

Report

on the first half year
2024

50 years of
RATIONAL
50 years of
Innovations
50 years of
Customer Benefit

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Key Figures

in m EUR	2nd quarter 2024	2nd quarter 2023	Change absolute	Change in %	1st half year 2024	1st half year 2023	Change absolute	Change in %
Sales revenues by region								
Germany	31.9	28.7	+3.2	+11	61.6	64.4	-2.8	-4
Europe (excluding Germany)	119.8	112.6	+7.2	+6	239.9	236.6	+3.3	+1
North America	71.7	71.4	+0.3	+0	133.6	126.0	+7.6	+6
Latin America	18.9	16.9	+2.0	+11	33.7	31.6	+2.1	+7
Asia	37.0	34.3	+2.7	+8	79.3	70.2	+9.1	+13
Rest of the world	15.5	14.5	+1.0	+8	33.1	32.0	+1.1	+4
Sales revenues generated abroad (in %)	89	90	-1	-	90	89	+1	-
Sales revenues by product group								
iCombi	261.5	249.3	+12.2	+5	517.2	503.0	+14.2	+3
iVario	33.3	29.0	+4.3	+15	64.0	57.8	+6.2	+11
Sales revenues and earnings								
Sales revenues	294.8	278.3	+16.5	+6	581.2	560.8	+20.4	+4
Cost of sales	120.0	120.9	-0.9	-1	238.9	246.0	-7.1	-3
Gross profit	174.8	157.4	+17.4	+11	342.3	314.8	+27.5	+9
in % of sales revenues	59.3	56.6	+2.7	-	58.9	56.1	+2.8	-
Sales and service expenses	66.0	62.6	+3.4	+5	132.3	126.4	+5.9	+5
Research and development expenses	16.2	11.6	+4.6	+39	30.7	24.7	+6.0	+24
General administration expenses	13.3	12.7	+0.6	+5	27.0	25.7	+1.3	+5
Earnings before financial result and taxes (EBIT)	77.8	69.6	+8.2	+12	149.0	136.0	+13.0	+10
in % of sales revenues	26.4	25.0	+1.4	-	25.6	24.3	+1.3	-
Profit or loss after taxes	61.0	54.4	+6.6	+12	117.1	106.1	+11.0	+10
Earnings per share (in EUR)	5.36	4.79	+0.6	+12	10.30	9.34	+1.0	+10
Return on capital employed (ROCE)					41.1	41.4	-0.3	-1
Cash flow								
Cash flow from operating activities	96.1	84.3	+11.8	+14	122.8	127.6	-4.8	-4
Cash-effective investments	10.7	8.6	+2.1	+25	16.9	15.4	+1.5	+10
Free cash flow ¹	85.4	75.8	+9.6	+13	105.9	112.2	-6.3	-6
Balance Sheet								
Total equity and liabilities					939.9	852.7	+87.2	+10
Equity					702.2	629.3	+72.9	+12
Equity ratio (in %)					74.7	73.8	+0.9	-
Employees								
Number of employees as at 30 June					2,657	2,486	+171	+7
Key figures for RATIONAL shares								
Quarter-end closing price ² (in EUR)					775.50	663.00	+112.50	+17
Market capitalisation ^{2,3}					8,817	7,538	+1,279	+17

1 Cash flow from operating activities less capital expenditures

2 Xetra

3 As of balance sheet date

Group Management Report

Economic Report

Macroeconomic framework

Global economic growth of 3.2% expected for 2024

After an eventful period, the global economy is proving significantly more resilient than originally expected. Economic growth has remained stable and the inflation rate is approaching the target. Despite gloomy forecasts, there has been no global recession. The International Monetary Fund (IMF) projects global economic growth of 3.2% for 2024. Expectations are that the inflation rate will fall, with advanced economies anticipated to achieve this faster than emerging countries. Risks to the global outlook include geopolitical tensions, a possible negative financial impact from high interest rates and geoeconomic fragmentation. Opportunities arise from deeper structural reforms and progress in artificial intelligence. For the United States, the IMF expects economic output to expand by 2.6%. Compared to the forecast at the beginning of the year, the IMF raised the United States' projected growth rate by 0.5 percentage points in July 2024. For the eurozone, the economists anticipate growth of 0.9%, while economic output in developing and emerging markets is forecast to increase by 4.3%. (Source: IMF World Economic Outlook, July 2024)

Restaurant and communal catering sector: shortages of skilled staff and high energy costs a continuing challenge for restaurateurs

After the start of the war in Ukraine, there have been huge rises in energy costs and food prices in recent years. Despite the partial recovery, they continue to persist at a high level. The rising input prices are adding to the efficiency pressure facing the restaurant and catering sector. By the same token, these developments are making our cooking systems more attractive and efficient for our customers.

Alongside the cost pressures, skills shortages have remained a constant factor. According to a survey conducted by the European Labour Authority, the shortage of chefs is comparable to that of IT specialists, craftspeople or carers (source: EURES Report on labour shortages and surpluses, March 2024). In the United States, restaurateurs are also complaining about the challenges caused by skilled staff shortages. According to a report published by the National Restaurant Association (NRA) in the United States, 45% of the restaurants surveyed do not have enough staff to meet existing demand. (NRA State of the Restaurant Industry, February 2024). In many restaurants, this has led to shorter menus, personnel-related closing days and, in the worst case, restaurant closures. Our intelligent cooking systems can help our customers in better managing the challenges of skills shortages.

Earnings situation

Orders on hand and order intake back to normal

The effects of the procurement crisis in the previous fiscal years were the main driver of the unusual order intake trend. The years 2021 and 2022 saw orders brought forward and a rapid rise in orders on hand. As the procurement situation and our delivery capability improved, the high levels of orders on hand could be brought down successfully. In the first half of 2023 alone, we managed to reduce orders on hand by 85 million euros. Our orders on hand reached their new normal in the course of the second half of 2023. Before the coronavirus crisis, the normal level was the equivalent of about one month of sales revenues. Our expectations are that, given the experience of the past years, customers place their orders slightly earlier. This raises the level of orders on hand somewhat. At the end of the second quarter, it stood at around 120 million euros, similar to the end of the first quarter of 2024.

New record sales revenues in the second quarter of 2024

With sales revenues at 294.8 million euros, we exceeded the prior-year quarter by 6% (2023: 278.3 million euros), setting a new quarterly record. After the first six months of 2024, sales revenues amounted to 581.2 million euros, 4% up on the previous year (2023: 560.8 million euros). Adjusted for currency effects, sales revenues were likewise up approximately 4%.

Strong growth in Asia North segment – recovery in Germany in second quarter

In general, we achieved encouraging growth rates in all segments in the first half of the year. Delivering growth of 28%, the Asia North segment was particularly strong. Thanks to robust demand from major customers in Japan and China, sales revenues amounted to 62.9 million euros (2023: 49.2 million euros). Performance in the North America segment was also positive; it expanded by 2% in the first half of 2024, to 139.8 million euros, up from the very high prior-year figure of 137.1 million euros. After the excellent performance in recent years, we are delighted that we are continuing to grow at this high level. The largest segment, EMEA (Europa, Middle East, Africa), edged up 1% to 233.1 million euros, slightly more than the prior-year figure of 231.9 million euros. Performance was mixed in this segment. While some established markets such as Italy, Benelux, Spain and Sweden fell short of the previous year, we saw strong growth in Eastern Europe. The two largest European markets, France and the United Kingdom, were slightly up on the high level of the previous year. The DACH (Germany, Austria, Switzerland) segment generated sales revenues of 84.2 million euros, 3% less than in the previous year (2023: 87.1 million euros). The slight decline is mainly attributable to the high sales revenues recorded in Germany in the first quarter of 2023, which had been majorly impacted by the reduction in orders on hand, which were high at that time. This situation in Germany normalised again in the second quarter. The other segments (Latin America, Asia South) had sales revenues of 56.7 million euros, a decline of 6% compared to the prior-year period (2023: 60.5 million euros).

Sales revenues by product group: iVario up 15% in the second quarter of 2024

The iVario product group continued the encouraging growth trend seen in the first quarter of 2024. Sales revenues went up by 15% to 33.3 million euros (2023: 29.0 million euros). After the first six months, iVario sales revenues amounted to 64.0 million euros, 11% up on the previous year (2023: 57.8 million euros).

In the iCombi product group, second-quarter sales revenues came to 261.5 million euros, 5% more than in the previous year (2023: 249.3 million euros). This resulted in sales revenue growth of 3% in the first six months, to 517.2 million euros (2023: 503.0 million euros).

58.9% gross margin in the first half of 2024

Cost of sales was down by 3% in the first six months, amounting to 238.9 million euros (2023: 246.0 million euros). As a result, the gross margin improved by 2.8 percentage points year-on-year, to 58.9% (2023: 56.1%). In the second quarter of 2024, we again benefited from lower cost levels compared to the previous year. We anticipate that commodity and component costs will stabilise at current levels.

EBIT margin of 25.6% in the first half of 2024

EBIT (earnings before financial result and taxes) in the first six months of the current fiscal year was 149.0 million euros, up approximately 10% on the first half of 2023 (136.0 million euros). EBIT benefited from the significant increase in the gross margin. The fact that operating costs rose slightly faster than sales revenues had an offsetting effect. In total, we ended the first half of 2024 with an EBIT margin of 25.6% (2023: 24.3%). Adjusted for currency effects, the EBIT margin is just above 26%.

Operating costs amounted to 189.9 million euros in the first six months (2023: 176.7 million euros). This equates to a cost increase of around 7% compared to the previous year. This rise was primarily attributable to higher personnel and development expenses.

In the sales and service areas, operating costs were up 5%, from 126.4 million euros to 132.3 million euros. While personnel expenses and expenses for customer events went up significantly, we benefited from a year-on-year drop in shipping costs. Research and development expenses amounted to 30.7 million euros in the first six months 2024, up 24% on the previous year (2023: 24.7 million euros). The significant increase in the current year results from the capitalisation of development expenses in the previous year for the new products launched at the end of last year and at the beginning of this year. Development expenses had benefited from this capitalisation in the previous year. A total of 1.0 million euros was capitalised in the first half of 2024, compared with 3.9 million euros in the first six months of the previous year. After adjusting for this effect, development expenses increased by around 11%. Administration expenses rose by 5% from 25.7 million euros to 27.0 million euros. Net currency losses of 4.2 million euros again had a negative impact on EBIT in the first half of 2024 (2023: 3.1 million euros).

Net assets and financial position

Cash flow from operating activities of 123 million euros

In the first half of 2024, we generated cash flow from operating activities of 122.8 million euros (2023: 127.6 million euros). The slight year-on-year decline is largely due to higher trade accounts receivable in the first six months of the current fiscal year. Cash flows from investing activities include investments in property, plant and equipment and in intangible assets. These amounted to 16.9 million euros (2023: 15.4 million euros) in the first half of the year. Significant investments were made at our Wittenheim location, initial payments for the constructions of our new global service parts centre in Landsberg am Lech, and the ramp-up of our production location in China. In addition, there has been ongoing modernisation of machinery at the Landsberg am Lech location. The cash flow from financing activities of –159.6 million euros mainly reflects the dividend distribution (–153.5 million euros) and payments for lease liabilities in accordance with IFRS 16 (–5.4 million euros).

Safeguarding liquidity while ensuring an appropriate dividend policy

RATIONAL has always prioritised a high level of liquidity, ensuring independence from capital markets and bank loans, and preserving entrepreneurial freedom. This approach was especially crucial during recent years of crisis to secure the company's long-term success. Our equity ratio at the end of June 2024 was high, at 75%, and we had over 350 million euros in net financial assets. While maintaining our commercial prudence, we let our shareholders have an adequate share of the company's success and normally aim to make a dividend distribution of approximately 70% of Group earnings. This year, a dividend of 13.50 euros per share was distributed, equating to a payout ratio of 71%.

Number of employees rises to 2,657

We recognise the vast untapped market potential for our products and services and understand that customers often require guidance to fully utilise this potential. To address this, we focus on customer-oriented employees in sales who can introduce customers to the technology, provide training, and offer support for queries or problems. At the end of the first six months, RATIONAL had 2,657 employees, of whom around 1,500 were based in Germany. We added approximately 170 new employees in the past 12 months.

As a socially responsible company, RATIONAL strives to be an attractive employer. In addition to the appreciation and trust we show our entrepreneurs in the company (U.i.U.s), this also includes fair remuneration. For this reason, we had already raised the salaries of our U.i.U.s by an average of 4% and 5% worldwide in each of the two preceding years. In 2024, group-wide salaries increased by around 3% on average with effect from 1 July 2024. In Germany, there is an additional inflation premium of 1,000 euros per employee.

RATIONAL is still “best in class” for customer satisfaction

We have set ourselves the goal of giving the greatest possible benefit to people in large-scale and commercial kitchens. To enable that, we regularly ask our customers whether they can recommend RATIONAL to their business partners, friends or acquaintances. The result is expressed by the Net Promoter Score (NPS). With an NPS of 60 points in 2024, we continue to lead the field in customer satisfaction. The scores of our peer groups are between 30 and 40 points. We are very grateful to our customers for the constructive feedback. We did not meet our customers' expectations of top quality and first-class service in all regions. We take this feedback very seriously and are working on concrete improvements.

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. No significant changes have been made to the statement of risks and opportunities given in the last consolidated financial statements.

Landsberg am Lech, 6 August 2024

RATIONAL AG
The Executive Board

Outlook and Report on Opportunities and Risks

Outlook

The first half of 2024 was financially successful and we continue to be optimistic about the future. For full-year 2024, we confirm our forecast of growth in the mid to high single-digit percentage range. We expect an EBIT margin in the upper part of the current forecast range, i.e. slightly up on the previous year. This is primarily because of the encouraging trend in the gross margin, which is anticipated to be higher than expected for fiscal year 2024.

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Statement of Comprehensive Income

RATIONAL Group

in thousands of euros	2nd quarter 2024	2nd quarter 2023	1st half year 2024	1st half year 2023
Sales revenues	294,821	278,339	581,246	560,788
Cost of sales	-119,977	-120,898	-238,924	-246,037
Gross profit	174,844	157,441	342,322	314,751
Sales and service expenses	-65,973	-62,600	-132,296	-126,352
Research and development expenses	-16,161	-11,639	-30,677	-24,663
General administration expenses	-13,262	-12,670	-26,972	-25,682
Other operating income	3,034	6,754	5,967	9,728
Other operating expenses	-4,633	-7,720	-9,354	-11,752
Earnings before financial result and taxes (EBIT)	77,849	69,566	148,990	136,030
Interest income	2,937	1,595	6,056	2,716
Interest expenses	-317	-262	-680	-514
Other financial result	-208	-235	-256	-439
Gain or loss on the net monetary position in accordance with IAS 29	0	41	-12	56
Earnings before taxes (EBT)	80,261	70,705	154,098	137,849
Income taxes	-19,262	-16,261	-36,983	-31,705
Profit or loss after taxes	60,999	54,444	117,115	106,144
Items that may be reclassified to profit and loss in the future:				
Differences from currency translation	415	168	70	509
Differences from IAS 29 Hyperinflation	-73	-109	-126	-106
Items that will not be reclassified to profit or loss:				
Actuarial gains and losses from defined benefit obligations	1		4	
Other comprehensive income	343	59	-52	403
Total comprehensive income	61,342	54,503	117,063	106,547
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	5.36	4.79	10.30	9.34

Balance Sheet

RATIONAL Group

Assets

in thousands of euros	30 June 2024	31 Dec 2023	30 June 2023
Non-current assets	268,039	264,843	246,961
Intangible assets	20,818	21,229	19,344
Property, plant and equipment	222,862	219,307	207,066
Other financial assets	1,618	1,680	1,137
Deferred tax assets	20,231	19,638	16,486
Other assets	2,510	2,989	2,928
Current assets	671,813	702,004	605,759
Inventories	107,760	107,111	115,191
Trade accounts receivable	178,199	171,659	171,056
Other financial assets	234,477	267,634	164,029
Income tax receivables	4,322	1,784	903
Other assets	24,899	15,854	23,694
Cash and cash equivalents	122,156	137,962	130,886
Total equity and liabilities	939,852	966,847	852,720

Equity and liabilities

in thousands of euros	30 June 2024	31 Dec 2023	30 June 2023
Equity	702,173	738,605	629,292
Subscribed capital	11,370	11,370	11,370
Capital reserves	28,058	28,058	28,058
Retained earnings	667,286	703,666	594,048
Other components of equity	-4,541	-4,489	-4,184
Non-current liabilities	42,072	42,297	33,343
Pension and similar obligations	5,167	5,100	4,037
Other provisions	12,611	12,213	10,165
Other financial liabilities	18,245	19,581	13,470
Deferred tax liabilities	4,153	4,675	4,322
Income tax liabilities	1,130	-	820
Other liabilities	766	728	529
Current liabilities	195,607	185,945	190,085
Other provisions	79,016	77,081	81,018
Financial debt	-	-	498
Trade accounts payable	35,975	33,063	35,301
Other financial liabilities	15,489	17,980	15,492
Income tax liabilities	33,988	26,198	24,688
Other liabilities	31,139	31,623	33,088
Liabilities	237,679	228,242	223,428
Total equity and liabilities	939,852	966,847	852,720

Cash Flow Statement

RATIONAL Group

in thousands of euros	2nd quarter 2024	2nd quarter 2023	1st half of 2024	1st half of 2023
Earnings before taxes (EBT)	80,261	70,705	154,098	137,849
Depreciation and amortisation	9,248	7,889	17,704	15,758
Other	-403	-608	1,972	1,075
Net interest	-2,620	-1,333	-5,376	-2,202
Changes in				
Inventories	2,025	5,022	-658	3,525
Trade accounts receivable and other assets	-2,803	-879	-19,002	776
Provisions	19,250	17,832	2,398	1,544
Trade accounts payable and other liabilities	3,415	981	3,426	-146
Income taxes paid	-12,279	-15,276	-31,717	-30,563
Cash flow from operating activities	96,094	84,333	122,845	127,616
Capital expenditures in intangible assets and property, plant and equipment	-10,692	-8,553	-16,937	-15,418
Proceeds from asset disposals	35	34	66	38
Change in fixed deposits	93,966	73,431	30,211	-31,650
Interest received	5,806	1,981	7,666	2,622
Cash flow from investing activities	89,115	66,893	21,006	-44,408
Dividends paid	-153,495	-153,495	-153,495	-153,495
Repayment of liabilities to banks	-	-236	-	-472
Change in other liabilities to banks	-	-250	-	26
Payments for lease liabilities	-2,841	-2,538	-5,443	-4,940
Interest paid	-356	-262	-674	-514
Cash flow from financing activities	-156,692	-156,781	-159,612	-159,395
Effects of exchange rate fluctuations in cash and cash equivalents	-294	-429	-45	-828
Change in cash and cash equivalents	28,223	-5,984	-15,806	-77,015
Cash and cash equivalents at the beginning of the quarter or year	93,933	136,870	137,962	207,901
Cash and cash equivalents as at 30 June	122,156	130,886	122,156	130,886

Statement of Changes in Equity

RATIONAL Group

in thousands of euros	Subscribed capital	Capital reserves	Retained earnings	Other components of equity			Total
				Differences from currency translation	Actuarial gains and losses	Other changes (e.g. acc. to IAS 29)	
Balance as at 1 January 2023	11,370	28,058	641,399	-5,278	934	-243	676,240
Dividend	-	-	-153,495	-	-	-	-153,495
Profit or loss after taxes	-	-	106,144	-	-	-	106,144
Other comprehensive income	-	-	-	509	-	-106	403
Balance as at 30 June 2023	11,370	28,058	594,048	-4,769	934	-349	629,292
Balance as at 1 January 2024	11,370	28,058	703,666	-3,991	116	-614	738,605
Dividend	-	-	-153,495	-	-	-	-153,495
Profit or loss after taxes	-	-	117,115	-	-	-	117,115
Other comprehensive income	-	-	-	70	4	-126	-52
Balance as at 30 June 2024	11,370	28,058	667,286	-3,921	120	-740	702,173

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 2023 fiscal year. Except for the changes described above, the consolidation methods and accounting policies used in the last consolidated financial statements have been applied.

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

- › Amendments to IAS 1 "Presentation of Financial Statements – Classification of Liabilities as Current or Non-current" and "Non-current Liabilities with Covenants"
- › Amendments to IFRS 16 "Lease Liabilities in a Sale-and-Leaseback Transaction"
- › Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

The amendments will have no material effect on these interim consolidated financial statements.

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 2024, the scope of consolidation of RATIONAL AG included the parent company RATIONAL AG as well as eight German (31 December 2023: eight) and 24 foreign (31 December 2023: 24) subsidiaries.

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

Notes to the consolidated statement of comprehensive income

The rise in sales revenues by 20,458 thousand euros, or 4%, compared to the first half of 2023 is mainly attributable to the expanding non-appliance business and large orders from Asian customers. The 3% reduction in cost of sales was mainly because of lower purchase prices on the procurement market, especially for stainless steel and care products, compared to the high rates of inflation of the previous year. Sales and service expenses went up 5% year-on-year, driven by the intentional increase in staff in sales and sales-related functions as well as higher expenses for trade fairs and sales events. Lower freight charges mitigated the cost growth to some extent. 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 11%, driven by higher costs for non-capitalised development projects. The 5% rise in administration expenses compared with the previous year is attributable to higher recurring expenses for IT systems and higher personnel costs. Currency movements in the first half of 2024 led to currency losses of 4,228 thousand euros (2023: 3,093 thousand euros). Other operating income includes exchange gains of 4,382 thousand euros (2023: 8,230 thousand euros), while other operating expenses include exchange losses of 8,610 thousand euros (2023: 11,323 thousand euros). In total, profit before tax was 16,249 thousand euros, or 12%, higher than in the first half of 2023.

The regional breakdown of sales revenues by customer location is shown in the table below: The iCombi product group achieved sales revenues of 517,269 thousand euros in the period under review (2023: 503,014 thousand euros), and the iVario product group had sales revenues of 63,977 thousand euros (2023: 57,774 thousand euros). 69% (2023: 71%) of sales revenues was attributable to appliance sales. The remaining 31% (2023: 29%) 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.

Sales revenues by region

in thousands of euros	1st half of 2024	% of total	1st half of 2023	% of total
Germany	61,572	10	64,425	11
Europe (excluding Germany)	239,907	41	236,582	42
North America	133,599	23	125,968	22
Latin America	33,729	6	31,643	6
Asia	79,315	14	70,180	13
Rest of the world*	33,124	6	31,990	6
Total	581,246	100	560,788	100

* Australia, New Zealand, Middle East, Africa

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 2024 fiscal year.

On the basis of the Pillar Two regulations in force as from the current fiscal year, it is still expected that there will be no additional Pillar Two taxes at the level of the parent company. This will depend on the implementation and application date of any local top-up taxes in the countries where the subsidiaries are based; the corresponding changes are currently being planned or have entered the legislative process. Based on the latest guidance, they are expected to lead to a small number of companies reporting a higher income tax rate than previously in future, and this is expected to result in a small increase in the income tax rate at Group level. Due to the remaining legal uncertainty in individual countries where subsidiaries are based, it is not possible at this time to reliably quantify the effects of the minimum taxation at Group level.

Notes to the consolidated balance sheet

The increase in property, plant and equipment by 3,555 thousand euros compared to 31 December 2023 is the result of higher advance payments on property, plant and equipment in an amount of 8,328 thousand euros for construction projects, especially at the production locations in Landsberg, Germany, and in Wittenheim, France. Depreciation charges on property, plant and equipment, on the other hand, had a reducing effect. Trade accounts receivable climbed by 6,540 thousand euros compared to 31 December 2023, a change that is attributable to the growth in sales revenues in the second quarter. Other current financial assets were down by 33,157 thousand euros compared with 31 December 2023, mainly as a result of a reduction in fixed-term deposits by 32,035 thousand euros. The rise in other current assets by 9,045 thousand euros is due to an increase in value added tax refund claims by 5,067 thousand euros and in advance payments by 3,439 thousand euros. The change in cash and cash equivalents is explained in the notes to the consolidated cash flow statement.

Other non-current financial liabilities were 1,336 thousand euros lower than on 31 December 2023 because of a decrease in non-current lease liabilities for real estate. The rise of 1,935 thousand euros in other current provisions is mainly due to the seasonal intra-year increase in provisions for the special U.i.U. payment, for the holiday allowance and Christmas bonus and for outstanding invoices. The provisions for target bonuses for employees and dealer bonuses were down from 31 December 2023, because the 2023 target bonuses for employees and dealer bonuses were settled in the course of the first half of the year. Other current financial liabilities declined by 2,491 thousand euros, mainly as a result of lower contractual obligations from settled 2023 dealer bonus agreements. Income tax liabilities rose by 7,790 thousand euros, driven by the year-on-year improvement in pre-tax earnings.

Notes to the consolidated cash flow statement

The cash flow from operating activities in the first half of 2024 was slightly down on the previous year. This was due to a rise in net working capital, in particular trade accounts receivable, which more than offsets the increase in pre-tax earnings. In the cash flow from investing activities, the decrease in fixed-term deposits with original maturities of more than three months caused a cash inflow, while capital expenditures for intangible assets and property, plant and equipment were only slightly higher than in the previous year. The cash outflow from financing activities is mainly due to the dividend payment of 153,495 thousand euros (2023: 153,495 thousand euros).

Other notes to the consolidated financial statements

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 thousands of euros	Fair value hierarchy level	Carrying amount 30 June 2024	Fair value 30 June 2024	Carrying amount 30 June 2023	Fair value 30 June 2023
Financial assets measured at amortised cost					
Other financial assets (non-current)	Level 2	1,618	1,604	1,137	1,051
Trade accounts receivable		178,199		171,056	
Other financial assets (current)		233,280		161,103	
Cash and cash equivalents		122,156		130,886	
Financial assets measured at fair value through profit or loss					
Derivatives not in a hedging relationship ¹	Level 2	1,197	1,197	2,926	2,926
Financial liabilities measured at amortised cost					
Lease liabilities (non-current) ²		18,245		13,468	
Other financial liabilities (non-current)	Level 2	–	–	2	2
Financial debt (current)	Level 2	–	–	498	494
Trade accounts payable		35,975		35,301	
Lease liabilities (current) ³		8,955		7,084	
Other financial liabilities (current)		4,213		6,469	
Financial liabilities measured at fair value through profit or loss					
Derivatives not designated as hedges ³	Level 2	2,321	2,321	1,939	1,939

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 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. The current reporting on the business segments has been adjusted to the new structure. The figures for the previous year are shown in this structure to allow comparison.

For segment sales revenues and segment profit or loss, the reconciliation results from currency translation and items that are not allocated to the segments. For assets, the column includes primarily consolidation effects.

1st half year 2024

in thousands of euros	DACH	EMEA	North America	Asia North	Other Segments	Total of Segments	Corporate departments	Reconciliation	Group
Segment sales revenues	84,244	233,121	139,759	62,854	56,721	576,699	1,929	2,618	581,246
Segment profit or loss/EBIT	19,879	62,463	37,976	13,680	14,383	148,381		609	148,990
Financial result									5,108
Earnings before taxes									154,098
Segment assets	15,195	104,645	99,802	42,961	43,476	306,079	42,355	-62,475	285,959

1st half year 2023*

in thousands of euros	DACH	EMEA	North America	Asia North	Other Segments	Total of Segments	Corporate departments	Reconciliation	Group
Segment sales revenues	87,115	231,856	137,083	49,219	60,483	565,756	1,711	-6,679	560,788
Segment profit or loss/EBIT	21,223	59,956	33,417	7,314	15,442	137,352		-1,322	136,030
Financial result									1,819
Earnings before taxes									137,849
Segment assets	12,768	95,210	97,684	42,881	40,437	288,980	46,533	-49,266	286,247

* Prior-year figures have been restated to reflect the change in the internal reporting structure.

Significant events after the reporting date

No events have occurred since 30 June 2024 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

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, 6 August 2024

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Disclaimer

This half-yearly financial report contains forward-looking statements that are based on assumptions and expectations at the time the report went to press (30 July 2024). 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.