

Letter from the Executive Board on the first nine months of 2022



“In 2021, we already achieved a net promoter score (NPS) for customer satisfaction of 61, a top score that puts us in the best-in-class segment. It therefore makes me very happy to reveal that we achieved an even better NPS this year. Our score of 64 marks another improvement on our already very high level.”

Dr. Peter Stadelmann
CEO RATIONAL AG

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

Material availability has stabilised, the price increases are proving effective, and currency movements have had a beneficial impact. Overall, this led to our sales revenues reaching an all-time high in each quarter of this year. With sales revenues of just under one billion euros, we expect to reach a level in fiscal year 2022 that we had not anticipated at the end of 2021 due to the material shortages.

For some weeks now, we have been reducing the order backlog and delivery times through increased shipments and lower order intake. The inventory of partially assembled appliances awaiting completion with missing processors was also reduced. We hope to be able to discontinue this interim measure in the coming months.

Thanks to the strong sales revenue performance, full-year earnings will also exceed our original plans. With an expected EBIT margin of 21.5% to 22.5% and EBIT (earnings before financial result and taxes) of more than 200 million euros, we are approaching the pre-crisis level achieved in 2019.

When we had a clearer idea of the improved situation at the end of September, we went public with an ad-hoc announcement on 29 September 2022. The share price trajectory reflected investors' relief at this positive information amid profit warnings and other bad news.

None of this would have been possible without our motivated employees. We have been proving for many years that our U.i.U. principle (entrepreneurs in the company) boosts both the company's success and employee satisfaction. Even in turbulent and unprecedentedly challenging times, 87% of our U.i.U. are proud to work for RATIONAL, as the last employee satisfaction survey in May 2022 showed.

That makes me very happy and gives us confidence for the future. However, employees also indicated to a greater extent that the workload and stress levels had increased. That is why I would like to take this opportunity to express my sincere thanks to our U.i.U. across the world.

Our company founder, Siegfried Meister, anchored it in RATIONAL's DNA that all U.i.U. put customer benefit first in everything they do. Rapid growth and profit maximisation have never been the focus of our actions. Our mission is and always will be to do our best to help our customers solve their problems. That is the basis for generating growth and profit.

That is why feedback from our customers is the most important input for us and why we conduct an annual customer satisfaction survey. Since 2021, we have been doing so using the internationally recognised Net Promoter Score (NPS). Last year, we already achieved a top score with an NPS of 61, putting us in the best-in-class segment. A comparison across industries shows that we are well above the average for the food and drinks industry (NPS: 37), the manufacturing industry (NPS: 30) and B2B companies (NPS: 32). We are therefore all very pleased to have achieved an even better NPS this year. With a value of 64, we have once again improved our already very high level. Our customers particularly value the cooking results they achieve with our appliances, as well as their performance, reliability, and quality. However, we also welcome critical customer feedback. It is only through their openness and suggestions for improvement that we can continue to improve and respond even better to customers' needs.

In addition to the numerous positive records, we are, however, also facing unprecedented challenges. We are seeing enormous cost increases for raw materials, primary products and logistics. Our customers appreciate that we do not reflexively raise our prices, as this is certainly not a way to increase customer benefit. But they also know that, like them, we have no other choice in certain situations. In these exceptional times, we have been forced to make global price increases within reasonable limits.

In Europe in particular, companies, the self-employed people and private households are suffering from record prices for energy and food. Energy efficiency is therefore increasingly becoming a key consideration in making investment decisions for or against a particular cooking system.

For RATIONAL, conserving resources, especially energy efficiency, has always been an integral part of the innovation process. With each new generation of appliances, we set ourselves very ambitious energy efficiency targets, and with our cooking intelligence we ensure perfect, consistent cooking quality. And we do it without avoidable food waste and with minimal energy consumption. That's why more and more customers are opting for our intelligent, multi-functional cooking systems, not only saving energy and food costs but also protecting the environment.

For this high degree of adaptability, smart concepts to counter shortage of personnel, and sustainable ideas for energy efficiency and climate protection, we were voted one of the top 100 innovation champions among more than 4.000 medium-sized companies by WirtschaftsWoche magazine and the consulting firm Munich Strategy.

This uncompromising customer orientation and clear focus on intelligent, multifunctional cooking systems have earned us a high esteem among our customers and undisputed market leadership. This strategy has successfully steered us through previous crises, and we are confident that we will emerge stronger from the current crisis.

We will continue to align our company to these guiding principles in the future. Specifically in the coming months, we will stand by our customers and master the major challenges together. On behalf of all U.i.U. at RATIONAL, I would like to thank all our customers, suppliers and partners for their trust and good cooperation.

Best regards

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

Dr Peter Stadelmann
CEO RATIONAL AG