

# Report by the Supervisory Board

## Dear Shareholders,

2023 was a special year for us in many respects. Despite continuing challenges, we are satisfied with the results of the past fiscal year. In particular, 2023 was a year of normalisation for us. The availability of components for our cooking systems improved. As a result, we were able to reduce the continuing high orders on hand to a normal level in the course of the year. Delivery times have also fallen back to their short normal levels and we are able at any time to fulfil orders placed at very short notice. After three fiscal years overshadowed by exceptional situations, we are now back in calmer waters.

Despite this normalisation trend, the market situation remained challenging. Especially in Europe, skills shortages and economic performance led to uncertainty in the catering and food service sector. Thanks to our global business activities, we successfully offset weaker market performance in Europe with positive trends in the overseas markets.

2023 demonstrated once more that we can be successful as a very focused company in a demanding economic environment. For 50 years, flexible structures and decision processes have helped us to adapt successfully to any market and environmental trend.

After growth of 10%, our sales revenues increased to 1,126 million euros in fiscal year 2023, slightly ahead of our expectations. A key reason for this was an order from a chain customer in Asia in the fourth quarter. In combination with price increases that have now taken effect and falling raw material and logistics costs, earnings before financial result and taxes (EBIT) and the EBIT margin were significantly higher than expected.

Through innovations launched in the past fiscal year, we consolidated the foundations for our future economic success. For the first time, we successfully combined – in a new product category – steam, convection and microwaves on all levels of a six-rack appliance. This new appliance was launched in selected markets in spring 2024. From 2025 onwards, we will additionally offer a combi steamer, which we are developing specifically for price-sensitive end customers in the Chinese market. Fully in line with our philosophy, we continue to work towards offering all our customers the best possible benefits.

## Dialogue and communication as a basis for advice and monitoring

In fiscal year 2023, 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. 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 and 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. The rules of procedure specify that the Executive Board has to inform the Supervisory Board regularly, promptly and comprehensively about the company's strategic orientation and other fundamental issues of corporate planning. This should normally be done in writing, unless verbal reports are advised when matters are urgent. The Executive Board agrees the company's strategic orientation with the Supervisory Board, regularly discusses with it progress in implementing the strategy, deals with any instances where business performance deviates from the formulated plans and targets, and provides reasons for such deviation.

	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	10	1	10	1	3	0
Dr Hans März	10	0	11	0	3	0
Erich Baumgärtner	11	0	11	0	3	0
Dr Gerd Lintz	11	0	10	0	–	–
Werner Schwind	10	0	10	0	–	–
Dr Georg Sick	10	0	10	0	–	–
Dr Johannes Würbser	10	0	11	0	–	–

The Executive Board has to inform 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 (Aktengesetz, 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-two meetings in fiscal year 2023. The Executive Board attended eleven of these meetings. They were held as physical meetings, although one Supervisory Board member attended one of the meetings via video link. At the remaining eleven meetings, the members of the Supervisory Board met without the participation of the Executive Board. These were also held as physical meetings, although one member attended one of the meetings via video link. In addition, the members of the Supervisory Board also consulted each other in writing, by telephone and in video conferences. In fiscal year 2024, one further physical meeting was held before the meeting of the Supervisory Board on 6 March 2024 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 and unrest in Israel,
- › Enhancement of the medium-term strategy, including the product portfolio, sales and marketing strategy, and price policy,
- › Business planning for fiscal year 2024,
- › Key points in product development,
- › Worldwide product observation and product improvement,
- › Attention to technical problems of older product lines and exchanging components,
- › Construction and expansion projects worldwide,
- › Appropriation of earnings and proposed dividend,
- › Target attainment by the Executive Board in 2022 and setting of targets for 2023 on the basis of the current remuneration system,
- › Conducting the 2023 General Meeting of Shareholders as a physical meeting, for the first time since the coronavirus crisis,
- › Resolution to make a special U.i.U. payment and an employee bonus to mark the company's 50th anniversary,
- › Extension of the contract of the Chief Financial Officer (CFO),
- › Salary adjustment for the Chief Technology Officer (CTO),
- › Rules of procedure for the Management Board,
- › Amendments to the rules of procedure for the Supervisory Board,
- › Additions to the corporate philosophy,
- › Self-assessment of the Supervisory Board and
- › The company's sustainability, digital and financing strategies.

At the Supervisory Board meeting to adopt the financial statements on 6 March 2024, the principal topics included not only the audit and adoption and approval of the annual and consolidated financial statements but also, in particular, approval of the remuneration report and the draft resolutions to be proposed to the 2024 General Meeting of Shareholders.

At the recommendation of the Audit Committee, the Supervisory Board proposes Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditors for the 2024 fiscal year. The Supervisory Board also adopted the remaining draft resolutions for the ordinary 2024 General Meeting of Shareholders.

There are plans to hold the 2024 ordinary General Meeting of Shareholders again as a physical meeting at the Messe Augsburg exhibition centre.

Our duties in fiscal year 2023, and in particular at the meeting held on 6 March 2024 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.

#### **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 the head of Application Consulting in 2023. The aim was to provide practical product training to give an in-depth, detailed picture of current appliances and how they work, particularly with a view to the discussions on future product strategy, which followed later in the year. This training measure was attended by all members of the Supervisory Board.

#### **Committee activities**

The company currently has an Audit Committee. The Audit Committee, whose members are Dr Hans Maerz (Committee Chairman), Mr Walter Kurtz and Mr Erich Baumgärtner, held three physical meetings in fiscal year 2023. At its meetings, 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, compliance, and 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 accordance with German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Um-

setzung der zweiten Aktionärsrechterichtlinie, ARUG II). In addition, the Audit Committee learnt about new trends in auditing the non-financial consolidated report, especially with regard to taxonomy eligibility. All members of the Audit Committee attended all Audit Committee meetings. 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 2023, 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 24 January 2024, 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 2024. The declarations of conformity of recent years can also be found under Investor Relations on the RATIONAL website ([rational-online.com](http://rational-online.com)). Since the last declaration of conformity was submitted in January 2023, RATIONAL AG has complied with most of the recommendations of the Code, as amended, in the relevant period. Finally, together with the Executive Board, the Supervisory Board provided an account for fiscal year 2023 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 10 May 2023, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, audited the financial statements of RATIONAL AG and of the Group for fiscal year 2023. 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 Chairman 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 2023, 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 (IFRS), 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 6 March 2024. 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. One area on which the auditors' explanations concentrated was the impact the changeover of the ERP system had on accounting as well as the assessment and audit of capitalised development costs and other provisions. 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 6 March 2024 the Supervisory Board approved the annual financial statements, prepared by the Executive Board, for RATIONAL AG as of 31 December 2023, including the certified version, dated 5 March 2024, of the management report for fiscal year 2023, as well as the consolidated financial statements as of 31 December 2023 and the certified version, dated 5 March 2024, of the group management report for fiscal year 2023. The 2023 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 2023 of 434.8 million euros, a dividend of 13.50 euros per share and a total of 153.5 million euros should be distributed and the remainder carried forward to new account.

The 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, 6 March 2024



**Walter Kurtz**  
Chairman of the Supervisory Board  
of RATIONAL AG