Report
on the first half year 2021

re-imagined
re-invented

Landsberg am Lech, 5 August 2021

Key Figures

in m EUR	2nd quarter 2021	2nd quarter 2020	Change absolute	Change in %	1st half year 2021	1st half year 2020	Change absolute	Change in %
Sales revenues by region								
Germany	28.9	17.6	+11.3	65	48.1	39.2	+8.9	+22
Europe (excluding Germany)	97.2	46.3	+50.9	+110	169.0	131.6	+37.4	+28
North America	36.5	22.1	+14.4	+66	67.4	55.3	+12.1	+22
Latin America	7.4	2.5	+4.9	+192	14.8	11.8	+3.0	+26
Asia	30.4	20.4	+10.0	+49	59.7	43.6	+16.1	+37
Rest of the world	11.2	8.0	+3.2	+41	20.4	16.6	+3.8	+23
Sales revenues generated abroad (in %)	86	85	+1	–	87	87	+0	–
Sales revenues by product group								
iCombi	187.7	105.9	+81.8	+77	337.6	270.3	+67.3	+25
iVario	23.9	10.9	+13.0	+120	41.7	27.7	+14.0	+51
Sales revenues and earnings								
Sales revenues	211.6	116.8	+94.8	+81	379.3	298.0	+81.3	+27
Cost of sales	91.8	55.3	+36.5	+66	165.6	135.1	+30.5	+23
Gross profit	119.8	61.5	+58.3	+95	213.7	162.9	+50.8	+31
as a percentage of sales revenues	56.6	52.6	+4.0	–	56.3	54.7	+1.6	–
Sales and service expenses	46.1	39.2	6.9	+18	88.6	89.5	−0.9	−1
Research and development expenses	11.7	9.9	+1.8	+19	23.1	21.8	+1.3	+6
General administration expenses	9.7	9.1	+0.6	7	19.4	19.4	+0.0	+0
Earnings before financial result and taxes (EBIT)	52.2	1.6	+50.6	+3,163	84.4	27.6	+56.8	+206
as a percentage of sales revenues	24.7	1.4	23.3	–	22.3	9.2	+13.1	–
Profit or loss after taxes	39.8	1.2	38.6	3,217	64.2	17.9	+46.3	+259
Balance Sheet								
Balance sheet total					710.0	615.1	94.9	+15
Equity					543.8	471.5	72.3	+15
Equity ratio (in %)					76.6	76.7	−0.1	–
Cash flow								
Cash flow from operating activities					76.5	17.2	+59.3	+345
Cash-effective investments					10.9	13.5	−2.6	−20
Free cash flow [1]					65.6	3.6	+61.9	+1,673
Number of employees as at 30 June					2,186	2,266	−80	−4
Key figures for RATIONAL shares								
Earnings per share (in EUR)					5.64	1.57	+4.07	+259
Quarter-end closing price[2] (in EUR)					764.00	498.40	+265.60	+53
Market capitalisation[2] [3]					8,686.7	5,666.8	3,020	+53

1 Cash flow from operating activities less capital expenditures
2 Xetra
3 As of balance sheet date

Letter from the Executive Board

Dear Shareholders, Customers and Business Partners,

The developments of the past 18 months have literally been like a roller coaster ride. Following the sharp contraction triggered by the coronavirus in March last year, we experienced the low point of the crisis in the second quarter of 2020, in which the sales revenue volume almost halved. Despite further waves of the pandemic, sales revenues subsequently stabilised, down about 20% on pre-crisis levels.

A continuation of the crisis initially seemed likely in the first quarter of 2021, with new orders at a low level in January and February. The outlook was not promising at the time: vaccination campaigns not yet or barely off the ground, continuing lockdowns in a large number of countries and the beginnings of global supply shortages. Then in March, along with the rest of the industry, we experienced a relatively unexpected sharp revival in demand for our products, despite persistent restrictions for our customers and continuing uncertainty. This positive trend has since continued, and in June we achieved the highest sales revenue and order volume recorded in a single month in the company's history.

In our view, a key factor of this encouraging trend is the extensive use our customers have made of government support measures for investments in modern IoT-capable and resource-efficient cooking appliances such as ours. In addition, once the most difficult phase of the coronavirus crisis had passed, customers completed a large number of new-build or refurbishment projects. Not least, in some cases dealers ordered appliances for stock in order to prevent potential supply shortages.

Global supply chains are severely stretched in almost all industries. The difficult supply situation for some primary products is extending our traditionally very short delivery times, in some cases even significantly. This means that we are entering the second half of the year with a level of orders on hand that is unusually high for our business. We expect that delayed investments being made and orders brought forward in the first six months may lead to a slow-down in the new orders trend in the second half of the year.

We cannot quantify the extent the effects described above will have in each case. Given the success of recent months, we are confident about the remainder of the fiscal year and anticipate that the market situation will continue to ease. Looking at the second quarter of 2021 in isolation, our sales revenues and earnings are up on the corresponding pre-crisis quarter of 2019, and this generally makes us very optimistic about the future. However, the positive one-off effects of the past few months, the continuing risks arising from the pandemic and the economic uncertainty remind us that we still need to be cautious.

Key risks that may seriously threaten the continued recovery include fresh coronavirus restrictions on our customers from the autumn of 2021 onwards and production delays due to limited availability of primary products, which may result in significant increases in delivery times and the postponement of revenue recognition.

We are pleased that our customers are at last allowed to welcome and cater for guests again, that their business prospects are on a steady upward trend and hope that we can all return to calmer waters. And we are also pleased, of course, that we have the opportunity to support our customers in their ventures and wish them every success for the times ahead. I also wish you, dear readers, all the best and, most of all, that you stay healthy!

Dr Peter Stadelmann
CEO of RATIONAL AG

Group Management Report

Economic Report

Macroeconomic framework

Strong economic recovery
After the sharp contraction during the coronavirus crisis, followed by the most severe global recession in almost a century, the global economy continues on a path of rapid recovery. After a decline of 3.3% in 2020, the IMF predicts that global economic output could rise by 6.0% in 2021. The eurozone's economic output is forecast to be up by 4.4% on the previous year, and the USA's by 6.4%. The fastest recovery in 2021, with expected economic growth of 8.6%, is predicted for the Asian markets. (Source: Warburg capital market prospects, July 2021).

Mass catering sector benefits from extensive support measures
The entire food services sector was among the hardest hit by the worldwide lockdown measures. In order to cushion the most severe effects on companies in the industry, governments launched a large number of support initiatives such as cost and capital grants or investment aid. These aid packages are very important, especially for customers in the catering segment, to facilitate reopening after sometimes very long periods of closure and to allow businesses to position themselves ready for the future. From our perspective, it seems as though customers took advantage of these aid programmes on a very extensive scale in the first half of 2021, and this had a positive effect on the performance of the industry.

Earnings situation

Sales revenues of 212 million euros in the second quarter of 2021 above pre-crisis level
Sales revenues of 211.6 million euros in the second quarter of 2021 were 3% up on the figure in the second quarter of 2019 (205.1 million euros), hence slightly exceeding pre-crisis levels. That was 81% higher than in the prior-year quarter, which was very weak due to the coronavirus pandemic (2020: 116.8 million euros).

In addition to the general improvement in the situation of the catering sector, we have identified three key extraordinary factors that have contributed to this development. The opening up of the catering sector in most countries and the start of the tourist season prompted investments and led to the start of projects that had been postponed or the completion of projects launched earlier. In many cases, state aid measures were used to make these investments, which were sometimes brought forward due to the often limited duration of these programmes. Another reason for anticipatory effects was the tight supply situation worldwide, especially in the area of electronics components. Dealers and customers bought appliances for stock in order to avoid being caught out by potential supply shortages in the coming months.

The resulting positive impact was evident in all markets worldwide. Compared with the second quarter of 2020, all segments achieved significant increases in sales revenues by between approximately 50% and 100%. As against the second quarter of 2019, Asia and DACH generated a significant rise in sales revenues of 20%, while EMEA was slightly up on the pre-crisis quarter. The Americas segment was still about 15% down on the sales revenue for the second quarter of 2019.

After six months, sales revenues stand at 379.3 million euros, up 27 percent on the previous year. The year-on-year growth rates ranged from 19% in DACH to 43% in Asia. Sales revenues for the Group as a whole were, however, still 5% lower than in the first half of 2019. Only in Asia did the figure exceed the pre-crisis level by 18% in this period. DACH (–2%) was only just short of this level, while EMEA (–7%) and the Americas (–12%) still have some catching up to do. Adjusted for the more volatile chain business, six-month sales revenues in the Americas are on a level with the first half of 2019.

Sales revenues slightly influenced by currency effects

In total, fluctuations in the exchange rates of the foreign currencies most important to RATIONAL had a negative impact on sales revenue performance in the first few months of the current fiscal year. Sales revenues were driven lower especially by decreases in the value of the US dollar, Japanese yen and Brazilian real. The overall effect of these negative currency movements on sales revenue growth was a year-on-year decline by around two percentage points in both the second quarter and the first six months.

New product groups established in the market

In May 2020 and June 2020, we launched two completely new appliance generations, the iCombi and the iVario, which have since established themselves among our customers. In the iCombi product group, sales revenues were up 25% year-on-year in the first half of 2021, at 337.6 million euros (2020: 270.3 million euros). In the iVario product group, sales rose by as much as 51% to 41.7 million euros (2020: 27.7 million euros).

56% gross margin in the first half of 2021

Cost of sales increased slightly more slowly than sales revenues, by around 23%, to 165.6 million euros (2020: 135.1 million euros). As a result, the gross margin improved to 56.3% in the first half of 2021 (2020: 54.7%). The past fiscal year was still dominated by the conversion of the production processes in Landsberg and Wittenheim due to the roll-out of the new product generations and dealing with the crisis-induced logistical constraints.

In the current year, we are benefiting in the production process from improved productivity. Personnel costs in production, in particular, rose significantly more slowly than sales revenues, because RATIONAL was able to realise considerable savings on auxiliary and temporary staff, and productivity had generally improved about one year after the start of production.

The sometimes significant rises in commodity costs have to date been felt in production costs to a lesser extent than expected. Costs increased almost in line with sales revenues. The tight supply situation is expected to drive a substantial increase in logistics and material costs in the second half of 2021. Adjusted for negative currency effects, the gross margin reached 57%.

Rise in EBIT margin by 13 percentage points to 22% in the first half of 2021

EBIT (earnings before financial result and taxes) in the first six months of the current fiscal year was 84.4 million euros, up threefold on the first six months of 2020 (2020: 27.6 million euros). The EBIT margin was 22.3% (2020: 9.2%).

In the first half of 2020, EBIT and the EBIT margin had come under intense pressure because of the coronavirus crisis, the resulting sharp fall in sales revenues in the second quarter, and the still high cost base relative to sales revenues due to the recent product launches. This year's EBIT margin in the first six months benefited from the healthy sales revenue performance in combination with continuing lower cost levels. While sales revenues rose by 27% year-on-year, operating costs were only slightly up on the prior-year level. Total operating costs amounted to 131.1 million euros in the first half of 2021 (2020: 130.7 million euros).

Operating costs in sales and service in the first half of the year stood at

88.6 million euros (2020: 89.5 million euros). Due to contact and travel restrictions, the costs incurred, especially for sales events and business travel, are still low. Research and development expenses amounted to 23.1 million euros in the first six months of 2021, 6% higher than in the previous year (2020: 21.8 million euros). Administration expenses were stable at 19.4 million euros (2020: 19.4 million euros).

In the first half of 2021, net currency gains of 1.3 million euros had a positive impact on EBIT, compared with a significant net currency loss of 4.7 million euros reported in the first six months of 2020. Adjusted for all currency effects, the EBIT margin after six months was 22.6%.

Net assets and financial position

76 million euros in operating cash flow

In the first six months of the current fiscal year, our cash flow from operating activities was 76.5 million euros (2020: 17.2 million euros). This significant rise was largely attributable to the higher profit before taxes.

The cash flow from investing activities includes investments in property, plant and equipment and in intangible assets. These amounted to 10.9 million euros in the first half of 2021 (2020: 13.5 million euros). This is mainly due to investments in the construction of the new logistics centre, which was completed in spring this year, in expanding the Wittenheim location, and in modernising the machinery installed at the Landsberg am Lech location.

The cash flow from financing activities of −60.0 million euros mainly reflects the dividend payment (–54.6 million euros), the repayment of bank loans (–1.1 million euros) and the repayment of and payments for lease liabilities in accordance with IFRS 16 (–4.3 million euros).

Securing liquidity has top priority

A high level of liquidity and the resultant independence from capital markets and bank loans as well as preserving entrepreneurial freedom have always been vital for RATIONAL. In times of crisis, that is even more important in order to ensure our company's long-term existence and success. Our equity ratio at the end of June 2021 was high, at 77%, and we had around 240 million euros in net financial assets. In addition, we have contractually agreed credit lines of 75 million euros, which have not been drawn down to date.

Employees

As a socially responsible company, RATIONAL had made only minimal adjustments to the size of its workforce during the crisis. In line with the improving market prospects, the number of employees rose in the second quarter for the first time since the start of the coronavirus crisis, climbing slightly by 12 employees compared with Q1 2021. As at the end of 2020, the RATIONAL Group had a total of 2,180 employees worldwide (–3% on the previous year), compared with 2,186 at the end of June 2021. Of this total, 1,236 were employed in Germany.

Outlook and Report on Opportunities and Risks

Outlook

In recent months, we have seen positive performance in almost all markets around the world. We believe that whether the recovery of the first six months of 2021 continues will critically depend on two factors. Firstly, there is the question of whether tighter restrictions will once again be imposed on daily life in response to new coronavirus outbreaks. The second factor is the supply situation for primary products. The current situation in the global market is very tense, especially for electronics components, and considerable supply delays and volume restrictions may persist, leading to longer delivery times on our part and later revenue recognition. Moreover, the tense supply situation is in some cases leading to dramatic increases in component prices and shipping costs.

If the scenarios described above have a negative effect on business performance in the second half of the year, the Executive Board expects that business growth will slow yet again, combined with higher costs. Given the positive development of the first six months and the high level of orders on hand, the Executive Board expects sales revenue to increase by a high single-digit percentage compared with the previous year, even in such a scenario. If the above risks do not materialise, or only to a reduced extent, sales revenues are expected to rise by around 15 to 20 percent in the 2021 fiscal year. If the recovery trend continues, it could be feasible to return, as early as in full-year 2022, to sales revenue levels last seen in 2019. The company had previously expected this to not be until 2023. Since costs are projected to move in line with sales revenues, the EBIT margin is forecast to be just above 20 percent, regardless of which scenario plays out.

Report on risks and opportunities

RATIONAL uses a global risk management system which ensures that risks are identified at an early stage and provides support for the appropriate corrective measures to be taken. The existing risks as regards developments in the global economy continue to represent an uncertainty factor for the development of the business. There are no significant changes to the statement of risks and opportunities given in the last consolidated financial statements.

Landsberg am Lech, 5 August 2021

RATIONAL AG
The Executive Board

Financial Statements
RATIONAL Group

Statement of Comprehensive Income
RATIONAL Group

for the period 1 January – 30 June

in kEUR	2nd quarter 2021	2nd quarter 2020	1st half year 2021	1st half year 2020
Sales revenues	211,638	116,771	379,337	298,030
Cost of sales	−91,845	−55,299	−165,643	−135,088
Gross profit	**119,793**	**61,472**	**213,694**	**162,942**
Sales and service expenses	−46,089	−39,216	−88,617	−89,533
Research and development expenses	−11,731	−9,889	−23,101	−21,757
General administration expenses	−9,739	−9,073	−19,422	−19,397
Other operating income	2,172	2,315	6,112	6,694
Other operating expenses	−2,175	−4,027	−4,263	−11,389
Earnings before financial result and taxes (EBIT)	**52,231**	**1,582**	**84,403**	**27,560**
Interest income	74	85	127	280
Interest expenses	−155	−188	−347	−382
Other financial result	−144	17	−294	−3,951
Earnings before taxes (EBT)	**52,006**	**1,496**	**83,889**	**23,507**
Income taxes	−12,221	−338	−19,714	−5,615
Profit or loss after taxes	**39,785**	**1,158**	**64,175**	**17,892**
Items that may be reclassified to profit and loss in the future:				
Differences from currency translation	172	820	−879	1,017
Other comprehensive income	**172**	**820**	**−879**	**1,017**
Total comprehensive income	**39,957**	**1,978**	**63,296**	**18,909**
Average number of shares (undiluted/diluted)	11,370,000	11,370,000	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	3.50	0.10	5.64	1.57

Balance Sheet
RATIONAL Group

Assets

in kEUR	30 June 2021	30 June 2020	31 December 2020
Non-current assets	**217,252**	**209,829**	**217,003**
Intangible assets	5,748	6,925	6,508
Property, plant and equipment	195,796	187,773	194,977
Other financial assets	1,141	1,335	1,145
Deferred tax assets	12,750	12,663	12,514
Other assets	1,817	1,133	1,859
Current assets	**492,775**	**405,250**	**453,743**
Inventories	77,946	83,514	79,285
Trade accounts receivable	122,342	85,564	98,750
Other financial assets	20,814	22,449	25,928
Income tax receivables	9,436	10,602	8,279
Other assets	19,839	17,125	10,373
Cash and cash equivalents	242,398	185,996	231,128
Total assets	**710,027**	**615,079**	**670,746**

Equity and liabilities

in kEUR	30 June 2021	30 June 2020	31 December 2020
Equity	**543,812**	**471,468**	**535,091**
Subscribed capital	11,370	11,370	11,370
Capital reserves	28,058	28,058	28,058
Retained earnings	509,890	438,086	500,290
Other components of equity	−5,506	−6,046	−4,627
Non-current liabilities	**34,089**	**33,997**	**34,456**
Pension and similar obligations	6,732	6,357	6,508
Other provisions	10,389	8,724	9,056
Financial debt	1,416	2,861	2,126
Other financial liabilities	14,426	14,525	14,524
Deferred tax liabilities	28	321	406
Income tax liabilities	820	–	497
Other liabilities	278	1,209	1,339
Current liabilities	**132,126**	**109,614**	**101,199**
Other provisions	54,003	46,070	40,044
Financial debt	2,173	2,790	2,550
Trade accounts payable	24,720	18,798	21,154
Other financial liabilities	9,590	10,151	12,236
Income tax liabilities	8,948	9,507	7,013
Other liabilities	32,692	22,298	18,202
Liabilities	**166,215**	**143,611**	**135,655**
Total equity and liabilities	**710,027**	**615,079**	**670,746**

Cash Flow Statement
RATIONAL Group

for the period 1 January – 30 June

in kEUR	1st half year 2021	1st half year 2020
Earnings before taxes (EBT)	83,889	23,507
Cash flow from operating activities	**76,470**	**17,190**
Capital expenditures in intangible assets and property, plant and equipment including proceeds from asset disposals	−10,873	−13,543
Cash flow from financial investments	5,104	75,762
Cash flow from investing activities	**−5,769**	**62,219**
Cash flow from financing activities	**−60,014**	**−73,629**
Effects of exchange rate fluctuations in cash and cash equivalents	583	−1,174
Change in cash and cash equivalents	**11,270**	**4,606**
Cash and cash equivalents as at 1 January	**231,128**	**181,390**
Cash and cash equivalents as at 30 June	**242,398**	**185,996**

Statement of Changes in Equity
RATIONAL Group

in kEUR	Subscribed capital	Capital reserves	Retained earnings	Other components of equity		Total
				Differences from currency translation	Actuarial gains and losses	
Balance as at 1 January 2020	**11,370**	**28,058**	**485,003**	**−5,474**	**−1,589**	**517,368**
Dividend	–	–	−64,809	–	–	−64,809
Profit or loss after taxes	–	–	17,892	–	–	17,892
Other comprehensive income	–	–	–	1,017	–	1,017
Balance as at 30 June 2020	**11,370**	**28,058**	**438,086**	**−4,457**	**−1,589**	**471,468**
Balance as at 1 January 2021	**11,370**	**28,058**	**500,290**	**−3,078**	**−1,549**	**535,091**
Dividend	–	–	−54,576	–	–	−54,576
Profit or loss after taxes	–	–	64,175	–	–	64,175
Other comprehensive income	–	–	–	−879	–	−879
Balance as at 30 June 2021	**11,370**	**28,058**	**509,890**	**−3,957**	**−1,549**	**543,812**

Notes

Basis of preparation

The consolidated half-year report has been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted in the EU. The IAS 34 rules on condensed financial statements were applied. The consolidated semi-annual report should be read in conjunction with the consolidated financial statements as at the end of the 2020 fiscal year. Except for the exceptions described, the significant accounting policies and consolidation methods of the last consolidated financial statements have been applied.

As at the start of the fiscal year, the following new or amended standards entered into force:

› Amendments to IFRS 9, IAS 39, IFRS 7, 4 IFRS 16 "Interest Rate Benchmark Reform" — Phase 2
› Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9".

There were no significant effects on these consolidated financial statements from amended standards which entered into force at the beginning of the fiscal year and were not applied voluntarily in previous years.

This consolidated half-year report was neither audited in accordance with section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

Scope of consolidation

On 30 June 2021, the scope of consolidation of RATIONAL AG included the parent company RATIONAL AG as well as seven German (31 December 2020: seven) and 24 foreign (31 December 2020: 25) subsidiaries.

The change compared with 31 December 2020 is due to the liquidation of the subsidiary RATIONAL Chile SpA, which had no operational activities.

Notes to the consolidated statement of comprehensive income

The increase in sales revenues by 81,307 thousand euros, or 27%, compared with the first half of 2020 is attributable to the normalisation of the situation after the global slump in demand caused by the coronavirus crisis in the previous year. Cost of sales was up by 23%, and therefore expanded more slowly than sales revenues. In addition to higher sales revenues, improved productivity compared with the previous year, which had seen the launch of the new appliance generation, as well as savings in personnel costs in production had a beneficial effect on the gross margin. Moreover, the first half of 2020 had included higher expenses for the launch of the new product generation. Sales and service expenses are 1% down on the previous year despite the rise in sales revenues; this was primarily due to lower costs for sales events and business travel because of continuing contact and travel restrictions. Currency fluctuations in the first half of 2021 led to a net currency gain of 1,294 thousand euros (2020: loss of 4,716 thousand euros). Other operating income includes exchange gains of 4,731 thousand euros (2020: 5,132 thousand euros), while other operating expenses include exchange losses of 3,437 thousand euros (2020: 9,848 thousand euros). In total, profit before tax was 60,382 thousand euros higher than in the first half of 2020.

Sales revenues by region

in kEUR	1st half of 2021	% of total	1st half of 2020	% of total
Germany	48,053	13	39,227	13
Europe (excluding Germany)	169,007	44	131,553	44
North America	67,373	18	55,286	18
Latin America	14,790	4	11,777	4
Asia	59,730	16	43,552	15
Rest of the world[1]	20,384	5	16,635	6
Total	**379,337**	**100**	**298,030**	**100**

1 Australia, New Zealand, Middle East, Africa

The regional breakdown of sales revenues by customer location is shown in the above table: The iCombi product group achieved sales revenues of 337,641 thousand euros in the period under review (2020: 270,290 thousand euros), and the iVario product group had sales revenues of 41,696 thousand euros (2020: 27,740 thousand euros). 74% (2020: 72%) of sales revenues was attributable to appliance sales. The remaining 26% (2020: 28%) was generated from the sale of accessories, spare parts and care products and from the provision of services. Further information on sales revenues appears in the section on segment reporting.

Income taxes

In the consolidated interim financial statements, income tax expense is calculated in accordance with IAS 34 on the basis of the expected weighted average annual tax rate for the 2021 fiscal year.

Notes to the consolidated balance sheet

The increase by 23,592 thousand euros in trade accounts receivable as compared with 31 December 2020 reflects the growth in sales revenues, especially in the second quarter.

The growth in other current assets by 9,466 thousand euros is mainly attributable to value added tax receivables, which were up by 4,824 thousand euros to 10,893 thousand euros (31 December 2020: 6,069 thousand euros) and a rise in advance payments by 3,300 thousand euros to 5,389 thousand euros (31 December 2020: 2,089 thousand euros).

The increase of 13,959 thousand euros in other current provisions is predominantly the result of growth in personnel-related provisions, which expanded by 7,792 thousand euros to 22,542 thousand euros (31 December 2020: 14,750 thousand euros), and in other provisions, which were 2,268 thousand euros higher at 7,508 thousand euros (31 December 2020: 5.240 thousand euros).

The expansion of other current liabilities by 14,490 thousand euros is mainly due to higher value added tax liabilities, which rose by 6,399 thousand euros to 12,802 thousand euros (31 December 2020: 6,403 thousand euros) and a rise in advance payments received by 5,887 thousand euros to 8,334 thousand euros (31 December 2020: 2,447 thousand euros).

Notes on the consolidated cash flow statement

Growth in cash flows from operating activities in the first half of 2021 as compared with the first half of 2020 is primarily attributable to the increase in profit before tax. The higher cash flow from investing activities recorded in the previous year is attributable to the special factor arising from the liquidation of the special fund. The cash outflow from financing activities is mainly due to the dividend payment of 54,576 thousand euros (2020: 64,809 thousand euros).

Notes on financial instruments

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).

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

Categories of financial assets and liabilities in accordance with IFRS 9

in kEUR	Fair value hierarchy level	Carrying amount 30 June 2021	Fair value 30 June 2021	Carrying amount 31 Dec 2020	Fair value 31 Dec 2020
Financial assets measured at amortised cost		**386,568**		**356,622**	
Other financial assets (non-current)	Level 2	1,141	1,136	1,145	1,138
Trade accounts receivable		122,342		98,750	
Other financial assets (current)		20,687		25,599	
Cash and cash equivalents		242,398		231,128	
Financial assets measured at fair value through profit or loss		**127**		**329**	
Derivatives not in a hedging relationship[1]	Level 2	127	127	329	329
Financial liabilities measured at amortised cost		**51,499**		**52,324**	
Financial debt (non-current)	Level 2	1,416	1,462	2,126	2,194
Lease liabilities (non-current)[2]		11,212		11,310	
Other financial liabilities (non-current)	Level 2	3,214	3,199	3,214	3,169
Financial debt (current)	Level 2	2,173	2,188	2,550	2,565
Trade accounts payable		24,720		21,154	
Lease liabilities (current)[3]		7,051		6,766	
Other financial liabilities (current)		1,713		5,204	
Financial liabilities measured at fair value through profit or loss		**826**		**266**	
Derivatives not designated as hedges[3]	Level 2	826	826	266	266

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

Operating Segments

The Group's reporting structure follows the internal control and reporting to the Executive Board and is based on the geographical regions. The business segments DACH (Germany, Austria and Switzerland), EMEA (Europe, Middle East, Africa), Americas and Asia are reported. Within the amalgamated Americas segment, responsibility for managing the Mexico region was transferred from Latin America to North America. In addition, the Asia and EMEA segments were combined under one management.

Operating Segments 1st half year 2021

in kEUR	DACH	EMEA	AMERICAS	ASIA	Total of segments	Reconciliation	Group
Segment sales revenues	**63,726**	**161,669**	**82,259**	**70,164**	**377,818**	**1,519**	**379,337**
Segment profit or loss	13,734	35,900	12,156	13,397	75,187	9,216	84,403
Financial result							−514
Earnings before taxes							83,889
Segment assets	**12,517**	**69,999**	**59,626**	**52,658**	**194,800**	**5,488**	**200,288**

Operating Segments 1st half year 2020

in kEUR	DACH	EMEA	AMERICAS	ASIA	Total of segments	Reconciliation	Group
Segment sales revenues	**53,553**	**127,699**	**67,712**	**48,904**	**297,868**	**162**	**298,030**
Segment profit or loss	11,332	29,376	11,821	9,395	61,924	−34,364	27,560
Financial result							−4,053
Earnings before taxes							23,507
Segment assets	**12,302**	**47,470**	**58,190**	**49,645**	**167,607**	**1,471**	**169,078**

For sales revenues and net costs or income, the reconciliation results from currency translation and items that are not allocated to the segments. Because of the growth in sales revenues, in the first half of 2021, this column relates in particular to disproportionately higher overheads allocated to the segments. In the prior-year period, the reconciliation of segment profits or losses to consolidated profit had produced a negative result, caused by the decline in sales revenues in that period and the consequent fact that overheads were not allocated to the segments. In the case of assets, the column essentially contains assets that are not allocated to business segments as well as consolidation effects.

Significant events after the reporting date

No events have occurred since 30 June 2021 that would significantly alter the assessment of RATIONAL AG's and the Group's net assets, financial position and profit or loss.

Statement of Responsibility

Statement of Responsibility

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the consolidated group, and the interim consolidated 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 in the remainder of the fiscal year.

Landsberg am Lech, 5 August 2021

RATIONAL AG
The Executive Board

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Chief Executive Officer

Peter Wiedemann
Chief Technical Officer

Markus Paschmann
Chief Sales Officer

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Disclaimer
This half-year report contains forward-looking statements that are based on assumptions and expectations at the time of the editorial deadline (26 July 2021). Forward-looking statements entail risks and uncertainties, and the actual outcomes may vary considerably from them. Many of these risks and uncertainties are determined by factors that are outside the influence of RATIONAL AG and cannot be assessed reliably at present. They include future market conditions and economic trends, the actions of other market players, and legal and political decisions. RATIONAL AG is also not obligated to publish revisions to these forward-looking statements in order to reflect events or circumstances that have occurred after they were published.

This report was published on 5 August 2021