in different company divisions, actions were defined to counter all material compliance risks. In addition to applicable internal compliance rules, these measures also include cooperation with qualified local partners. Moreover, the local requirements for a compliance programme are continuously monitored in countries where RATIONAL has its own subsidiaries and employees and, where necessary, adapted to the existing compliance programme.

Since 2022, RATIONAL AG has been working on implementing the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). The due diligence obligations have been met in full in accordance with the applicable legal framework since fiscal year 2024.

An audit of the risk management system and the design of the entire compliance management system in accordance with the auditing standards of the Institute of Public Auditors in Germany confirmed the functional capability of both systems. In addition, there was another audit in fiscal year 2024 of the functional capability of the compliance management component "Money laundering" in accordance with IDW AuS 980.

In 2024, both the compliance management system and the risk management system were strategically continued on the basis of the existing concepts. The risk management system was audited by Internal Audit in the reporting year.

ESG organisation and strategy
RATIONAL AG has worked increasingly systematically towards attaining the ESG goals in recent years, with measures focusing on protecting the environment and natural resources. To expand the activities and add further social and corporate governance measures, a sustainability strategy was developed with an external consultant at the end of 2021. The sustainability strategy, which was adopted by the Executive Board in 2022, is aimed at making RATIONAL AG viable for the future through sustainable business practices. The sustainability strategy was communicated internally within the company in 2023 and specific climate targets were set in mid-2024. The climate targets will be published in spring 2025 in a specially created sustainability/ESG section on our website.

The sustainability strategy resolved by the Executive Board covers in particular the quality of products and nutrition. Focused on customer benefit, RATIONAL products allow flexible, efficient, reliable and responsible food preparation while conserving valuable nutrients.

Resource preservation is a key component of RATIONAL's sustainability efforts. Moreover, in product development and cooperation with our suppliers, material and energy efficiency are important objectives. By implementing sustainable location concepts, RATIONAL makes an active contribution to environmental and climate protection.

We also strongly advocate respectful interaction with people in all their diversity. Mutual respect, personal responsibility, health and safety form the basis for the individual development of all employees and therefore the future viability of RATIONAL.

These values also guide RATIONAL in its behaviour towards customers and suppliers. Accordingly, these objectives apply not only to our own locations, but enjoy a high priority across the entire value chain.

In order to cover the issue of sustainability in the Supervisory Board as well, Mr Moritz Graser will take on the role of specialist for ESG matters in the Supervisory Board. In addition to his Master of Science and his further training as a professionally qualified Supervisory Board member, Mr Graser also attended the "Sustainability (ESG) for Control and Support Functions" training course at the highly regarded University of St. Gallen.

Management bodies of the company
Die RATIONAL AG is an Aktiengesellschaft (joint stock corporation) under German law. A basic principle of German corporation law is the dual system of management, comprising an executive board and a supervisory board, each of which has its own autonomous areas of responsibility.

Composition of the Executive Board
The Executive Board of RATIONAL AG can consist of one or more persons. It had five members as at the balance sheet date. The assignment of division responsibility to the individual members is detailed in the executive organisation chart. In addition, the Supervisory Board specified an age limit of 65 years for members of the Executive Board. As at the balance sheet date, the Executive Board had the following members: Dr Peter Stadelmann (CEO), Markus Paschmann (CSMO), Dr Martin Hermann (CTO), Jörg Walter (CFO) and Peter Wiedemann (COO).

To ensure long-term succession planning together with the Executive Board, the Supervisory Board advises on the requirements profile for members of the Executive Board and observes the suitability of potential internal succession candidates in the company on the basis of their progress against performance criteria. The Supervisory Board also communicates with the Executive Board on upcoming vacancies and potentially suitable candidates.

One example of long-term succession planning is the replacement of Mr Peter Wiedemann in the role of Chief Technology Officer with effect from 1 January 2025 because he had reached his age limit. The early appointment of Dr Martin Hermann in September 2022 allowed an orderly, detailed hand-over in the Executive Board. Following his appointment to the Executive Board, Dr Hermann initially took on responsibility for individual processes in the technical area, such as product development, strategic purchasing and strategic quality management, while Mr Wiedemann retained responsibility for production and other selected functions. In December 2024, Dr Hermann also took over the remaining CTO functions from Mr Wiedemann. Following Mr Wiedemann's departure, the Executive Board of RATIONAL AG has four members again, starting in fiscal year 2025.

In addition to his position of COO of RATIONAL AG, Peter Wiedemann was appointed to the Supervisory Board of WashTec AG, Augsburg, in May 2022. The other members of the Executive Board do not perform any Supervisory Board duties in other listed companies.

The Executive Board and its working methods
The members of the Executive Board bear joint responsibility for the overall management of the company. They cooperate closely with one another and exchange information about important actions and procedures taking place within their divisions. Each member of the Executive Board is responsible for the divisions assigned to them on the basis of Executive Board resolutions. The Executive Board generally reaches decisions in meetings, which are held every two weeks. In addition, every member of the Executive Board can call a meeting by announcing the item on the agenda. Likewise, every member can request that a topic be included in the agenda for a meeting. Decisions by the Executive Board are always reached by a simple majority of votes cast by all of its members. If there is a tie, the Chairman of the Executive Board has the casting vote.

The Executive Board keeps the Supervisory Board comprehensively informed in good time, verbally and in writing as well as in regular meetings about planning, business development and the position of the company, including risk management. RATIONAL's risk management and internal control systems are described in more detail in the "Report on risks and opportunities" section of the management report.

Composition of the Supervisory Board
Under Article 8 (1) of the Articles of Association, the Supervisory Board of RATIONAL AG has seven members as shareholder representatives.

Mr Walter Kurtz is the Chairman of the Supervisory Board and Erich Baumgärtner is his deputy. Also on the Supervisory Board are Clarissa Käfer, Dr Johannes Würbser, Dr Christoph Lintz, Mr Werner Schwind and Mr Moritz Graser, proven experts in finance, business law, sales, technology and sustainability. The CVs of Supervisory Board members have been published on our website.

This body has five members (Ms Clarissa Käfer, Mr Erich Baumgärtner, Dr Christoph Lintz, Mr Werner Schwind, Dr Johannes Würbser) who are independent of the company and its Executive Board in accordance with recommendation C.7 of the Code, and the Supervisory Board considers this to be a sufficient number.

Since RATIONAL does not have a controlling shareholder within the meaning of recommendation C.9 of the Code, all members of the Supervisory Board are independent under this criterion.

The current composition of the Supervisory Board fully covers the skills profile. The members of the Supervisory Board complement each other in terms of age, educational and professional backgrounds, experience and knowledge, with the result that the Board as a whole can access a wealth of experience and a broad range of skills. The Supervisory Board is, as a whole, familiar with the sector in which the company is active. No age limit has been set for members of the Supervisory Board.

The qualification matrix provides an up-to-date summary of the progress made in completing the skills profile.

The term of office of the Supervisory Board members was five years in the past. To ensure greater flexibility in the composition of the Supervisory Board, the Supervisory Board resolved to propose a term of office of three years to the General Meeting of Shareholders in 2024. The proposal was accepted with the required majority. This means that the next scheduled Supervisory Board election will be held at the General Meeting of Shareholders in 2027.

Skills profile for Supervisory Board

	Walter Kurtz	Erich Baumgärtner	Moritz Graser	Clarissa Käfer	Dr Christoph Lintz	Werner Schwind	Dr Johannes Würbser
Supervisory Board member since	**1998**	**2017**	**2024**	**2024**	**2024**	**2015**	**2019**
Finance/auditing	●	●		●			●
Legal/compliance/governance				●	●		
ESG/sustainability			●	●			
Technology	●						●
Sales	●	●				●	

Following their appointment to the Supervisory Board, the new members familiarised themselves with their new roles in detail. To make their start as efficient as possible, the Chair of the Supervisory Board and his deputy jointly prepared a structured induction process. This included product training, an introduction to the RATIONAL philosophy and strategy and talks with each member of the Executive Board to provide an individual presentation of each area of responsibility.

The Supervisory Board and its working methods
The Supervisory Board advises and monitors the Executive Board in the management of the company. It appoints the members of the Executive Board and can remove them for good cause. For its work, the Supervisory Board has set itself rules of procedure. The Supervisory Board is involved in strategy and planning as well as in all matters of fundamental importance for the company. For significant business transactions – such as the annual planning and major investments – the rules of procedure for the Executive Board stipulate a veto right in favour of the Supervisory Board. The Chairman of the Supervisory Board coordinates the work in the Supervisory Board, chairs its meetings and looks after the interests of the Board in its external dealings. The Supervisory Board reaches decisions in meetings by a simple majority of votes cast, unless the law specifies otherwise. If there is a tie, the Chairman of the Supervisory Board has the casting vote.

In the case of significant events, an extraordinary meeting of the Supervisory Board is convened if necessary.

The Supervisory Board conducts regular self-assessments and efficiency audits, the latest one in 2024. The assessment of the Supervisory Board members is conducted using a questionnaire whose questions are answered in writing by all Supervisory Board members. In addition to the structures and processes, it dealt with skills and qualifications on the Board, risk management and control, as well as cooperation in the Supervisory Board and with the Management Board. The results are then discussed in the Supervisory Board to identify potential improvements. No significant shortcomings in the work of the Supervisory Board were identified in this process.

Details of the focus of the Supervisory Board's activities and advice in the year under review and of meeting attendance by the individual Supervisory Board members are given in the Report by the Supervisory Board.

The following members of the Supervisory Board are also represented in the following advisory boards and supervisory bodies: In addition to her Supervisory Board duties at RATIONAL AG, Ms Clarissa Käfer (Supervisory Board member since 8 May 2024) is a member of the Supervisory Board and Chair of the Audit Committee of the listed Ludwig Beck AG, Munich, Germany, and Chair of the Supervisory Board of Käfer AG, Vaterstetten, Germany (not listed). Dr Hans Maerz (Supervisory Board member until 8 May 2024) is Chair of the Supervisory Board of FWU AG, Munich, Germany (not listed), as well as Chair of the Audit Committee of FWU Factoring GmbH, Munich, Germany.

Formation of Supervisory Board committees
The Supervisory Board has established an Audit Committee to prepare meeting content for the Supervisory Board. As from May 2024, the members of the Audit Committee are Ms Clarissa Käfer (Committee Chair), Mr Walter Kurtz, Mr Erich Baumgärtner and Dr Johannes Würbser.

The Audit Committee oversees the accounting process and discusses and examines the annual and consolidated financial statements as well as the management report and the half-yearly and quarterly financial statements prepared by the Executive Board as well as the non-financial report in accordance with Section 289c of the German Commercial Code (HGB) and the future sustainability reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD). On the basis of the auditor's report, the Audit Committee prepares specifically for the debates and resolutions of the Supervisory Board for the approval of the annual and consolidated financial statements and resolves a recommendation for the Supervisory Board's proposal to the General Meeting of Shareholders for the election of the auditor. The Audit Committee issues the audit engagement for the annual and consolidated financial statements and for any reviews of interim financial reports to the auditor elected by the General Meeting of Shareholders, defines the key audit areas together with the auditor and monitors the independence of the auditor. The Audit Committee also prepares the Supervisory Board's resolution on the non-financial consolidated report and on the audit of the non-financial consolidated report and remuneration report; any audit engagements are issued by the Audit Committee. In addition, the Audit Committee is responsible for monitoring the company's risk management process, internal audit and compliance system. To this end, it also covers the reports by internal audit and the reports of those responsible for compliance, risk management and internal audit.

The Chairwoman of the Audit Committee, Clarissa Käfer, regularly discusses the progress of the audit with the auditor and reports on this to the Audit Committee. Due to her many years of work as an auditor and tax consultant, as a member of the board of examiners for the auditor and tax consultant examination, as well as other supervisory board and audit committee mandates, she has a high level of expertise in the areas of accounting and auditing. Ms Käfer is qualified as a finance expert within the meaning of section 100 (5) of the AktG and recommendation D.3 of the 2022 Code.

As a member of the Audit Committee and former CFO of RATIONAL AG, Erich Baumgärtner also has expertise in the field of accounting and special knowledge and experience in the application of accounting principles and internal control and risk management systems.

Dr Johannes Würbser has been a fourth member of the Audit Committee since May 2024. This reflects the rising complexity of accounting.

The Supervisory Board does not currently consider it necessary to establish a nomination committee or other committees. With a seven-member Supervisory Board, efficient discussions and lively exchanges of views on suitable candidates for nomination by the Supervisory Board to the General Meeting of Shareholders can also be held in the plenary session. Moreover, the fact that the Supervisory Board of RATIONAL AG is not subject to co-determination obviates the need to form a nomination committee that consists exclusively of shareholder representatives.

Right to appoint for members of the Supervisory Board
Under Article 8 (6) sentence 1 of the Articles of Association of RATIONAL AG, Walter Kurtz has the right to appoint up to two members of the Supervisory Board for as long as he is a shareholder of the company. In 2024, he made use of this right and appointed himself and his son Moritz Graser to the Supervisory Board.

Cooperation between Executive Board and Supervisory Board
The Executive Board and Supervisory Board of RATIONAL AG cooperate closely and on a basis of trust in the management and monitoring of the company. Full details of the cooperation between the Executive Board and the Supervisory Board are given in the Supervisory Board's report.

Definition relating to the equal participation of women in executive positions in accordance with sections 76 (4) and 111 (5) of the German Stock Corporation Act (Aktiengesetz)
RATIONAL AG is a listed company, but is not subject to parity co-determination. This means that, under the German Act Supplementing and Amending the Rules for Equal Participation of Women in Executive Positions in the Private and the Public Sector, the introduction of a 30% ratio for women in the Supervisory Board of RATIONAL AG is not binding. However, the company's listing on the stock exchange requires the company to specify targets for the percentage of women in the Supervisory Board, Executive Board and on the two management levels below the Executive Board as well as to set deadlines for attaining these targets. The following table shows the targets for women in executive positions and the respective deadlines.

In this context, we refer to our guidance on the RATIONAL Group's diversity concept provided below.

The previous targets for the percentage of women in the Executive Board and the Supervisory Board expired on 30 June 2024. Both targets were set to 0, and were met – and in the case of the Supervisory Board exceeded – when the period expired.

Women in executive positions at RATIONAL AG

	Absolute target	Absolute actual	Target (%)	Actual (%)	Deadline
The Supervisory Board	1	1	14	14	30 June 2029
Executive Board	0	0	0	0	30 June 2029
1st level	4	3	22	17	30 June 2027
2nd level	17	17	35	35	30 June 2027

Group-wide diversity – managers hired locally and internationally
As a company with global operations, we benefit from the different experiences, skills and opinions associated with the many cultural backgrounds of our employees. Just over 40% of our employees work in one of our international subsidiaries. This regional diversification is an important building block for RATIONAL success. When appointing people to key positions in our subsidiaries, we attach great importance to locally recruited managers. About three quarters of the managing directors of our international subsidiaries have been recruited from international or local candidates.

Diversity concept for the Executive Board and Supervisory Board
The Supervisory Board has not resolved a diversity concept for the composition of the Executive Board and the Supervisory Board. Appointments of Executive Board members and proposals of Supervisory Board members for election are made on the basis of their special skills and qualifications exclusively in accordance with the skills profile of the Supervisory Board and the requirements for Executive Board members. Other attributes such as gender, age, origin and national identity have not been and will not be of any consequence for this decision. The intention is to continue to abide by this policy in future. Nevertheless, the Supervisory Board pursues the objective to continually enhance the composition, and therefore the skills and experience, of the Executive Board and Supervisory Board and to maintain a balance of continuity and renewal. The Executive Board and Supervisory Board as a whole must have the knowledge, skills and experience required to discharge their duties properly.

The aim of HR development at RATIONAL is to encourage achievers and keep them in the company for the long term as a way of ensuring sustainable business success. All vacancies at RATIONAL are filled by appointing people with the best qualifications and skills for the job in question. Other attributes such as gender or national identity have not been and will not be of any consequence for this decision. As far as possible, we aim to fill executive positions with internal candidates; they have the advantage of knowing the company, its direction and its culture.

These principles also apply when appointing members of the Executive Board. Management consists of selected experts from different departments. Corporate management is shaped by continuity, trust and consistent focus on maximum customer benefit, as envisaged by our company's founder, as well as the corporate philosophy. The Supervisory Board will take decisions on the composition of the Executive Board against this background.

Accounting and auditing
On 8 May 2024, the General Meeting of Shareholders appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditors of the financial statements and the consolidated financial statements for fiscal year 2024. The audit contract was awarded by the Supervisory Board.

The election of the auditor was carefully prepared by the Supervisory Board. Prior to the proposal being submitted to the General Meeting of Shareholders, the Supervisory Board obtained a declaration from the auditors on their personal and business relationships with the company. This gave no rise to any objections. The Supervisory Board agreed with the auditors that the Chairman of the Supervisory Board would be notified immediately about disqualification or reasons for bias during the audit. No disqualification or reasons for bias were identified during the audit of the annual and consolidated financial statements for fiscal year 2024.

The auditors are additionally required to report separately on any major weaknesses detected during the audit in the accounting-related internal control and risk management system.

The lead auditor of the 2024 annual financial statements was Mr Dirk Bäßler.

Declaration in accordance with section 161 of the AktG and declaration of conformity with the German Corporate Governance Code

Pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz, AktG), the Executive Board and the Supervisory Board of RATIONAL AG, Landsberg am Lech, annually explain any departures from the recommendations of the Government Commission for a German Corporate Governance Code, as published in the official section of the Federal Gazette and applicable at the time of preparation of this declaration. The declaration of conformity of the Executive Board and Supervisory Board of January 2025 is printed below. This declaration of conformity and all previous declarations of conformity are published on our website.

The recommendations of the Government Commission for a German Corporate Governance Code, as amended on 28 April 2022 and published in the official section of the Federal Gazette on 27 June 2022 (2022 Code), were complied within the reporting period and continue to be complied with, with the exception of the recommendations itemised below for the reasons specified there:

A. Management and supervision
Recommendation A.3 of the 2022 Code: “The internal control system and the risk management system shall also cover sustainability-related objectives, unless required by law anyway. This shall include processes and systems for collecting and processing sustainability-related data.”

RATIONAL is aware of the importance of sustainability criteria in corporate governance. As a sustainable company with a long-term focus, we set great store by a holistic assessment of risk, which means a balanced assessment of non-financial and the resulting financial risks, as well as primary financial risks. A basic ESG strategy was developed in fiscal year 2021 and approved by the Executive Board in fiscal year 2022; further details were added in 2024. The inclusion of sustainability-related objectives in the internal control system, including the underlying indicators, is a gradual process, which continued in the year under review.

Recommendation A.5 of the 2022 Code: “The management report shall describe the main characteristics of the entire internal control system and risk management system, and provide comment upon the appropriateness and effectiveness of these systems.”

The reporting in the RATIONAL Group’s management report is guided by the legal requirements of sections 289 (4), 315 (4) of the HGB and contains detailed disclosures on internal control systems and the risk management system. Recommendation A.5 goes well beyond what is legally required. It is therefore not clear what disclosures on the appropriateness and effectiveness of these systems are required by the 2022 Code in addition to the legal reporting requirements. RATIONAL therefore declares a precautionary departure from recommendation A.5 of the 2022 Code.

B. Appointments to the Management Board
Recommendation B.1: “When appointing Management Board members, the Supervisory Board shall take diversity into account.”

The Supervisory Board and Executive Board expressly welcome all efforts to counter any form of discrimination and to promote diversity in a reasonable manner. When appointing members of the Executive Board, the special skills and qualifications of the candidate are the only decisive criterion for the Supervisory Board. Other attributes such as gender or national identity have not been and will not be of any consequence for this decision.

C. Composition of the Supervisory Board

I. General requirements

Recommendation C.1 second half of sentence 2: "... while taking the principle of diversity into account."

Recommendation C.2: "An age limit shall be specified for members of the Supervisory Board and disclosed in the Corporate Governance Statement."

The composition of the Supervisory Board of RATIONAL AG is guided by the company's interests. The main aim is therefore to appoint Supervisory Board members in a way that ensures that it can best meet its legal duties and those imposed by its Articles of Association and ensure effective supervision of and advice to the Executive Board. The candidates for election to the Supervisory Board are selected exclusively on the basis of knowledge, skills and experience. Other attributes such as gender or national identity have not been and will not be of any consequence. No age limit has been set for members of the Supervisory Board. RATIONAL believes that an individual's suitability to be a Supervisory Board member should not depend on age. In compliance with the profile of skills and expertise, nominations to the General Meeting of Shareholders are based exclusively on the knowledge, skills and experience of the candidates in question. The intention is to continue to abide by this policy in future in order to retain experience and skills for the benefit of the company.

II. Independence of Supervisory Board members

Recommendation C.10: "The Chair of the Supervisory Board, the Chair of the Audit Committee, as well as the Chair of the committee that addresses Management Board remuneration, shall be independent from the company and the Management Board."

Walter Kurtz has been a member of the Supervisory Board since 1998 and is therefore not considered independent of the company. Mr Kurtz has been Chairman of the Supervisory Board since 11 August 2017. Due to his many years of service in the company, which he managed with the company's founder Siegfried Meister for many years, Mr Walter Kurtz not only has invaluable experience, but also upholds the continued management of the company as its founder had intended.

D. Supervisory Board Procedures:

I. Rules of procedure

Recommendation D.1: "The Supervisory Board shall adopt its own rules of procedure and shall publish these on the company's website."

For its work, the Supervisory Board has set itself rules of procedure. However, the Supervisory Board opts not to publish the rules of procedure on the company's website. The main rules of conduct for the Supervisory Board are laid down in law and in the Articles of Association and publicly accessible. It does not believe that the additional publication of the rules of procedure would add any value.

2. Supervisory Board committees

Recommendation D.4 of the Code 2022: "The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which names suitable candidates to the Supervisory Board for its proposals to the General Meeting."

The Supervisory Board does not believe that the establishment of a nomination committee is necessary. With a seven-member Supervisory Board, efficient discussions and lively exchanges of views on suitable candidates for nomination by the Supervisory Board to the General Meeting of Shareholders can also be held in the plenary session. Moreover, the fact that the Supervisory Board of RATIONAL AG is not subject to co-determination obviates the need to form a nomination committee that consists exclusively of shareholder representatives.

G. Remuneration of Management Board and Supervisory Board

2. Determining specific total remuneration

Recommendation G.3: "In order to assess whether the specific total remuneration of Management Board members is in line with usual levels compared to other enterprises, the Supervisory Board shall determine an appropriate peer group of other third-party entities, and shall disclose the composition of that group. The peer-group comparison shall be applied with a sense of perspective, in order to prevent an automatic upward trend."

The Supervisory Board regularly reviews Executive Board remuneration. In assessing the appropriateness of Executive Board remuneration, information on board remuneration at other companies is also taken into account. There is no direct comparison with a defined peer group. The Supervisory Board believes that, due to the high degree of specialisation of RATIONAL AG and the different economic situation and profitability of other mechanical engineering companies, such a comparison is not very meaningful.

3. Determining the total amount of variable remuneration components

Recommendation G.8: "Subsequent changes to the target values or comparison parameters shall be excluded."

The remuneration system for the Executive Board approved by the General Meeting of Shareholders specifies that subsequent changes to the financial performance criterion of short-term variable remuneration and subsequent changes to the performance criteria of long-term variable remuneration are not allowed. However, the Supervisory Board is entitled, should any extraordinary events or developments occur, e.g. the acquisition or sale of part of the company, to temporarily adjust the terms of the respective plan appropriately at its reasonable discretion.

Recommendation G.10: "Taking the respective tax burden into consideration, Management Board members' variable remuneration shall be predominantly invested in company shares by the respective Management Board member or shall be granted predominantly as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years."

Executive Board remuneration is based on the remuneration system approved by the ordinary General Meeting of Shareholders held on 12 May 2021. This system does not specify any share-based payment and therefore does not require members of the Executive Board to hold shares. In view of the good experience made in the past, the Supervisory Board accepts as given that management acts in the interests of the company's long-term success even without granting share-based payment to the Executive Board.

What is more, the long-term variable remuneration of Executive Board members is measured over a three-year performance period. Since the performance assessment is based on internal medium-term planning over the same period, the Supervisory Board deems this length of time appropriate.

Landsberg am Lech, January 2025

RATIONAL AG

Walter Kurtz
for the Supervisory Board

Dr Peter Stadelmann
for the Executive Board

Report by the Supervisory Board

Dear Shareholders,

2024 was for us not only a successful fiscal year, but also a year of new departures. By launching innovations, we consolidated the foundations for our future economic success. With iCareSystem Autodose, we enabled storage of a solid cleaning product in a cooking system for the first time at the end of 2023. In addition, we launched selected enhancements of our digital offering on our ConnectedCooking platform. However, we realised the real revolution in the food service market by inventing the iHexagon. The iHexagon makes it possible for the first time to combine steam, convection and microwave on all six levels at the same time. This puts the iHexagon into an all-new product category. It was launched in Germany, the UK and the United States in spring 2024. We are currently working on another innovation for the beginning of 2026, which is the introduction of an entry-level appliance for regions with weaker purchasing power in China. We believe this extension to our product range puts us in a very good position to meet changing and broadening customer needs, thus once again delivering proof of RATIONAL's innovativeness and adaptability.

Despite continuing normalisation after years of extraordinary events, the market situation remained challenging. In Europe, skills shortages and difficult economic performance led to uncertainty in parts of the restaurant and communal catering sector. Thanks to our global business activities, we again successfully offset weaker market performance with positive trends in other regions.

After growth of 6%, our sales revenues increased to 1,194 million euros in fiscal year 2024, and therefore within our expectations. As the previous price increases continued to have an effect and commodity and logistics costs came down, the EBIT margin was even slightly above our expectations, at 26.3%.

Fresh elections to the Supervisory Board at the General Meeting of Shareholders in 2024

At the 2024 ordinary General Meeting of Shareholders held at the Messe Augsburg exhibition centre on 8 May 2024, fresh elections to the Supervisory Board of RATIONAL AG were held. The Chair of the Audit Committee, Dr Hans Maerz, as well as Dr Georg Sick and Dr Gerd Lintz did not stand for re-election. The General Meeting of Shareholders elected Ms Clarissa Käfer and Dr Christoph Lintz as new members to the Supervisory Board. In addition, the Chair of the Supervisory Board, Mr Walter Kurtz, made use of his right to appoint members laid down in the Articles of Association, appointing his son, Mr Moritz Graser, to the Supervisory Board. The period in office was reduced from five to three years. The term of office of the newly appointed Supervisory Board will end at the time of the 2027 General Meeting of Shareholders.

At its constituent meeting on 14 May 2024, the new Supervisory Board elected Mr Walter Kurtz as its Chair and Mr Erich Baumgärtner as its Deputy Chair. In addition, Clarissa Käfer (Committee Chair), Mr Walter Kurtz, Mr Erich Baumgärtner and Dr Johannes Würbser were appointed as members of the Audit Committee.

On behalf of the Supervisory Board and the Executive Board, I want to thank wholeheartedly all Supervisory Board colleagues who have stepped down for their high level of commitment to RATIONAL and wish them all the best for the future. At the same time, I extend a very warm welcome to the new Supervisory Board members. I look forward to constructive cooperation for the benefit of the company and our employees.

Dialogue and communication as a basis for advice and monitoring

In fiscal year 2024, we performed the tasks incumbent upon the Supervisory Board by law and by the Articles of Association. We regularly advised the Executive Board on the management of the company and monitored its activities. The Supervisory Board was directly involved in all decisions of strategic importance to the RATIONAL Group. Cooperation between the Executive Board and the Supervisory Board was characterised by comprehensive, timely and regular communication, both written and verbal. The Executive Board also reported on major transactions outside the regular meetings. The Supervisory Board received monthly reports on changes in component availability, market trends, the competitive situation, and the company's marketing, sales and profit trends.

	Attendance at Supervisory Board meetings (with Executive Board)		Attendance at internal Supervisory Board meetings (without Executive Board)		Attendance at Audit Committee meetings	
	Physical	Via video link	Physical	Via video link	Physical	Via video link
Walter Kurtz	11	–	12	–	5	–
Erich Baumgärtner	11	–	12	–	5	–
Dr Hans Maerz (stepped down on 8 May 2024)	2	–	3	–	2	–
Moritz Graser (member of the Supervisory Board since 8 May 2024)	7	–	8	–	1	–
Clarissa Käfer (member of the Supervisory Board since 8 May 2024 and member of the Audit Committee since 14 May 2024)	7	–	8	–	3	–
Dr Christoph Lintz (member of the Supervisory Board since 8 May 2024)	6	–	7	–	1	–
Dr Gerd Lintz (stepped down on 8 May 2024)	4	–	4	–	–	–
Werner Schwind	9	–	10	–	1	–
Dr Georg Sick (stepped down on 8 May 2024)	3	–	3	–	–	–
Dr Johannes Würbser (member of the Audit Committee since 8 May 2024)	11	–	12	–	3	–

In addition, the Supervisory Board and the Chairman of the Supervisory Board took steps to ensure that at all times it was informed about the current business situation, significant transactions and important decisions by the Executive Board. With this aim in mind, the Supervisory Board was in close and regular contact with all members of the Executive Board to exchange information and ideas.

Where called for by law, the Articles of Association or rules of procedure, the Supervisory Board voted, following detailed consultation and scrutiny, on the reports and draft resolutions of the Executive Board. All transactions requiring consent were carefully reviewed.

Information requirements for the Executive Board
Article 8 (Information provided to the Supervisory Board) of the rules of procedure for the Executive Board of RATIONAL AG provides rules for the Executive Board's information and communication obligations to the Supervisory Board. According to the rules of procedure, the Executive Board informed the Supervisory Board regularly, promptly and comprehensively about the company's strategic orientation and other fundamental issues of corporate planning. This was done in writing, unless a verbal report was advised when matters were urgent. The Executive Board agreed the company's strategic orientation with the Supervisory Board, regularly discussed with it progress in implementing the strategy, dealt with any instances where business performance deviates from the formulated plans and targets, and provided reasons for such deviation.

The Executive Board informed the Supervisory Board immediately of any events that may be of special significance to the company. In all other respects, section 90 of the German Corporation Act (Aktiengesetz, AktG), which governs reports to the Supervisory Board, applies. The reports are the responsibility of the full Executive Board, under the lead of the CEO.

Consultations in the Supervisory Board
The Supervisory Board held a total of twenty-three meetings in fiscal year 2024. The Executive Board attended 11 of these meetings. They were all held as physical meetings. At the remaining twelve meetings, the members of the Supervisory Board met without the participation of the Executive Board. These meetings were also held as physical meetings. In addition, the members of the Supervisory Board also consulted each other in writing and by telephone. In fiscal year 2025, one further physical meeting was held before the meeting of the Supervisory Board on 5 March 2025 to adopt the financial statements.

The Supervisory Board regularly meets for consultations without the Executive Board. Where applicable, the Supervisory Board also passed resolutions outside the ordinary meetings. According to a review carried out by the Supervisory Board itself, its members are, as a whole, familiar with the sector in which the company is active.

The table above shows details of attendance at the respective meetings by the individual members of the Supervisory Board.

Key areas of consultation
In the past fiscal year, the consultations with the Executive Board and internal discussions within the Supervisory Board focused primarily on the geopolitical situation and its impact on business performance. The consultations dealt with all relevant aspects of the development of the business, including financial, investment and HR planning, business trends, the economic situation of the company and of the Group, the risk situation, risk management, and last but not least the current cost and earnings position.

In addition, numerous individual topics were on the agenda of the Supervisory Board meetings, and were discussed in depth. These included in particular:

› Adapting business operations and cost measures due to the geopolitical situation, especially the war in Ukraine, unrest in Israel and the elections in the United States,
› Enhancement of the medium-term strategy, including the product portfolio, sales and marketing strategy, and price policy,
› Business planning for fiscal year 2025,
› Key points in product development,
› Quality management, product observation and product improvement,
› Attention to technical problems of older product lines and exchanging components,
› Analysis of potential and customer satisfaction survey,
› Construction and expansion projects worldwide,
› The company's sustainability, climate, digital and financing strategies,
› New regulations for sustainability reporting under the Corporate Sustainability Reporting Directive (CSRD),
› The appropriation of earnings and proposed dividend,
› Target attainment by the Executive Board in 2023 and setting of targets for 2024 on the basis of the current remuneration system,
› Conducting the 2024 General Meeting of Shareholders,
› Resolution to make a special U.i.U. payment,
› Salary adjustment for the Chief Technology Officer (CTO) and the Chief Sales and Marketing Officer (CSMO),
› Rules of procedure for the Management Board,
› Additions to the corporate philosophy,
› Self-assessment of the Supervisory Board,
› New customer acquisition process,
› Election proposal for the composition of the new Supervisory Board,
› The election of the Chairman of the Supervisory Board and his deputy,
› Appointment of members and Chair to the Audit Committee,
› Deutsche Börse guidelines,
› Definition of targets in Supervisory Board and Executive Board and
› Adjustments to the remuneration system for the Executive Board.

At the Supervisory Board meeting to adopt the financial statements on 5 March 2025, the principal topics included not only the audit and adoption and approval of the annual and consolidated financial statements, the management report group management report but also, in particular, approval of the remuneration report and the draft resolutions to be proposed to the 2025 General Meeting of Shareholders.

At the recommendation of the Audit Committee, the Supervisory Board proposes Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditors for the 2025 fiscal year. The Supervisory Board also adopted the remaining draft resolutions for the ordinary 2025 General Meeting of Shareholders.

There are plans to hold the 2025 ordinary General Meeting of Shareholders again as a physical meeting at the Messe Augsburg exhibition centre.

Our duties in fiscal year 2024, and in particular at the meeting held on 5 March 2025 to adopt the financial statements, included not only the audit plus the entire accounting process at RATIONAL AG and in the RATIONAL Group but also the monitoring of the internal control system and the risk management system.

Induction for new Supervisory Board members
In order to enable the new Supervisory Board members who joined with effect from the end of the 2024 General Meeting of Shareholders to do their work effectively right from the start, they were introduced to their tasks with the help of a tailored onboarding plan. The onboarding phase comprised in particular comprehensive product and market training and the presentation of the RATIONAL philosophy and strategy to all new Supervisory Board members. Moreover, each Executive Board member introduced the new members of the Supervisory Board in detail to his own area of responsibility.

Training and development of the members of the Supervisory Board

The Supervisory Board regularly attends joint training and development measures, which feature topical issues such as changes in the legal framework, digitalisation and sustainability.

An internal further training course was presented by product management in 2024. The practical product training covered all appliances of our product range (iCombi, iVario, iHexagon). The aim was to give an in-depth, detailed picture of current cooking systems and how they work. This training measure was attended by all members of the Supervisory Board.

Committee activities

The company currently has an Audit Committee. Until the elections to the Supervisory Board in May 2024, the members of the Audit Committee were Dr Hans Maerz (Chair), Mr Walter Kurtz and Mr Erich Baumgärtner. Dr Hans Maerz stepped down from the Supervisory Board and the Audit Committee as at the end of the General Meeting of Shareholders on 8 May 2024. After the 2024 General Meeting of Shareholders, Ms Clarissa Käfer (Committee Chair), Mr Walter Kurtz, Mr Erich Baumgärtner and Dr Johannes Würbser were appointed as members of the Audit Committee.

The Audit Committee met for five physical meetings in the 2024 fiscal year. It dealt in particular with the annual and consolidated financial statements, as well as with reviewing the accounting, monitoring the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal audit system, implementing the German Act on Corporate Due Diligence Obligations in Supply Chains and the compliance management system, the selection and independence of the auditors and the additional services provided by the auditors as well as the amendments to the 2023 remuneration report. In addition, the Audit Committee learnt about new trends in auditing the non-financial consolidated report, especially with regard to the Corporate Sustainability Reporting Directive (CSRD). All members of the Audit Committee, both in its previous and in its new composition, attended all meetings of the Audit Committee. Furthermore, the Audit Committee dealt with the substantive audit of the separate non-financial consolidated report. The Audit Committee oversaw the quality of the audit, and this also included non-audit services. The Audit Committee also engaged in detail with the internal audit schedule and the findings of the regular internal audit reports. The Audit Committee reported regularly to the Supervisory Board.

Corporate governance

The Supervisory Board of RATIONAL AG has seven members and is not subject to co-determination. In fiscal year 2024, the composition of the Supervisory Board of RATIONAL AG fully complied with the German Corporate Governance Code recommendation that the Supervisory Board should include what it considers to be an adequate number of independent members.

No conflicts of interest in respect of individual Supervisory Board members occurred in the reporting year in connection with consultations, draft resolutions and the audit mandate.

At its meeting on 29 January 2025, the Supervisory Board resolved on the declaration of conformity with the German Corporate Governance Code. Together with the Executive Board, the Supervisory Board then issued the declaration of conformity as at January 2025. The declarations of conformity of recent years can also be found on the RATIONAL website at rat.ag/CG. Since the last declaration of conformity was submitted in January 2024, RATIONAL AG has complied with most of the recommendations of the Code, as amended. Finally, together with the Executive Board, the Supervisory Board provided an account for fiscal year 2024 in the Declaration of Corporate Governance pursuant to sections 289f and 315d of the HGB.

Audit of the annual financial statements and consolidated financial statements

As proposed by the Supervisory Board and elected by the General Meeting of Shareholders on 8 May 2024, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, audited the financial statements of RATIONAL AG and of the Group for fiscal year 2024. The audit contract was awarded by the Supervisory Board. Prior to the proposal for election, the Supervisory Board obtained a declaration of independence from the auditors. No apparent reasons were identified to doubt the independence of the auditors. The auditors were additionally obliged to immediately provide information about any circumstances which could result in a lack of impartiality on their part and, where appropriate, to notify the Supervisory Board of services which they have performed in addition to the audit. With regard to the audit reform, the Supervisory Board is adhering to the existing in-house rule on the strict separation of consulting and auditing services. The Supervisory Board and the Audit Committee reported prior to and during the audit in discussions with the auditor on the latter's approach to the audit, the key audit areas and the progress of the audit. In addition, the Chairman of the Supervisory Board and the Chairwoman of the Audit Committee have regular meetings with the auditors, including in the course of the year, to consult on topics relevant to the financial statements and the audit.

The annual financial statements for the fiscal year from 1 January to 31 December 2024, prepared by the Executive Board in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, HGB), and the company's management report, which also refers to the Declaration of Corporate Governance on the company's website, were audited by the auditors and given an unqualified audit opinion. The Executive Board prepared consolidated financial statements for the Group in accordance with the International Financial Reporting Standards (IFRSs), supplemented by the commercial law provisions applicable under section 315a (1) of the HGB. In addition, a Group management report was prepared. The auditors audited the consolidated financial statements and the Group management report and issued an unqualified audit opinion.

The annual financial statements, the consolidated financial statements, the management reports, the auditors' reports, and the Executive Board's proposal on the appropriation of unappropriated profits were forwarded in good time to the Audit Committee and all Supervisory Board members for examination. They were the subject of intensive deliberations at the meeting of the Supervisory Board held on 5 March 2025. In particular, the Supervisory Board concerned itself thoroughly with the findings of the audit by the auditors.

The auditors took part in the discussion of the company's annual financial statements and the consolidated financial statements. They reported on the results of the audits, in particular on the points on which it was agreed the audit would focus, and were available to the Supervisory Board for questions and supplementary information. Areas on which the auditors' explanations concentrated included provisions for warranties, recognition of development costs as assets, the Group Sustainability Report and the recoverability of cash and deposits. Based on the findings of the audit, no material weaknesses of the internal control and risk management system were reported in relation to the accounting process. Both the Executive Board and the auditors answered all the Supervisory Board's questions comprehensively and to its satisfaction.

The Supervisory Board raises no further objections to its own final results of the deliberations and its own examination. The Supervisory Board approves the results of the audit. At its meeting held on 5 March 2025, the Supervisory Board approved the annual financial statements, prepared by the Executive Board, for RATIONAL AG as of 31 December 2024, including the certified version, dated 4 March 2025, of the management report for fiscal year 2024, as well as the consolidated financial statements as of 31 December 2024 and the certified version, dated 4 March 2025, of the Group management report for fiscal year 2024. The 2024 annual financial statements for RATIONAL AG, including the management report, are thereby adopted in accordance with section 172 sentence 1 of the AktG.

Appropriation of profits

After consideration of the operating environment, the situation on the global financial and capital markets, and the financial position of the company, the Supervisory Board approved the appropriation of profits proposed by the Executive Board.

From RATIONAL AG's net retained profit for fiscal year 2024 of 578.0 million euros, a dividend of 15.00 euros per share and a total of 170.6 million euros should be distributed and the remainder carried forward to new account.

The entire Supervisory Board would like to thank all managers for their close and constructive cooperation, and for the trust they have placed in us. But our special thanks go to all employees. Even in the especially difficult environment of the past fiscal year, they once again succeeded in providing our customers with maximum benefit through the high added value of RATIONAL's products and services, and thus in making outstanding use of the market opportunities open to us.

Landsberg am Lech, 5 March 2025

Walter Kurtz
Chairman of the Supervisory Board
of RATIONAL AG

2024 Remuneration Report of RATIONAL AG

Section 162 of the Aktiengesetz (AktG, German Stock Corporation Act) requires the executive and supervisory boards of listed companies to prepare a clear, understandable annual report on the remuneration granted and owed to the individual current or former member of the executive and supervisory boards of the company and of companies of the same group in the previous fiscal year.

This remuneration report starts by presenting the basic principles and main features of the remuneration system for the Executive Board and Supervisory Board of RATIONAL AG. It also explains in particular the individualised remuneration granted and owed, broken down by component, to current and former members of the Executive Board and Supervisory Board for the 2024 fiscal year.

The 2025 ordinary General Meeting of Shareholders of RATIONAL AG will, in accordance with section 120a of the AktG, resolve on the approval of the remuneration report for the 2024 fiscal year prepared and audited in accordance with section 162 of the AktG. The remuneration report for the 2023 fiscal year was approved by the 2024 ordinary General Meeting of Shareholders of RATIONAL AG with a majority of 94.73% of the votes cast. Due to the high approval rate, there was no need to make any changes to the remuneration system, its implementation or the way in which it is reported.

Executive Board remuneration at RATIONAL AG is the responsibility of the Supervisory Board, At its meeting on 26 January 2021, the Supervisory Board of RATIONAL AG resolved a clear and understandable system for the remuneration of members of the Executive Board in accordance with the provisions of the Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie (ARUG II, Act Implementing the Second Shareholders' Rights Directive) (the "2021 Remuneration System"). On 12 May 2021, the 2021 virtual ordinary General Meeting of Shareholders approved the 2021 Remuneration System with a majority of 82.50% of the votes cast.

At its meeting on 17 December 2024, the Supervisory Board resolved additions, clarifications and linguistic amendments to the existing 2021 remuneration system for Executive Board members. Moreover, the maximum remuneration for Executive Board members was appropriately increased. To reflect the changed market conditions, the maximum remuneration for the Chief Executive Officer will in future be 3,500,000 euros (previously 2,750,000 euros) and for ordinary Executive Board members it will be 2,500,000 euros (previously 2,000,000 euros).

In terms of remuneration for the members of the Supervisory Board, the following adjustment will be proposed to the General Meeting of Shareholders of RATIONAL AG on 14 May 2025: For the Chair of the Audit Committee, additional remuneration of 25,000 euros will be paid for each fiscal year for the additional work that this position entails, unless the incumbent is the Chair or Deputy Chair of the Supervisory Board at the same time. In the previous constellation of the Supervisory Board, this had been covered by the remuneration of the Chair of the Audit Committee, Dr Hans Maerz, as part of his simultaneous function of Deputy Chair of the Supervisory Board.

The amended remuneration systems for the Executive Board ("2024 Remuneration System") and Supervisory Board will be published together with the invitation to the 2025 General Meeting of Shareholders at rat.ag/hv. They will be presented to the General Meeting of Shareholders for a vote on 14 May 2025.

The amendments contained in the 2024 Remuneration System for Executive Board members are not yet presented below. The new system will come into effect two months after it is approved by the General Meeting of Shareholders for all Executive Board members whose service contracts are newly concluded or renewed after this time.

The 2021 Remuneration System has been applied to all members of the Executive Board since fiscal year 2022. The 2021 Remuneration System for Executive Board members can be accessed by following this link: rat.ag/remuneration-system-board

Here follows a summary of the 2021 Remuneration System for Executive Board members, which was applicable in fiscal year 2024, and a description of the individual remuneration components in fiscal year 2024.

A. Remuneration system for Executive Board members

I. Main features of the remuneration system for Executive Board members at RATIONAL AG

The remuneration system for members of the Executive Board makes an important contribution to promoting and implementing RATIONAL AG's corporate strategy and to the company's ongoing development. The Supervisory Board and Executive Board of RATIONAL AG pursue a long-term strategy that is sustainably geared to customer benefit as the basis for growth and profitability. Customer benefit is achieved particularly through the quality, superior technology, and reliability of the company's products and services. The Supervisory Board is convinced that long-term corporate responsibility and sustainability rely only to a limited extent on complex variable remuneration components. The remuneration system is geared towards clarity and transparency.

The remuneration system for members of the Executive Board sets incentives that are consistent with and support the corporate strategy.

The main component of remuneration is the fixed salary as the basis for the company's long-term success.

The short-term one-year variable remuneration is based on the financial performance criterion of earnings after taxes as reported in the consolidated financial statements of RATIONAL AG. This encourages the Executive Board to focus its activities on continuous growth with high earnings power.

To align the remuneration of Executive Board members towards the company's sustainable, long-term success, total remuneration includes a multi-year variable remuneration component. The multi-year variable remuneration is based on a three-year performance period. The majority of the multi-year variable remuneration depends on the return on capital employed (ROCE) of RATIONAL AG.
A smaller portion of the long-term variable remuneration is linked to non-financial performance criteria, which are generally set for the whole Executive Board but in some cases also as individual targets of individual Executive Board members. The setting of non-financial performance criteria particularly incorporates social, customer- and employee-focussed as well as ecological goals (ESG goals). This supports the company's sustainable strategic development.

The two components of long-term variable remuneration take account of shareholders' interests in the profitability of RATIONAL AG and promote the achievement of central strategic objectives set within the company.

The Remuneration System for Executive Board members meets the requirements of the German Stock Corporation Act (Aktiengesetz, AktG) as amended by the Act Implementing the Second Shareholders' Rights Directive of 12 December 2019 (Federal Law Gazette Part I 2019, No. 50 of 19 December 2019). It takes into account the recommendations of the German Corporate Governance Code (GCGC) in the version dated 27 June 2022.

II. Components of remuneration

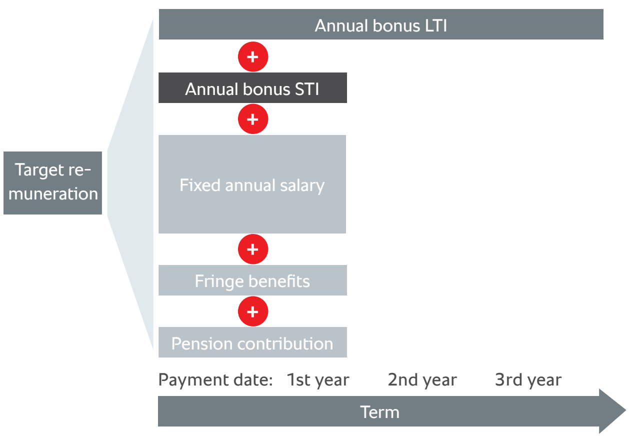
The remuneration of Executive Board members comprises fixed and variable components. The fixed components of Executive Board members' remuneration are the fixed annual salary, fringe benefits, and pension contributions. The variable components are the one-year variable remuneration (Short Term Incentive, "STI") and the multi-year variable remuneration (Long Term Incentive, "LTI"). The Remuneration System does not specify share-based or option-based remuneration and does not contain any requirements for Executive Board members to hold shares.

Components of remuneration

	Assessment basis/parameters	
Fixed remuneration components		
Fixed annual salary	In 12 equal monthly instalments at the end of each calendar month	
Fringe benefits	In particular:	› Private use of company car › Accident insurance
Pension contributions	Plan type: Defined contribution plan for annual payments	
	Contribution: 15% of fixed annual salary each year	
Variable remuneration components		
STI	**Type**	**Target bonus**
	Cap:	200% of the target amount
	Performance criteria:	Earnings after taxes as reported in the consolidated financial statements
	Assessment period:	Next year
	Payment date:	In the month following adoption of the consolidated financial statements
LTI	**Plan type**	**Performance cash plan**
	Cap:	› Financial LTI Component: 200% of the target amount › Non-financial LTI Component: 100% of the target amount
	Performance criteria:	› Return on capital employed (75%) › Non-financial targets (25%)
	Performance period:	Next three years
	Payment date:	In the month following adoption of the consolidated financial statements for the last fiscal year of the performance period, or no later than the following month

Based on the remuneration system, the Supervisory Board sets a specific target total remuneration for each Executive Board member. This is commensurate with the tasks and performance of the Executive Board member and the company's situation and may not exceed customary remuneration without specific reason. Target total remuneration comprises the sum of all remuneration components relevant for total remuneration. For the STI and LTI, target total remuneration is based on the target amount for 100% target achievement.

Target total remuneration



The share of long-term variable remuneration in the target total remuneration exceeds the share of short-term variable remuneration in the target total remuneration. The relative shares of the fixed and variable remuneration components are shown below in relation to target total remuneration.

Fixed remuneration	Variable remuneration	
Fixed annual salary + Fringe benefits + Contribution to the company pension scheme	STI	LTI
Approx. 70%	**Approx. 10%**	**Approx. 20%**

For all Executive Board members, the share of fixed remuneration (fixed annual salary, fringe benefits and contributions to the company pension scheme) makes up approximately 70% of target total remuneration, while variable remuneration makes up approximately 30% of target total remuneration. The share of the STI (target amount for 100% target achievement) in target total remuneration is approximately 10%, and the share of the LTI (target amount for 100% target achievement) in target total remuneration is approximately 20%.

The above shares may differ slightly for future fiscal years due to changes in the costs of contractually agreed fringe benefits and for any new appointments. Any payments granted on the occasion of a new member taking office may also result in a deviation from the above shares.

Fixed remuneration components

The members of the Executive Board receive a fixed annual salary in twelve monthly instalments.

The Executive Board members are also awarded fringe benefits: in particular, each member of the Executive Board is provided with a company car which may also be used privately. RATIONAL AG takes out accident insurance (death and disability) for the Executive Board members.

Defined contribution pension plans are in place for the individual members of the Executive Board. RATIONAL AG pays annual contributions to these plans for the Executive Board members. These annual contributions to the external provident fund are capped at 15% of fixed annual salary.

In individual cases, on the occasion of a new Executive Board member taking office, the Supervisory Board may award a payment in the first or second year of the new member's appointment. A payment of this kind may, for example, serve to compensate an Executive Board member for the loss of variable remuneration from a former employer incurred as a result of moving to RATIONAL AG.

Variable remuneration components

The following section describes the variable remuneration components. It explains the link between achievement of the performance criteria and the amount of variable remuneration paid out. It also sets out when and in what form Executive Board members have access to the variable remuneration components they have been granted.

One-year variable remuneration (STI)

The STI is a performance-based bonus with a one-year assessment period. The STI depends exclusively on a financial performance criterion: earnings after taxes as reported in the consolidated financial statements. This performance criterion incorporates all the key success factors for the company. It therefore sets incentives to continuously improve profitability, and also recognises the collective performance of the Executive Board. The Supervisory Board sets the target for this financial performance criterion at the beginning of the fiscal year.

For each fiscal year, the Supervisory Board sets the level of earnings after taxes that will represent 100% target achievement and a target amount for the STI to be paid out for 100% target achievement. This target amount for the STI represents 10% of gross annual salary. Following presentation and adoption of the audited consolidated financial statements for the fiscal year, the level of target achievement is determined by comparing the actual figure in the audited consolidated financial statements with the targets for the respective fiscal year. The STI is then calculated.

Calculation of the annual STI is as follows:

› For every full 2 percentage points by which earnings after taxes as reported in the consolidated financial statements fall short of the target figure, the STI is reduced by 10 percentage points of the target amount, down to a target achievement of 80%. If earnings after taxes as reported in the consolidated financial statements are below 80% of the target figure, no STI is paid out.
› For every full 2 percentage points by which earnings after taxes as reported in the consolidated financial statements exceed the target figure, the STI is increased by 10 percentage points of the target amount, up to a target achievement of 120%. If earnings after taxes in the consolidated financial statements are above 120% of the target figure, the STI is capped at 200% of the target amount.

Payment of the annual STI is due in the month following adoption of the consolidated financial statements of RATIONAL AG for the fiscal year to which the STI relates.

The financial performance criterion may not be changed retrospectively. However, the Supervisory Board is entitled, should any extraordinary events or developments occur, e.g. the acquisition or sale of part of the company, to temporarily adjust the terms of the STI plan appropriately at its reasonable discretion.

If an appointment begins or ends in the course of a fiscal year, the target amount of the STI is reduced pro rata temporis based on the date on which the member's employment begins or ends. The same applies to periods for which an existing Executive Board member is not entitled to remuneration (e.g. because employment is suspended or the member is unable to work and not entitled to continued remuneration). The payment due date and parameters for calculating the STI are not affected by the Executive Board member beginning or ending their appointment in the course of a fiscal year.

Multi-year variable remuneration (LTI)

The LTI is structured as a performance cash plan. It consists of two components, one of which is linked to a financial performance criterion (“Financial LTI Component”) and the other to non-financial performance criteria (“Non-Financial LTI Component”). Based on a target achievement of 100% for each component (“LTI Full Target Achievement”), the Financial LTI Component is given a 75% weighting and the Non-Financial LTI Component a 25% weighting. The LTI is awarded on a rolling basis in annual tranches. Each tranche of the performance cash plan has a three-year term (“performance period”). Each performance period begins on 1 January of the first fiscal year of the performance period (“Fiscal Year of Award”) and ends on 31 December of the third fiscal year of the performance period.

After the end of the performance period, the target achievement for the LTI is calculated and the amount of the payment for each member of the Executive Board is determined based on the level of target achievement. Payment is due in the month following adoption of RATIONAL AG’s consolidated financial statements for the last fiscal year of the performance period, or no later than the following month.

The relevant financial performance criterion for the Financial LTI Component is the return on capital employed (ROCE) at Group level. The performance indicator ROCE is defined as EBIT / (equity + interest-bearing borrowings + pension provisions). ROCE is a key performance indicator that measures how efficiently the capital tied up in the company is being used. Linking the LTI to ROCE sets a long-term incentive to generate lasting profitable growth.

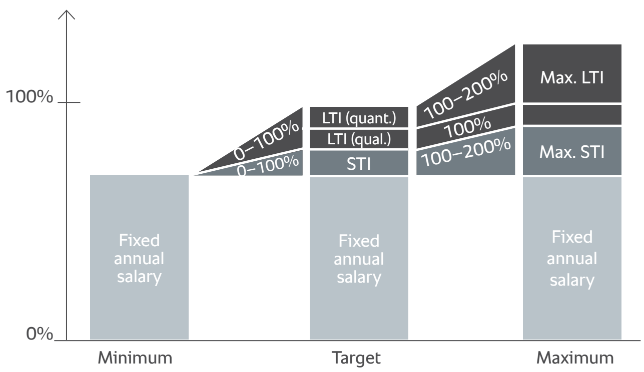
At the beginning of a performance period, the Supervisory Board decides, based on the multi-year planning, how high average ROCE should be at the end of the three-year performance period (“Target ROCE”). The Supervisory Board also sets a target amount for the Financial LTI Component. This figure, which is set for the Fiscal Year of Award, equates to 75% of the LTI in the event of LTI Full Target Achievement. To calculate target achievement for the Financial LTI Component, the arithmetic average of the ROCEs actually achieved in the three years of the performance period is calculated at the end of the performance period and compared to the Target ROCE. The following applies to the Financial LTI Component:

› For every full 1 percentage point by which ROCE falls short of the target figure, the Financial LTI Component is reduced by 10 percentage points of the target amount, down to a target achievement of 90% of Target ROCE. If target achievement is below 90% of Target ROCE, no Financial LTI Component is paid out.
› For every full 1 percentage point by which ROCE exceeds the target figure, the Financial LTI Component is increased by 10 percentage points of the target amount, up to a target achievement of 110% of Target ROCE. If target achievement is above 110% of Target ROCE, the Financial LTI Component is capped at 200% of the target amount.

The relevant non-financial performance criteria for the Non-Financial LTI Component are established by the Supervisory Board, predominantly through the setting of social, customer- and employee-oriented, and environmental goals. This supports the company’s sustainable development. The non-financial performance criteria are generally set for the Executive Board as a whole but may also be set as individual targets in some cases. Based on long-term planning of a strategic or operational nature, the Supervisory Board sets one or more long-term targets for the three-year performance period. It also sets a target amount for the Non-Financial LTI - Component, which equates to 25% of the LTI in the event of LTI Full Target Achievement.

At the end of the performance period, the level of target achievement in relation to the non-financial performance criteria is determined by the Supervisory Board, which, at its own discretion and exercising all due care and diligence, compares the actual outcome to the target outcome. The target amount set is not increased in the event that the targets for the non-financial performance criteria are outperformed.

Composition of Executive Board remuneration



Payment of the LTI depends on the target achievement for both performance criteria. In the event of LTI Full Target Achievement, the LTI equates to 100% of the target amount. The amount of the LTI to be paid out is calculated after the end of the performance period. However, at the end of the first two fiscal years of a performance period, the Executive Board members receive a prepayment of 25% of the LTI payment amount for the relevant performance period, assuming an overall target achievement of 100%. If the overall target achievement calculated at the end of the performance period is so far below 100% that the prepayments already received by Executive Board members exceed the LTI payment to which the members are entitled for that performance period, RATIONAL AG is entitled to reimbursement of the excess amount paid and may deduct the corresponding amount from any remuneration components due to be paid out.

The performance criteria may not be changed retrospectively. However, the Supervisory Board is entitled, should any extraordinary events or developments occur, e.g. the acquisition or sale of part of the company, to temporarily adjust the terms of the LTI plan appropriately at its reasonable discretion.

If the term of office of an Executive Board member begins or ends in the course of a Fiscal Year of Award, the target amount is reduced pro rata temporis based on the date on which the member's term of office begins or ends. The same applies to periods for which an existing Executive Board member is not entitled to remuneration (e.g. because employment is suspended or the member is unable to work and not entitled to continued remuneration). The payment due date and parameters for calculating the LTI are not affected by the Executive Board member beginning or ending their appointment in the course of a fiscal year.

All claims in relation to a current performance period are forfeited without replacement or compensation if RATIONAL AG terminates the employment contract before the end of the performance period for cause on grounds for which the Executive Board member is responsible, if the Executive Board member's appointment is revoked due to a gross breach of duty, or if the Executive Board member resigns from office without cause and without the consent of RATIONAL AG.

Maximum remuneration

The 2021 Remuneration System specifies individual maximum remuneration separately for each member of the Executive Board within the meaning of section 87a of the AktG.

The total remuneration to be awarded to the Executive Board members for a fiscal year (the sum of all of the remuneration amounts paid for a fiscal year, including fixed annual salary, variable remuneration components, pension contributions and fringe benefits) – irrespective of whether they are paid out in that fiscal year or at a later point in time – is subject to a cap (“maximum remuneration”).

The maximum remuneration is
- 2,750,000 euros for the Chief Executive Officer and
- 2,000,000 euros each for the ordinary members of the Executive Board.

On the occasion of a new Executive Board member taking office, maximum remuneration may differ in the first or second year of the new member's appointment from the set maximum remuneration if, in exceptional cases, the Supervisory Board awards payments to the newly appointed member as compensation for the loss of remuneration from the member's former employer. In such cases, the maximum remuneration for this one fiscal year is increased by up to 50% for the Chief Executive Officer and by up to 25% for ordinary members of the Executive Board.

If remuneration exceeds the maximum remuneration, the LTI payment amount is reduced for the relevant fiscal year. If, after this reduction, remuneration still exceeds the maximum remuneration, the Supervisory Board may reduce other remuneration components at its own discretion, exercising all due care and diligence.

Irrespective of the maximum remuneration set, the payment amounts for the individual variable remuneration components are also capped. The payment amount for the STI is capped at 200% of the STI target amount. The payment amount for the Financial LTI Component is capped at 200% and the payment amount for the Non-Financial LTI Component at 100% of the respective target amount.

Malus and clawback provision for variable remuneration components

The Supervisory Board may, at its own discretion and exercising all due care and diligence, reduce by up to 100% the payment amount calculated for the variable remuneration components in the event of misconduct by the Executive Board member ("Grounds for Malus") during the assessment period (for the STI during the relevant one-year assessment period and for the LTI during the relevant three-year assessment period).

Grounds for Malus will be deemed to exist particularly in the event of significant breaches of the duty of care within the meaning of section 93 of the AktG on the part of the Executive Board member during the assessment period. The basis for the Supervisory Board's decision as to whether and to what extent there are Grounds for Malus will include, in particular, the degree to which the Executive Board member was at fault, the significance of the breach of duty, the weight of the member's own contribution to the incident in question, the degree of any damage, the record or otherwise of any individual misconduct or organisational negligence in the last three fiscal years preceding the assessment period, and any official sanctions.

In the event of Grounds for Malus in a fiscal year that is part of the assessment period for multiple variable remuneration components, the malus may be applied to each of these variable remuneration components, in other words, multiple variable remuneration components with multi-year assessment periods may be subject to a malus on identical grounds.

RATIONAL AG is entitled to receive (pro rata) reimbursement from the Executive Board member of an STI and/or LTI payment if it has emerged, after the payment, that published consolidated financial statements relating to the assessment period for the STI and/or LTI were objectively incorrect and therefore in need of subsequent correction under the relevant accounting standards and that the STI and/or LTI payment would have been lower or non-existent had it been calculated based on the corrected consolidated financial statements.

The Supervisory Board may exercise this entitlement to reimbursement at its own discretion, with all due care and diligence. The entitlement to reimbursement equates to the difference between the actual payments made and the payments that would have been due to the Executive Board member under the rules of the STI and LTI based on the corrected consolidated financial statements. As a general rule, the Executive Board member must reimburse the gross amount in the event of such a claim.

There were no grounds requiring the application of a malus or clawback for the 2024 fiscal year.

Benefits promised in case of premature termination

In case of early termination of an Executive Board member's office without cause, the amount of any severance payment is limited to the equivalent of two years' remuneration ("Settlement Cap"). Under no circumstances will severance payments exceed the remuneration due for the remaining term of the employment contract. Calculation of the Settlement Cap is based on total remuneration in the preceding fiscal year and, if appropriate, expected total remuneration for the current fiscal year. Executive Board members are generally subject to a post-contractual non-competition clause for a period of two years after the end of their employment contract.

For the duration of the post-contractual non-competition clause, Executive Board members receive a compensation payment for each year they are subject to non-competition. The payment is equivalent to 50% of the total remuneration last paid to the member in question. Current payments from pension commitments and any transitional allowances or settlements are set off against this compensation.

Benefits awarded for the early termination of an Executive Board member's term of office due to a change of control will not exceed 150% of the settlement cap.

Benefits promised in case of regular termination

In cases of regular termination of their term of office, Executive Board members do not receive any benefits from the company. Once they are eligible, they receive benefits from the provident fund, into which contributions were paid by the company during the term of the service contract. These contributions are already reported as remuneration granted in the respective year in which the contribution is paid. In addition, after regular termination of their term of office, Executive Board members receive payments from the multi-year variable remuneration components, providing this is not prevented by any grounds for applying a malus or clawback. Executive Board members do not receive any other company benefits from the company after termination of their contract, unless they have been promised such benefits on termination in individual circumstances.

Remuneration of Executive Board members in fiscal year 2024

In thousands of euros

	Dr Peter Stadelmann		Dr Martin Hermann		Markus Paschmann		Jörg Walter		Peter Wiedemann		Total	
Basic salary	1,330	55%	665	58%	1,033	56%	677	57%	980	56%	4,685	56%
Fringe benefits	50	2%	17	1%	24	1%	16	1%	38	2%	145	2%
Payments into pension scheme	200	8%	100	9%	155	8%	102	9%	147	8%	704	8%
Fixed remuneration	**1,580**	**66%**	**782**	**68%**	**1,212**	**66%**	**795**	**67%**	**1,165**	**66%**	**5,534**	**66%**
STI 2024	323	13%	161	14%	251	14%	164	14%	238	14%	1.137	14%
LTI 2022–2024	120	5%	17	1%	78	4%	42	4%	78	4%	335	4%
LTI 2024–2026	380	16%	190	17%	295	16%	193	16%	280	16%	1.338	16%
Total performance-related remuneration	**823**	**34%**	**368**	**32%**	**624**	**34%**	**399**	**33%**	**596**	**34%**	**2,810**	**34%**
Total remuneration granted and owed	**2,403**		**1,150**		**1,836**		**1,194**		**1,761**		**8,344**	

III. Individual remuneration of Executive Board members appointed in fiscal year 2024

Executive Board members in fiscal year 2024

In fiscal year 2024, the Executive Board of RATIONAL AG had the following members:

› Dr Peter Stadelmann, Executive Board member since December 2012, Chief Executive Officer since January 2014
› Peter Wiedemann, Executive Board member since September 1999
› Markus Paschmann, Executive Board member since December 2013
› Jörg Walter, Executive Board member since March 2021
› Dr Martin Hermann, Executive Board member since September 2022

Mr Peter Wiedemann retired at the end of December 2024 after 25 years on the Executive Board of RATIONAL AG. During the handover and induction process, his successor, Dr Martin Hermann, had gradually taken on his tasks and responsibilities since September 2022. Following Mr Wiedemann's departure, the Executive Board of RATIONAL AG has four members again, starting in 2025.

Remuneration granted and owed in fiscal year 2024

In accordance with section 162 (1) sentence 1 of the AktG, the remuneration report must disclose the remuneration granted and owed to each individual Executive Board member in the past fiscal year. The terms are defined as follows:

› The term "granted" relates to the remuneration "for the fiscal year in which the (one- or multi-year) activity on which the remuneration is based was provided in full";
› The term "owed" relates to "all legally existing liabilities for remuneration components that are due but have not yet been settled".

Total Executive Board remuneration in fiscal year 2024

The total remuneration paid to the Executive Board for the performance of its duties in the fiscal year 2024 was 8.3 million euros (2023: 7.6 million euros). Individualised Executive Board remuneration is presented in the table below, showing all fixed and variable remuneration components and their relative share of total remuneration; it is explained in the sections that follow.

Fixed remuneration components

The fixed remuneration components of the Executive Board (fixed remuneration) totalled 5.5 million euros in 2024 (2023: 5.3 million euros); they comprised the basic salary, payments into the pension scheme and fringe benefits in kind relating primarily to the use of a company car, telephone, and insurance premiums. The incidental benefits are part of their remuneration package and the individual Executive Board members therefore have to pay tax on them.

Performance-related remuneration components

The 2021 Remuneration System specifies short-term variable remuneration (STI) and multi-year variable remuneration components with an assessment period of three years. The respective performance-related remuneration components are presented below.

Short-term performance-related remuneration (STI 2024)

STI 2024 is a performance-related bonus with a one-year assessment period; it is calculated in relation to profit after tax as reported in the 2024 consolidated financial statements. It accounts for 10% of total target remuneration of the Executive Board.

Profit after taxes for fiscal year 2024 amounted to 250.5 million euros (2023 target: 215.8 million euros), According to the calculation method described in the Remuneration System, this resulted in a grant rate of 170% for the 2024 reporting year (2023: 170%). The payment of 1.1 million euros (2023: 1.1 million euros) was made in the first quarter of 2025.

LTI 2022–2024

LTI 2022–2024 is a performance-related remuneration component for fiscal year 2022 with a three-year assessment period from 2022 to 2024. The LTI component accounts for 20% of total target remuneration of the Executive Board for the fiscal year 2022.

In the financial statements of fiscal year 2022, an LTI 2022–2024 component of 1.1 million euros was reported in Executive Board compensation. It is equivalent to the target LTI for target achievement of 100%. Target achievement for the period from 2022–2024, and therefore the amount of the LTI 2022–2024 component, was finally determined on the basis of the criteria and thresholds defined by the 2021 Remuneration System at the time the 2024 financial statements were prepared.

The LTI component will be paid out to the Executive Board members on the basis of total target achievement at the end of the performance period and the resulting grant rate. At the end of the first two fiscal years of the performance period, the Executive Board members received a prepayment of 25% of the LTI payment amount for the relevant performance period, assuming an overall target achievement of 100%. The prepayment was now deducted from the remuneration payable at the end of this performance period (31 December 2024).

The figures presented below apply equally to all Executive Board members. The average ROCE of 38.2% exceeded the target ROCE of 33.5% (mean for 2022–2024) by 4.7 percentage points. The grant rate accordingly stands at 140%. Both non-financial targets (see below) were met, resulting in a grant rate of 100% for each. Based on the target weighting, the grant rate of the LTI 2022–2024 component totals

STI 2024

Objectives	Actual 2024	Achievement in 2024	Grant rate in 2024
Net profit/loss in 2024[1]	250.5 million euros	114,3%	170%

1 In the range between 80% and 120% target achievement, the grant rate increases by 10 percentage points for each full 2 percentage points rise in target achievement up to a maximum of 200%.

LTI 2022–2024

Objectives	LTI weighting	Target achievement 2022–2024	Grant rate 2022–2024
Long-term financial performance criterion: ROCE Ø 2022–2024 [1]	75.0%	+4.7 percentage points	140%
Environment-related sustainability target: high energy efficiency of our cooking systems (US Energy Star [2])	12.5%	100%	100%
Customer satisfaction sustainability target: Net Promotor Score (NPS) [3]	12.5%	100%	100%
Total LTI			**130.0%**

1 For a variance from target ROCE in the range between −10 and +10 percentage points, the grant rate decreases/increases by 10 percentage points for each full percentage point down/up to 0%/a maximum of 200%.
2 US Energy Star is a US environmental label for energy-saving appliances, building materials, public/commercial buildings or residential buildings. Energy Star certifies that e.g. electrical appliances meet the power-saving criteria of the US Environmental Protection Agency (EPA) and the US Department of Energy.
3 The Net Promoter Score (NPS) expresses the extent to which satisfied customers are prepared to recommend our products to friends or business partners.

130%. The difference to the remuneration already reported for fiscal year 2022 (30.0% of 2022 target remuneration), which amounts to 0.3 million euros, is added to the 2024 Executive Board remuneration (for calculation, see table above). The payments will be made in March 2025 once the 2024 consolidated financial statements have been approved.

Long-term performance-related remuneration (LTI 2024–2026)

LTI 2024–2026 is a performance-related remuneration component for fiscal year 2024 with a three-year assessment period from 2024 to 2026. The LTI component accounts for 20% of total target remuneration for 2024 of the Executive Board.

The LTI 2024–2026 component reported for fiscal year 2024 is 1.3 million euros (2023: LTI 2022–2025: 1.1 million euros), It is in each case equivalent to the target LTI for assumed target achievement of 100%. Target achievement for the underlying three-year period 2024–2026 will be finally determined on the basis of the criteria and thresholds defined by the 2021 Remuneration System at the time the 2026 consolidated financial statements are prepared. The LTI component will be paid out to the Executive Board members in March 2027 on the basis of total target achievement at the end of the performance period and the resulting grant rate. At the end of the first two fiscal years of the performance period, the Executive Board members receive a prepayment of 25% of the LTI payment amount for the relevant performance period, assuming an overall target achievement of 100%. The prepayment will be deducted from the remuneration payable at the end of the performance period. If the LTI 2024–2026 component finally granted in accordance with the criteria of the Remuneration System is less than the accumulated prepayment of 50% of target LTI, RATIONAL will request repayment of the corresponding amount.

The targets presented for the LTI 2024–2026 component apply equally to all Executive Board members.

IV. Remuneration of former Executive Board members

Former Chief Executive Officer Dr Günter Blaschke received inventor remuneration of 1 thousand euros in 2024 (2023: 1 thousand euros).

B. Remuneration system for Supervisory Board members

Supervisory Board remuneration is specified in the Articles of Association of RATIONAL AG. The Supervisory Board receives fixed remuneration based on market conditions and oriented to suggestion G.18 of the German Corporate Governance Code (the Code). In accordance with recommendation G.17 of the Code, the Chairman of the Supervisory Board and his deputy receive higher compensation to reflect the larger time commitment. In addition, a company vehicle is made available to the Chairman of the Supervisory Board and his deputy, including for private use (other).

By way of election by the General Meeting of Shareholders on 8 May 2024, Ms Clarissa Käfer and Dr Christoph Lintz were appointed as new members of the Supervisory Board. In addition, Mr Moritz Graser was appointed to the Supervisory Board, effective on the same day. Dr Hans Maerz, Dr Gerd Lintz and Dr Georg Sick were not available for re-election to the Supervisory Board and stepped down from the Supervisory Board effective as at the end of this General Meeting of Shareholders.

Mr Erich Baumgärtner was elected Deputy Chair of the Supervisory Board at the Supervisory Board's constituent meeting on 14 May 2024.

LTI 2024–2026

Objectives	LTI weighting
Long-term financial performance criterion: ROCE Ø 2024–2026 [1]	75.0%
Sustainability target product quality: MIS-12 metric for both product categories iCombi and iVario [2]	12.5%
Customer satisfaction sustainability target: Net Promoter Score (NPS) [2]	12.5%

1 For a variance from target ROCE in the range between -10 and +10 percentage points, the grant rate decreases/increases by 10 percentage points for each full percentage point down/up to 0%/a maximum of 200%.
2 The MIS metric (Month-in-Service) is considered a measure of product quality and indicates the proportion of produced cooking systems that required technical service within a defined period (MIS 12 → within 12 months).
3 The Net Promoter Score (NPS) expresses the extent to which satisfied customers are prepared to recommend our products to friends or business partners.

Remuneration of Supervisory Board members in fiscal year 2024

In thousands of euros

	Fixed	Other	Total
Walter Kurtz	250	25	275
Erich Baumgärtner	182	2	184
Dr Hans Maerz	70	4	75
Moritz Graser	98	–	98
Clarissa Käfer	98	–	98
Dr Christoph Lintz	98	–	98
Dr Gerd Lintz	53	–	53
Werner Schwind	150	–	150
Dr Georg Sick	53	–	53
Dr Johannes Würbser	150	–	150
Total	**1,201**	**31**	**1,232**

C. Comparative presentation of changes in Executive Board remuneration, Supervisory Board remuneration, employee remuneration and profits/losses

The presentation below sets the annual change in the remuneration of members of the Executive Board and Supervisory Board against the average remuneration of employees and the Company's profit or loss for the last five fiscal years.

Change compared with previous year

in %

	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	2024 vs 2023
Changes in Executive Board remuneration (current and former Executive Board members)					
Dr Peter Stadelmann	-3	+18	-4	+2	+5
Dr Martin Hermann [1]	-	-	-	+1	+9
Markus Paschmann	-2	+35	-2	+4	+11
Jörg Walter [2]	-	-	+9	+11	+25
Peter Wiedemann	-2	+17	+13	+4	+6
Changes in Supervisory Board remuneration[3] (current and former Supervisory Board members)					
Walter Kurtz	-4	+5	+2	0	0
Erich Baumgärtner [4]	-5	+5	0	0	+23
Dr Hans Maerz [5]	-6	+5	0	0	0
Moritz Graser	-	-	-	-	-
Clarissa Käfer	-	-	-	-	-
Dr Christoph Lintz	-	-	-	-	-
Dr Gerd Lintz [5]	-5	+5	0	0	0
Werner Schwind	-5	+5	0	0	0
Dr Georg Sick [5]	-5	+5	0	0	0
Dr Johannes Würbser	-5	+5	0	0	0
Changes in employee remuneration					
Average no. of employees (FTEs) [6]	-7	+10	+11	+3	+1
Changes in profit/loss					
Net loss of RATIONAL AG [7]	-33	-65	+92	+174	+40
Consolidated net profit	-53	+54	+50	+15	+17

1 Dr Martin Hermann was appointed to the Executive Board with effect from 1 September 2022. To make figures easier to compare, the 2022 remuneration has been extrapolated to a 12-month period to compensate for the difference in length compared to 2023.
2 Mr Jörg Walter was appointed to the Executive Board with effect from 1 March 2021. To make figures easier to compare, the 2021 remuneration has been extrapolated to a 12-month period to compensate for the difference in length compared to 2022.
3 In response to the coronavirus crisis and its effects on RATIONAL AG's business, the Supervisory Board opted to forego part of its remuneration in 2020.
4 Mr Erich Baumgärtner has been Deputy Chair of the Supervisory Board since May 2024, and his remuneration has been adjusted accordingly.
5 The persons concerned left the Supervisory Board at the 2024 Annual General Meeting. To make figures easier to compare, the 2024 remuneration has been extrapolated to a 12-month period to compensate for the difference in length compared to 2023.
6 Employee remuneration is determined by dividing total remuneration (incl. social security expenses) reported in the notes to the consolidated financial statements less Executive Board remuneration by the average number of full-time equivalents (FTEs) in the fiscal year concerned.
7 As a precaution and to preserve liquidity at our sales subsidiaries, profit distributions by the subsidiaries were reduced significantly in fiscal years 2020 and 2021.

D. Report of the independent auditor on the audit of the remuneration report in accordance with Section 162 (3) AktG

To RATIONAL Aktiengesellschaft, Landsberg am Lech

Audit Opinion
We have formally audited the remuneration report of RATIONAL Aktiengesellschaft, Landsberg am Lech, for the fiscal year from 1 January to 31 December 2024 to ascertain whether the disclosures required under section 162 (1) and (2) of the German Stock Corporation Act (Aktiengesetz, AktG) were made in the remuneration report. In accordance with Section 162 (3) AktG, we did not audit the content of the remuneration report.

In our opinion, the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the accompanying remuneration report. Our audit opinion does not cover the content of the remuneration report.

Basis for the Audit Opinion
We conducted our audit of the remuneration report in accordance with Section 162 (3) AktG and in compliance with the IDW Auditing Standard: The Audit of the Remuneration Report in Accordance with Section 162 (3) of the AktG (IDW PS 870 (09.2023)). Our responsibilities under those requirements and this standard are further described in the "Auditor's Responsibilities" section of our auditor's report. Our audit firm has applied the requirements of the IDW Quality Assurance Standard. We have fulfilled our professional responsibilities in accordance with the German Public Auditor Act (WPO) and the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) including the requirements on independence.

Responsibilities of the Executive Board and the Supervisory Board
The executive board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of Section 162 AktG. In addition, they are responsible for such internal controls as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatements due to fraud (in other words, accounting manipulation and asset misappropriation) or error.

Auditor's Responsibilities
Our objective is to obtain reasonable assurance about whether the disclosures required under Section 162 (1) and (2) AktG have been made ,in all material respects, in the remuneration report, and to express an audit opinion on this in a report.

We planned and conducted our audit in such a way that, by comparing the disclosures made in the remuneration report the disclosures required under section 162 (1) and (2) of the AktG, we can determine whether the remuneration report is formally complete. In accordance with Section 162 (3) AktG, we have neither audited the correctness of the content of the disclosures, nor the completeness of the content of the individual disclosures, nor the adequate presentation of the remuneration report.

Handling of possible misrepresentations
In connection with our audit, our responsibility is to read the remuneration report taking into account our knowledge obtained in the financial statement audit while remaining attentive to any signs of misrepresentations in the remuneration report regarding the correctness of the disclosures' contents, the completeness of individual disclosures' contents or the reasonable presentation of the remuneration report.

If, based on the work we have performed, we conclude that there is such a misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Munich, 4 March 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Bäßler	**Johanna Pickl**
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Legal Notice

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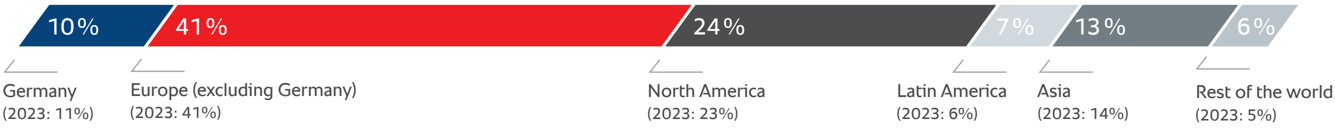
Global presence

Sales revenues by region in 2024



Key figures for RATIONAL shares

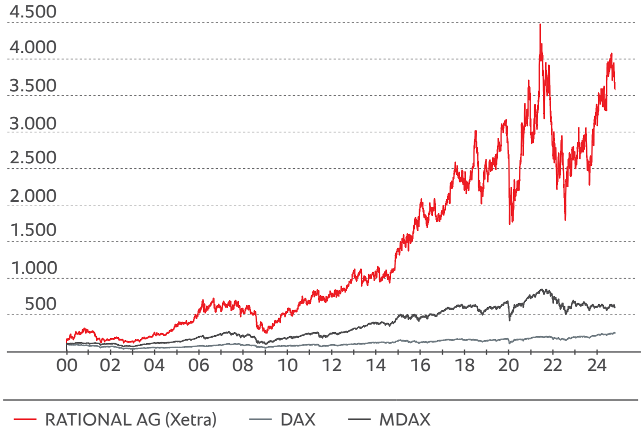
Key figures

		2024	2023
Maximum price last 12 months[2]	EUR	938.00	704.00
Minimum price last 12 months[2]	EUR	647.50	523.00
Year-end closing price[2]	EUR	824.00	699.50
Market capitalisation[1 2]	m EUR	9,369	7,953
Dividend yield[3]	%	1.8	1.9
Beta factor (one year) as of 30 Dec[4]		0.8	0.8
Sales revenues per share	EUR	104.97	99.02
Price-to-sales ratio[1 3]		7.8	7.1
Earnings per share	EUR	22.03	18.98
Price-earnings ratio[1 3]		37.4	36.9
Cash flow per share	EUR	24.90	22.72
Price-cash flow ratio[1 3]		33.1	30.8

1 As at balance sheet date 2 Xetra (closing price)
3 In relation to the year-end closing price 4 In relation to the MDAX

Performance of RATIONAL shares since IPO in 2000

Index (issue price 23.00 EUR = 100); in %
Year-end closing price: 824.00 EUR



RATIONAL shares – basic information

Number of outstanding shares[5]	11,370,000
Shareholder structure	Holding shares 55.2%, free float 44.8%
ISIN	DE0007010803
WKN	701 080
Market abbreviation	RAA

5 As at: 6 March 2025

Financial calendar 2025

Financial Figures Fiscal Year 2024 and Balance Sheet Press Conference Fiscal Year 2024	Munich	27.03.25
Financial Figures Q1 2025	Virtual	06.05.25
General Shareholders' Meeting 2025	Augsburg	14.05.25
Financial Figures Half Year 2025	Virtual	05.08.25
Financial Figures 9 Months 2025	Virtual	06.11.25
RATIONAL Capital Markets Day 2025	Wittenheim, France	18.11.25

Executive Board

Dr Peter Stadelmann, CEO

Dr Martin Hermann, CTO

Markus Paschmann, CSMO

Jörg Walter, CFO

The Supervisory Board

Walter Kurtz, Chairman

Erich Baumgärtner, Deputy Chairman

Moritz Graser

Clarissa Käfer

Dr Christoph Lintz

Werner Schwind

Dr Johannes Würbser

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10-Year Overview

Key figures

Earnings situation		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Sales revenues	m EUR	**1,194**	1,126	1,022	780	650	844	778	702	613	564
Sales revenues abroad	%	**90**	89	88	87	87	88	88	87	87	87
Sales revenues combi-steamer	m EUR	**1,056**	1,008	895	698	581	769	712	646	567	529
Sales revenues Vario	m EUR	**137**	118	128	81	69	75	66	58	47	39
Gross profit[1]	m EUR	**707**	639	565	429	360	498	457	421	379	349
in % of sales revenues		**59**	57	55	55	55	59	59	60	62	62
EBITDA	m EUR	**352**	310	268	190	136	248	219	199	176	169
in % of sales revenues		**29**	28	26	24	21	29	28	28	29	30
Earnings before financial result and taxes (EBIT)	m EUR	**314**	277	238	160	107	223	205	188	167	160
in % of sales revenues		**26**	25	23	21	16	26	26	27	27	28
Profit or loss after taxes	m EUR	**251**	214[8]	186	124	80	172	157	143	127	122
in % of sales revenues		**21**	19	18	16	12	20	20	20	21	22
Earnings per share (basic)	EUR	**22.03**	18.82[8]	16.33	10.88	7.04	15.09	13.84	12.58	11.18	10.71
Return on equity (after taxes)[2]	%	**31**	30	29	22	15	35	36	35	34	37
Return on capital employed (ROCE)[3]	%	**39**	39	37	28	20	44	45	43	41	44

Net assets											
Total equity and liabilities	m EUR	**1,106**	989[8]	899	784	671	699	604	571	540	483
Equity	m EUR	**857**	761[8]	676	603	535	517	456	425	397	356
Equity ratio	%	**77**	77[8]	75	77	80	74	75	74	74	74
Liabilities to banks	m EUR	**0**	0	1	2	5	10	12	14	28	28
Cash and cash equivalents (including fixed deposits)	m EUR	**153**	138	208	254	256	231	192	267	278	267
Net financial position[4]	m EUR	**153**	138	207	252	251	222	180	253	250	239
Fixed assets	m EUR	**249**	244	222	208	203	191	152	127	102	79
Investments	m EUR	**32**	35	37	26	31	40	40	43	25	19
Working capital[5]	m EUR	**245**	239	241	170	152	161	150	118	108	99
in % of sales revenues		**21**	21	24	22	23	19	19	17	18	17

Cash flow/investments											
Cash flow from operating activities	m EUR	**283**	258	161	172	93	199	144	146	130	143
Cash flow from investing activities	m EUR	**-103**	-162	-82	-84	38	-55	-56	77	-97	-11
Cash flow from financing activities	m EUR	**-166**	-166	-125	-66	-79	-119	-128	-128	-87	-83

Employees											
Number of employees as at year-end		**2,736**	2,554	2,401	2,248	2,180	2,258	2,113	1,884	1,713	1,530

RATIONAL shares											
Year-end closing price[6]	EUR	**824.00**	699.50	555.00	900.40	761.50	717.00	496.00	537.20	424.00	419.90
Year-end market capitalisation	m EUR	**9,369**	7,953	6,310	10,238	8,658	8,152	5,640	6,108	4,821	4,774
Payout[7]	m EUR	**171**	153	153	114	55	65	108	125	114	85
Dividend per share[7]	EUR	**15.00**	13.50	11.00	7.50	4.80	5.70	9.50	8.80	8.00	7.50
Special dividend per share[7]	EUR	**–**	–	2.50	2.50	–	–	–	2.20	2.00	–

1 Since 2018 reporting of costs incurred in connection with the installation and set-up of appliances under cost of sales, 2017 had been adjusted accordingly, under sales and service expenses up until 2016
2 Earnings after tax in relation to average equity for the respective fiscal year
3 ROCE = EBIT / (Average equity + average interest-bearing borrowings + average pension provisions). Both ROCE 2023 and ROCE 2024 are based on the reported figures. The retrospective adjustment of the 2023 fiscal year mentioned in the management report was not taken into account in the calculations.
4 Liquid funds less liabilities to financial institutions
5 Total inventories and trade receivables less trade accounts payable and advance payments received
6 Xetra
7 Payout in the following year, dividend for 2024 subject to approval by the General Meeting of Shareholders 2025
8 These previous year's comparative figures have been restated retrospectively in accordance with IAS 8 (see "Consolidation methods and significant accounting policies – Deferred taxes")

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