

AGM report

RATIONAL AG

WKN 701080 ISIN DE0007010803

on 14 May 2025 in Augsburg

***25 years on the stock exchange celebrated
with new sales revenue and earnings records***

Agenda

1. Presentation of the adopted annual financial statements of RATIONAL Aktiengesellschaft with management report of RATIONAL Aktiengesellschaft and the approved consolidated financial statements with combined management report, each as of 31 December 2024, as well as the report by the Supervisory Board
2. Resolution on the appropriation of unappropriated profits
3. Resolution on the formal approval of the acts of the Executive Board for fiscal year 2024
4. Resolution on the formal approval of the acts of the Supervisory Board for fiscal year 2024
5. Resolution on the approval of the Remuneration Report 2024 of RATIONAL Aktiengesellschaft
6. Resolution on the approval of the remuneration system for the members of the Executive Board of RATIONAL Aktiengesellschaft
7. Resolution on the remuneration of the members of the Supervisory Board of RATIONAL Aktiengesellschaft
8. Election of the auditor for fiscal year 2025
(proposal: Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich)
9. Election of the auditor for sustainability reporting for fiscal year 2025
(proposal: Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich)

AGM report for RATIONAL AG

As usual, the General Meeting of Shareholders of RATIONAL AG was held in the Schwabenhalle of the Messe Augsburg exhibition centre on 14 May 2025. Once again, around 700 shareholders and guests gathered there, including Matthias Wahler for GSC Research, to learn more about the background to the continued successful development of the specialist for the preparation of hot food in commercial kitchens, which once more posted record results.

The Chairman of the Supervisory Board, Walter Kurtz, opened the meeting at 10 a.m. and said that all the members of the Executive Board and Supervisory Board were present. In his introductory remarks, he extended a special welcome to the new members of the Supervisory Board. He then handed the floor to Erich Baumgärtner, who has been his deputy since last year. He was Chief Financial Officer of RATIONAL AG until 2015 and has been a member of the Supervisory Board since 2017.

Mr Baumgärtner officially opened the meeting once again and explained the formalities. He then handed back to Mr Kurtz for additional explanations on the Report by the Supervisory Board. Mr Kurtz stated that the Supervisory Board had held eleven ordinary meetings and twelve internal meetings during the 2024 fiscal year.

Following these explanations, Dr Baumgärtner then invited the Executive Board to speak.

Report by the Executive Board

CEO Dr Peter Stadelmann began with a few remarks on current topics. He noted that North America will be the most important market for RATIONAL's growth in at least the next ten years – simply because it is where there are the most kitchens that do not yet use combi-steamers. According to his estimates, combi-steamers are currently used in just 13 percent of the kitchens the company could target in the United States. All the others still use conventional appliances such as hot-air ovens, deep-fat fryers or large tip-pers and kettles.

According to Dr Stadelmann, RATIONAL currently generates around 20 percent of its sales revenues in the United States. That figure ten years ago was just 10 percent, so growth there was much stronger than in other markets. A contributory factor is that far higher prices are achieved in North America than in Europe. The CEO is therefore very cautious regarding the tariff debate sparked by President Trump, as trade barriers will ultimately hit everyone's prosperity.

He added that, like most companies in Europe, RATIONAL currently pays a 10 percent tariff on all the cooking systems it exports from Landsberg and Wittenheim to the United States. That means the prices there would need to be raised by 7 percent in order to achieve the same result. However, the company had deliberately decided against that for the time being, given that the situation keeps on changing almost by the day and negotiations between the United States and the EU are still ongoing. The Executive Board also wants to wait and see how the company's competitors respond. A sensible decision can only be made once there is sufficient clarity.

One positive according to Dr Stadelmann is that just about all combi-steamer producers are based in Europe. There are no local providers in the United States who could satisfy demand overnight. Moreover, local producers also have to pay tariffs on the stainless steel and all other components they import and which they often procure from China. That means all market players currently face the same disadvantages. Greater demand for conventional appliances can also not be expected, because they will also become more expensive due to the tariffs.

Another major issue at present is developments in China, where RATIONAL has operated since 2000 and has had its own sales subsidiary since 2006. As is known, China has a population of over 1.4 billion, and likewise only 10 percent of kitchens the company could target there have a combi-steamer – meaning there is huge untapped potential. It would take decades before the company achieved a comparable level of market penetration in China as it has in Germany (80 percent).

The Executive Board had reported last year that in 2023 RATIONAL had commenced construction of its own plant west of Shanghai to manufacture combi-steamers that are even better tailored to the Chinese market. Dr Stadelmann is convinced that production in China for the Chinese market is the right approach. The financial risk from this investment of around 10 million euros is also modest. Series production of the new combi-steamer in China will commence at the end of 2025.

The CEO then moved on to talk about the newly developed iHexagon, which he had already presented last year. It is the world's first professional cooking system that intelligently combines the three types of energy: convection, steam and microwave. And customers are enthusiastic about it. As proof, he showed a video message featuring the chef from the football stadium in Ipswich, north-east of London, who expressed his utmost satisfaction. Food can be prepared more quickly and efficiently with the iHexagon. He uses the appliance as a deep-fat fryer, grill or oven, depending on needs. Visitors to the trade fairs where the iHexagon was showcased were also fascinated.

Another milestone in the company's development in the view of Dr Stadelmann was the fact that over RATIONAL 100,000 cooking systems have been connected via the Internet using the ConnectedCooking software since the spring of 2025. More and more customers now enjoy the option of being able to manage and control their cooking systems digitally and thus save time and money. In addition, work processes can be simplified, meaning untrained staff can prepare high-quality meals.

Dr Stadelmann also pointed out that, in addition to North America and China, there are still untapped markets in Europe. In order to leverage this potential, RATIONAL is currently investing in a completely new plant in Wittenheim. The total investment over three years is 35 million euros.

In addition, a new highly automated logistics centre for service parts is being built at the Landsberg location, from where they will be shipped to over 3,000 service partners around the world. This investment was necessary because, along with the newly developed appliances, the number of service parts has nearly doubled to over 15,000 different items over the last ten years. 90,000 deliveries were made in 2024, 50 percent more than ten years ago. Around 60 million euros is being invested in the new warehouse. It is scheduled to begin operating in October 2026.

To conclude his part, Dr Stadelmann said a few words about sustainability. As he demonstrated, every appliance sold means RATIONAL makes a huge contribution to reducing water and energy consumption and food waste in commercial kitchens worldwide. As a result, customers improve their own carbon footprint. RATIONAL also need not fear comparison when it comes to social aspects. Many employees have been with RATIONAL for decades and are extremely satisfied with their jobs. Day in, day out, they help ensure that RATIONAL is and remains such a great company.

In the second part of the Executive Board report, CFO Jörg Walter was pleased to report that RATIONAL's growth trajectory had continued even in the difficult economic environment of the past year. He sees the company's global footprint as a major advantage, as it allows downturns in individual markets to be offset by strong growth in other regions, thus making the business model more resilient. Globally speaking, the catering and food service sector kitchen industry also performed well in the past year.

Consolidated sales revenues in fiscal year 2024 grew by 6 percent to 1.19 (2023: 1.13) billion euros and, as forecast, thus reached a new record. On the one hand, more appliances were sold. On the other, above-average growth was generated in non-appliance business with cleaners, service parts and accessories, which now contributes 31 percent of sales revenues and stabilises the company's development as a whole. Price increases did not play a major role in the past year.

In Europe (excluding Germany) and North America, the two largest sales regions which account for a combined total of 65 percent of sales revenues, revenues increased by 7 percent in each. In Europe, the UK and France in particular performed well, as did various countries in Eastern Europe and Turkey. In North America, where double-digit growth rates have been recorded regularly in recent years, an increase of only 7 percent was achieved. However, RATIONAL held its ground well compared with its competitors. In Germany, there was slight growth of 2 percent.

There was a 2 percent decline in sales revenues in Asia for the first time in many years. According to Mr Walter, there were two crucial factors in that. On the one hand, markets such as Japan and Korea continued to record buoyant growth. However, revenues in China were below the previous year's level, which

was due to a special order from a Chinese chain customer that had had a positive impact on the previous year's figure. Sales revenues in the small regions of Latin America and the "Rest of the world" rose significantly by 17 and 15 percent respectively.

Broken down by product groups, the iVario returned to its buoyant growth path, much to the delight of the CFO, with sales revenues up 16 percent to 137 (118) million euros. The performance of this product overseas was particularly encouraging, with growth of over 50 percent being achieved in some cases, albeit from a low base. However, the Group's performance continues to be dominated by its core product, the iCombi, which grew its sales revenues by 5 percent to 1.06 (1.01) billion euros.

EBIT rose even more strongly than sales revenues, namely by 13 percent to 314 (277) million euros. The EBIT margin was 26.3 (24.6) percent, reaching the pre-coronavirus level sooner than expected. In addition to sales revenue growth, the main driver was a significantly improved gross margin of 59.2 (56.7) percent, which was primarily due to lower prices for many components. However, operating expenses were higher. Research and development expenses were even increased by 25 percent. Investments totalled 32 (35) million euros and were thus at the usual level.

Mr Walter also said a few words about the balance sheet, which continues to look very solid. Although total assets grew sharply to 1.11 (0.99) billion euros and exceeded the 1 billion euro mark for the first time, the equity ratio improved further to 77.5 (76.9) percent. On the assets side, cash and cash equivalents plus short-term deposits now total 500 million euros. The CFO believes the Group is therefore well positioned.

Mr Walter was then pleased to be able to report an anniversary. In March of this year, RATIONAL's share celebrated exactly 25 years on the stock exchange. Its performance since then has been a success story. Starting from an issue price of 23 euros in March 2000, the share price has increased by a factor of 33 to date. In addition, including this year's distribution, dividends totalling 150 euros have been paid out since the IPO. The headcount has increased fivefold over the years, sales revenues eightfold and earnings even tenfold.

From today's perspective, too, the Executive Board remains convinced that going public was the right decision. Only as a result of that is it now possible to demonstrate to shareholders at each year's General Meeting of Shareholders the passion with which the company conducts its business and the quality of its products. Unlike many other companies, RATIONAL serves complete menus after its General Meeting, prepared by its own chefs and using its own appliances.

Mr Walter then turned to the subject of the appropriation of earnings. In line with the communicated dividend policy, under which around 70 percent of earnings is to be distributed long term, the proposal this year is to pay a dividend of 15.00 (13.50) euros per share on earnings per share of 22.03 (18.82) euros. Even after distribution of a total of 171 million euros, the company still has sufficient liquidity to respond flexibly and finance future investments.

According to Mr Walter, the start to the current year has also been pretty successful. Sales revenues rose by 3 percent to 295 (286) million euros. Growth was achieved primarily with the iVario, which saw an increase of 10 percent. Broken down by regions, North America and Europe once again performed impressively with growth of 11 and 7 percent respectively, offsetting the 20 percent decline in sales revenues in Asia, which is still attributable to the special order from the Chinese chain customer.

EBIT rose by 1 percent to 72 (71) million euros. According to Mr Walter, the slower increase in earnings relative to sales revenues is attributable to higher operating costs, expansion of the sales team and higher investments in research and development. At 24.4 (24.8) percent, the EBIT margin is nevertheless within expectations.

For full-year 2025, Mr Walter anticipated sales revenue growth in the mid-single-digit percentage range. The somewhat more cautious forecast is due to the high level of uncertainty in many areas. The gross margin is likely to be slightly lower following price reductions for some cleaning products, with purchase costs remaining stable. Some operating expenses will be deliberately increased, although this will be counteracted by the efficiency enhancement programme that has been initiated. All in all, an EBIT margin of around 26 percent is expected again.

The Executive Board member was also optimistic about the future. The trend towards more out-of-home catering remains intact amid worldwide population growth. There are also challenges such as the persistent shortage of skilled labour and rising energy costs and food prices. All of this supports the company's business development. RATIONAL has technologically leading products and is consistently focused on customer benefit. Thanks also to its global footprint, Mr Walter believes that the company is very well positioned in its attractive market.

General discussion

Both Dr Günter Hausmann from the German Society for the Protection of Securities Holders (DSW) and Christoph Oefele, representing the German Association for the Protection of Capital Investors (SdK), congratulated the company on yet another outstanding sales revenue and earnings performance. Dr Hausmann was impressed by the fact that, starting from the low point in 2020 due to the coronavirus pandemic, sales revenues had already doubled, and EBIT had even tripled.

Mr Oefele also offered congratulations on the company's 25th anniversary on the stock exchange and its extremely successful long-term performance. He had already recognised the late company founder Siegfried Meister as a visionary at the General Meetings of Shareholders in the years following the IPO and, in view of the successes achieved since then, he felt that his assessment had been confirmed. The values established by Mr Meister, such as clear specialisation and an unconditional focus on customer benefit, still apply today.

Dr Hausmann once again emphasised the very solid financial position with an equity ratio of 77 percent and cash and cash equivalents of 500 million euros. As a result, 70 percent of earnings could be distributed as a dividend without any problems and the company would not suffer any adverse effects as a result. Even after that, sufficient funds will still be available for investments.

In response to his question as to whether the Executive Board and Supervisory Board were additionally considering share buybacks, which could in principle be a sensible measure, Mr Walter said that this was not the case. Such a step is not currently under consideration, nor is there any authorisation for it at present. A request for authorisation would first have to be put on the agenda of one of the upcoming General Meetings of Shareholders. However, liquidity should preferably be retained within the company as a risk buffer or distributed to the shareholders.

Regarding the payout ratio of 70 percent, which a shareholder considered rather too high, the CFO added that the decision had of course been carefully considered. However, RATIONAL generally has a business model that is not particularly capital-intensive. The investment volume of 32 million euro is modest in relation to the company's size. The company can afford such a payout ratio and still retain a sufficient risk buffer after the dividend payment.

The DSW representative was also interested in whether the iHexagon, which had been launched in March 2024, has met expectations so far. He very much wanted to know how many appliances had been sold so far. Mr Oefele had found the wording in the annual report that the iHexagon had initially been launched "in three selected markets". He was interested in which markets these were and how things would proceed.

Chief Sales Officer Markus Paschmann confirmed that customer satisfaction is very high and that feedback on the iHexagon has been positive across the board. The new product has been launched so far in Germany, the UK and the United States, with other European countries set to follow in the second half of 2025. He was not able to communicate details. Nor did he want to disclose unit sales in the early phase of market penetration for competitive reasons. Ultimately, the iHexagon is not just a new product, but a category in its own right. Unit sales might be published in a few years.

Dr Hausmann saw the additional integration of a microwave as a potential disadvantage of the iHexagon, as this would increase energy consumption. Mr Paschmann confirmed that was correct. The appliances are powerful and have high power ratings. The microwave also requires additional energy, but the cooking times are shorter. It was therefore necessary to see the big picture. Customers do not view this aspect negatively.

Dr Hausmann had heard the explanation for the decline in sales revenues in China. However, he was irritated by the fact that the EBIT margin there – 20 percent – is also significantly below the Group average. In response to his question, Mr Paschmann explained that the product mix was the main crucial factor in this regard. In Asia, smaller products are mostly sold and they tend to have poorer margins. Another issue is the greater competitive pressure in this region. There will be no significant improvement in margins, at least in the short term.

Both investor protection representatives asked for additional comments on the situation in the United States. They voiced the fear that a slump in sales revenues could be expected if the tariff disputes intensify. Mr Oefeles could imagine that, under the new circumstances, it might make sense to establish a separate location in the United States after all.

In his reply, Mr Paschmann gave an assurance that developments in the United States were being closely monitored. Once the tariffs are finalised, the scenarios that have already been developed will be implemented. He does not anticipate a slump in business in the United States. The market still offers enormous growth potential, and RATIONAL can deliver great customer benefits with its products. If the tariffs remain within reasonable limits, that will not pose any overly big risks.

Chief Technology Officer Dr Martin Hermann added that the company regularly reviews whether production in the United States makes sense. This issue was last addressed in the fourth quarter of 2024. So far, it is clear that such a step would entail significant additional production costs. However, if the economic situation changes in such a way that it would make sense, the company would be prepared to take this step. Much is still up in the air as regards tariffs. In addition, the new location in China is to be completed first before this issue can be tackled in more detail.

There was also a question about how RATIONAL is coping with its business in crisis regions like Ukraine and Israel. Mr Paschmann stated that activities would not be discontinued as a rule unless absolutely necessary. Business activities are also continuing in Ukraine, but investments are suspended until the situation improves. Appliances are also still being sold in Israel.

Another topic raised by Dr Hausmann was the investments, which are expected to total around 40 million euros in the current year. According to Mr Walter, most of that figure – 25 million euros – will be spent on the new spare parts warehouse in Landsberg. Other main areas of spending include research and development and production in Landsberg, as well as completion of construction work in Wittenheim. In response to a follow-up question, he added that the project in Landsberg is 100 percent on schedule and on budget.

Mr Oefeles had found a reference in the annual report stating that there had been delays to the new production building in Wittenheim caused by construction issues. When asked for further clarification, Mr Paschmann stated that a concrete slab was defective and had to be replaced. However, construction is currently nearing completion and relocation of production is scheduled for the fourth quarter of 2025. He felt it important to point out that the planned quantity of iVario systems can already be produced in the space already available. Together with the new capacities, up to 25,000 appliances a year can then be produced starting next year.

Dr Hausmann also requested additional information on the effects of the weak US dollar and the negative impact that would likely have in the current year. Chief Financial Officer Walter confirmed that headwinds are currently being felt from that. That will weigh on the gross margin, although the extent of the impact cannot be estimated, particularly as currency risks are hedged on a rolling basis, where reasonably possible, in order to reduce volatility. The net currency gain in the first quarter of 2025 was 0.7 million euros thanks to hedging, compared to a net currency loss of 2.1 million euros in the first quarter of 2024.

Mr Oefeles was impressed that the Supervisory Board had met so often – 23 times – during the year under review. He therefore believed that the proposed increase in remuneration was in order. The Supervisory Board had clearly also played a big part in the company's success.

Dr Stadelmann confirmed that the Supervisory Board performs its oversight duties very thoroughly. The board usually meets once a month, which is sensible and important particularly in the current environment, where issues change very quickly. In view of the high volatility in world affairs, the company aims to be prepared so that good decisions can be made flexibly at all times.

The SdK representative also asked for comments on the competitive situation. As Dr Stadelmann initially noted, the biggest competition ultimately comes from traditional kitchen appliances the company aims to oust. RATIONAL has a market share of around 50 percent in the combi-steamer segment, with the other 50 percent being divided among more than 100 suppliers, most of whom have a very broad positioning and offer everything required for the kitchen. In contrast, RATIONAL is highly specialised.

In this connection, Mr Oefele was interested in whether the Executive Board regards Circus SE as a potential competitor that wants to establish autonomous cooking on the market using artificial intelligence and robots. Dr Stadelmann confirmed that this young company aims to revolutionise the food service sector in particular with its robots. However, only a few prototypes are actually in operation so far. Circus itself says that it is mainly competing with large caterers.

From RATIONAL's perspective, it is not currently assumed that this new market player will have a large impact on sales volumes. At the end of the day, the company also has a different focus. The product only works where food is picked up. It would not be possible to serve food for 800 people at the same time, as is done with RATIONAL appliances after the General Meeting of Shareholders. However, it goes without saying that the company is keeping a close eye on further developments.

Voting

A total of 9,925,479 shares were represented at the General Meeting of Shareholders. In relation to the total share capital of 11,370,000 euros, divided into the same number of shares, this was equivalent to a ratio of 87.30 percent.

All resolutions were passed with large majorities. There was most resistance to agenda items 5 and 6, with around 2.2 million votes against each, giving an approval of just under 78 percent. Specifically, the General Meeting of Shareholders adopted resolutions on payment of a dividend of 15.00 euros (agenda item 2), formal approval of the acts of the Executive Board (agenda item 3) and Supervisory Board (agenda item 4), approval of the remuneration report (agenda item 5) and the remuneration system for the members of the Executive Board (agenda item 6), the amendment of the remuneration and remuneration system for the members of the Supervisory Board (agenda item 7), and the election of Deloitte GmbH as auditor of the financial statements (agenda item 8) and sustainability auditor (agenda item 9).

After about two and a half hours, the chairman closed the meeting and invited the shareholders to, as usual, a delicious meal prepared by the chefs using the company's own appliances.

Conclusion

Rational celebrated 25 years on the stock exchange in March 2025. While many companies that started out in the New Market era no longer exist today, the Landsberg-based company can look back on an impressive success story. Starting from an issue price of 23 euros, the share price has increased by more than 3,000 percent to date. In addition, dividends totalling 150 euros have been paid out. The headcount has increased fivefold over the years, sales revenues eightfold and earnings even tenfold.

New sales revenue and earnings records can also be reported for the 2024 fiscal year. Once again, the fact that the Group operates globally proved to be an advantage, as downturns in individual countries can be offset by sustained growth in other regions. Another positive factor is the steady growth in non-appliance business, which now accounts for 31 percent of total sales revenues and additionally stabilises the business. The market launch of the new iHexagon proved a great success.

Shareholders will participate in the success thanks to the dividend being raised to 15.00 (13.50) euros. Given the very solid balance sheet ratios, 70 percent of profits can once again be distributed without any problems. Cash and cash equivalents are currently 500 million euros, meaning there is still a sufficient buffer even after the dividend payment to finance upcoming investments and be prepared for all eventualities.

The Executive Board sees enormous growth potential in at least the next ten years, particularly in the United States and China. These markets are very large, and combi-steamers are only used in a small proportion of professional kitchens. RATIONAL benefits in this respect from its leading market position with a global market share of around 50 percent. The company is currently building a plant of its own in China to make products for the Chinese market. In the United States, the company is waiting to see what happens.

Despite all the successes, the RATIONAL share has fallen a little in recent months. One reason for this may have been the figures for the first quarter of 2025, which are unlikely to have met the expectations of all market players. The uncertainty resulting from the tariff discussions initiated by US President Trump probably played a role, too. Given that the company remains on a growth trajectory despite everything and the outlook for the future remains positive, the dip in the share price can be seen and exploited as an interesting opportunity to buy into the stock.

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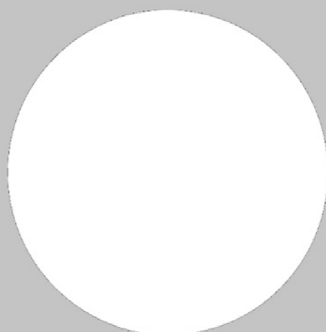
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