enabling green mobility

ANNUAL REPORT 2024

Key Group figures		2024	2023
Orders received	€ mill.	1,364.9	1,217.4
Order backlog	€ mill.	836.2	761.2
Income statement data			
Sales revenues	€ mill.	1,209.6	1,214.3
Core Components	€ mill.	463.4	546.7
Customized Modules	€ mill.	561.2	537.4
Lifecycle Solutions	€ mill.	204.3	163.5
EBITDA	€ mill.	160.3	158.0
EBITDA margin	%	13.3	13.0
EBIT	€ mill.	105.2	98.5
EBIT margin	%	8.7	8.1
Net interest result	€ mill.	(14.6)	(16.0)
EBT	€ mill.	90.6	82.5
Net income	€ mill.	76.5	55.3
Earnings per share	€	3.56	2.21
Return on capital employed[1]	%	10.8	10.5
Value added[1]	€ mill.	13.1	18.9
Balance sheet data			
Fixed assets[2]	€ mill.	792.8	746.1
Capital expenditure	€ mill.	83.8	74.5
Depreciation/amortization	€ mill.	55.1	59.5
Closing working capital	€ mill.	174.4	193.1
Closing capital employed	€ mill.	967.2	939.2
Equity	€ mill.	751.9	638.5
Noncontrolling interests	€ mill.	25.8	28.1
Hybrid capital	€ mill.	148.3	148.3
Net financial debt	€ mill.	88.7	182.9
Net financial debt (including lease liabilities)	€ mill.	137.6	219.5
Total assets	€ mill.	1,490.8	1,392.7
Equity ratio	%	50.4	45.8
Cash flow statement data			
Gross cash flow	€ mill.	166.0	163.4
Cash flow from operating activities	€ mill.	136.4	137.3
Cash flow from investing activities	€ mill.	(49.7)	(65.4)
Cash flow from financing activities	€ mill.	(83.9)	(39.4)
Free cash flow	€ mill.	86.0	70.9
Workforce data			
Annual average headcount	Number	4.194	3.999
Core Components	Number	1.023	1.017
Customized Modules	Number	2.319	2.290
Lifecycle Solutions	Number	739	609
Vossloh AG/Holding Companies	Number	113	83
Personnel expenses	€ mill.	283.5	255.2
Share data			
Year-end closing price as of December 31	€	43.05	41.95
Closing market capitalization as of December 31	€ mill.	831.8	736.8

[1] Based on average capital employed

[2] Fixed assets = Intangible assets plus property, plant and equipment plus investment property plus investments in companies accounted for using the equity method plus other noncurrent financial instruments

Letter from the CEO

Dear Shareholders,
Ladies and Gentlemen,

Time, as we know it, we owe to a certain extent to the railway.

Just 150 years ago, the clocks in every town in the German Empire were different: "Local time" was what mattered, which was based on the local position of the sun. From west to east, the time difference in Germany was more than one hour. Anyone traveling around Lake Constance, for example, had to change their watch six times.

With the expansion of the railroad – more than 33,000 kilometers of track were laid in Germany between 1840 and 1880 – the desire to travel increased, as did the speed at which people got around. And this made the time differences a problem for the timetables. Stations usually had several clocks with different local times, and conductors also had a clock with the so-called "railway time", which was based on Berlin time. So travelers had to be able to calculate well so as not to miss a train. This confusion was ended by law in 1893 with the introduction of Central European Time for the whole of Germany.

The railroad and time: still something of a tense relationship today. "You used to be able to set your watch by the train" is not a nostalgic reminder of local times in the German Empire, but a frequently heard complaint about the tardiness of trains. And by no means only in Germany.

And that brings us to Vossloh and our contribution to a reliable railroad. This is because a large part of the problems in rail transport can be traced back to the issue of infrastructure. According to Deutsche Bahn, up to 80 % of long-distance train delays are due to "outdated, fault-prone and overloaded infrastructure". In many countries, tracks and facilities have been neglected for decades. Rail operators around the world are now tackling this backlog with extensive investment programs. And many choose our company as a partner.

This is reflected in our order books. In the past fiscal year, we achieved an order intake of €1,364.9 million, which is 12.1 % above the previous year's level and marks a new historic high in Vossloh's infrastructure business. By way of example, I would like to highlight a major order to supply rail fastening systems and switches for a new high-speed line in Morocco. In addition, we were able to conclude important framework agreements, for example, for preventative rail maintenance using high-speed grinding and milling with a total volume of over €100 million for Deutsche Bahn, part of the plan for the general refurbishment of the German rail network in the coming years.

We are proud that Vossloh is contributing to this ambitious project of Deutsche Bahn – "from a highly burdened network to a high-performance network". Our work on the Cologne-Frankfurt high-speed line in this context also received widespread media attention in summer 2024. An NDR television crew accompanied our rail replacement train as it laid one hundred kilometers of new rails in just four weeks. No other system in the world replaces rails faster. Here, too, time plays a major role for the railroads, as line closures should be kept as short as possible. Due to these advantages, the rail-change train was also in demand internationally, for example, on the economically important Malmbanan railroad line in the north of Sweden, which was made passable again in a short time after severe damage.

Worldwide, our work generated sales of €1,209.6 million in the past fiscal year. We were thus able to maintain the record level of the previous year. Despite the exceptionally high sales growth in 2023 due to the completion of several major new construction projects, we succeeded in keeping sales stable across the Group as a whole, particularly thanks to dynamic growth in Europe, especially in Germany and, to some extent, in Sweden partly due to acquisitions. In France and the USA, for example, we recorded significant increases in sales, which almost offset the declines from completed projects in Mexico, China and Australia. Earnings before interest and taxes (EBIT) exceeded the €100 million mark following a noticeable increase in the reporting year.

Oliver Schuster
CEO

The increase from €98.5 million to €105.2 million was primarily due to a strong profitability trend in the Customized Modules and Lifecycle Solutions divisions.

The basis of our business success is that we create value for our customers. In the case of rail infrastructure, the largest share of life cycle costs – around two-thirds – is not attributable to acquisition, but to maintenance. And this is precisely where we come in: by developing ever more durable and low-maintenance products, by continuously optimizing their interaction in the track system and by providing tailored and highly efficient maintenance solutions, both preventive and corrective.

At the world's most important trade fair for rail technology, InnoTrans in Berlin in 2024, we once again presented innovations that set standards in our industry. This includes the in-house development of a new type of sleeper pad, the Engineered Polymer Pad (EPP). This elastic layer between the sleeper and ballast bed ensures, among other things, a stable track position and thus also contributes to safety on the rails. The material consists almost exclusively of recycled plastics and is fully recyclable at the end of its service life. This also applies to our newly developed composite sleeper Engineered Polymer Sleeper (EPS), for which we started series production in Poland in the reporting year. At InnoTrans, we also presented the world's first crossing for turnouts made from recycled manganese steel to an international trade audience.

In addition to the quality and durability of our products, ecological sustainability has been a central element of our work for many years. That is why I, personally, am particularly proud that we were awarded the German Sustainability Award in the reporting year for our contribution to green mobility. The jury thus recognized our company's achievements in climate-friendly, innovative and efficient mobility solutions in the field of rail infrastructure.

These mobility solutions increasingly follow a holistic approach. Instead of individual components, we offer a system and also build a bridge between system and service. With our overall understanding of the rail infrastructure and our broad portfolio of products and services, we offer our customers an integrated approach to achieving their most important goal: higher availability of their rail network. Our comprehensive expertise comes into its own in the context of major projects such as the recent one in Mexico. There, we supplied concrete sleepers, rail fastening systems and switches, as well as welding services for the construction of a new railroad line; all four Vossloh business units are involved.

The main driver of integration from product to solution is digitalization. Comprehensive sensor technology, which we have developed with a network of partners, provides us with data on the condition of the infrastructure. We collect this data on our Vossloh connect cloud platform and analyze it with the help of artificial intelligence. This enables us and the companies that use the platform to carry out needs-based and predictive maintenance – in other words, to stay one step ahead in the area of tension between rail and time. Following its launch at the end of 2023, Vossloh connect was extremely well-received by customers in the reporting year – thanks in part to the marketing campaign for the launch, which won the German Brand Award 2024 in five categories. The jury praised the intelligent concept as a "Milestone (...) of customer-oriented solution development in the digital era".

For Vossloh, digitalization is, therefore, a key lever with which we can drive forward and help shape the transformation of the rail industry. We already employ around 120 digital experts today and continue to expand our expertise in this area. In the rail infrastructure market, we expect digitalization to bring about similarly far-reaching changes as in other sectors. Among other factors, the increasing importance of holistic solutions will further accelerate the ongoing consolidation of our market, which will open up opportunities for further growth for us as one of the global market leaders. In the past fiscal year, we strengthened our service business by acquiring France Aiguillages Services (FAS) and the Scandinavian Track Group (STG). In spring 2025, as soon as all the necessary approvals have been obtained, we intend to complete the acquisition of the leading European concrete sleeper manufacturer Sateba, the largest acquisition in our company's history. The merger expands our product portfolio in Europe and gives us the opportunity to offer customers sleepers, fastening systems, turnouts and services from a single source. Vossloh is thus further expanding its role as the systems and solutions provider for rail infrastructure.

Growth requires free financial resources. I am, therefore, delighted that we have succeeded in further improving our free cash flow, from €70.9 million in the previous year to €86.0 million. Our group-wide Cash4Growth initiative has made a significant contribution to this development and will continue to play an important role in the future when it comes to laying the foundations for further growth.

We are looking forward to 2025 with great confidence. Supported by a strong order backlog, we expect significant growth in the current fiscal year and anticipate sales in the range of €1.25 billion to €1.325 billion. All divisions should contribute to this positive development. We are also forecasting a noticeable increase in EBIT to between €110 million and €120 million. As announced, we expect to successfully complete the acquisition of Sateba in spring 2025. With a planned first-time consolidation until the beginning of May 2025, we expect sales of between €1.475 billion and €1.575 billion and EBIT – before effects from the accounting allocation of the purchase price for Sateba – of between €140 million and €155 million at Group level.

In view of the positive business performance and the good prospects for the future, based on the order situation, the Executive Board and Supervisory Board will propose to the Annual General Meeting that an increased dividend of €1.10 (previous year: €1.05) be distributed for the 2024 financial year.

Ladies and gentlemen, on behalf of the entire Executive Board, I would like to thank you for the trust you have placed in us over the past fiscal year. With regard to the relationship between rail and time, I am convinced: the future belongs to rail. I look forward to continuing to help shape it with your support.

Yours

Oliver Schuster
Chief Executive Officer, Vossloh AG

Oliver Schuster (CEO) **Jan Furnivall** (COO) **Dr. Thomas Triska** (CFO)

Prof. Dr. Rüdiger Grube
Chairman of the
Supervisory Board

Report of the Supervisory Board

Dear Shareholders,

In the 2024 fiscal year, the Supervisory Board once again performed the duties incumbent upon it in accordance with the law and the Articles of Incorporation with great care. The Supervisory Board continuously monitored the work of the Executive Board and advised the Executive Board on the management of the company. The Executive Board fulfilled its duty to provide information and informed the Supervisory Board regularly, promptly and comprehensively in written and verbal form about all issues of relevance to Vossloh AG and the Group relating to corporate strategy, planning, business development, the risk situation and development, sustainability and compliance. The reporting also included information on deviations in actual development from previously reported targets and deviations in business performance from planning.

The Supervisory Board discussed the Executive Board's reports in detail and checked the plausibility of the economic situation described in these reports, as well as the development prospects of the Group, the individual divisions and business units and the major subsidiaries in Germany and abroad and discussed them with the Executive Board. The Supervisory Board was involved in all decisions of material importance to the company and was able to satisfy itself of the legality, appropriateness and regularity of the Executive Board's work. The members of the Supervisory Board always had sufficient opportunity to critically examine the reports and proposed resolutions submitted by the Executive Board and to make their own suggestions. Where approval was required for management decisions or measures due to legal regulations, the Articles of Incorporation or the Rules of Procedure, the members of the Supervisory Board examined the draft resolutions and granted the necessary approvals on this basis.

The Supervisory Board was also informed by the Executive Board about significant events between meetings. In addition, there was a regular and close exchange of information between the Chairman of the Supervisory Board and the Chief Executive Officer outside of the meetings. In this way, the Supervisory Board was always informed about the intended business policy, corporate planning including financial, investment and personnel planning, profitability and the course of business, the corporate strategy, the sustainability strategy and the situation of the company and the Group as a whole.

Supervisory Board of Vossloh AG

Prof. Dr. Rüdiger Grube, *Chairman, Managing Partner of Rüdiger Grube International Business Leadership GmbH and former Chief Executive Officer (CEO) of Deutsche Bahn AG, Hamburg*

Ulrich M. Harnacke, *Deputy Chairman, Independent Accountant, Tax Advisor and Business Consultant, Mönchengladbach*

Dr. Roland Bosch, *Commercial Managing Director of WOLFF & MÜLLER Holding GmbH & Co. KG, Königstein/Taunus*

Martin Klaes, *Fitter, Chairman of the Works Council of Vossloh Fastening Systems GmbH and Vossloh AG, Werdohl*

Marcel Knüpfer, *Technical Administration Specialist and Shift Supervisor, Chairman of the General Works Council of Vossloh Rail Services Deutschland GmbH and Member of the Group Works Council, Zwenkau*

Dr. Bettina Volkens, *Independent Consultant and Member of various Supervisory Boards, Königstein/Taunus*

Focus of the meetings

A total of ten plenary meetings were held in the 2024 fiscal year. The Supervisory Board convened five ordinary meetings on March 19, May 14, September 16 and 17 (strategy meeting) and November 21, 2024. Extraordinary meetings were held on July 3 and 23, November 12 and December 13 and 20, 2024. Most of the Supervisory Board members attended all of the Supervisory Board meetings. Mr. Martin Klaes was unable to attend the March meeting, while Dr. Bettina Volkens was unable to attend the ordinary meetings in May and November. Dr. Roland Bosch was excused from the extraordinary meeting on July 3 and Mr. Ulrich Harnacke from the meeting on July 23. Attendance at the meetings was therefore 91.7 % overall. With the exception of the extraordinary meetings on July 23, November 12 and December 13 and 20, 2024, which were held as video conferences, all meetings were held in person. In addition, the Supervisory Board members met regularly to discuss and prepare for the meetings. The members of the Executive Board attended the majority of Supervisory Board meetings, although individual items on the agenda of such meetings were also discussed without the Executive Board. The Supervisory Board also consulted experts and persons providing information on individual topics, in particular, the auditor at the balance sheet meeting.

The Supervisory Board and Executive Board discussed the further development of the Vossloh Group in detail at all meetings in the past fiscal year. In the majority of meetings, particularly in all ordinary meetings, the Executive Board also reported on the business situation with detailed information on sales and earnings performance in the individual business units, as well as on the opportunities and risks of business development and key management measures. The Supervisory Board also dealt with acquisition and sustainability matters, as well as compliance issues on several occasions.

At the individual meetings, the Supervisory Board also focused on the following topics: The balance sheet meeting on March 19, 2024 focused, in particular, on the audit of the annual and consolidated financial statements for 2023 and the remuneration report under stock corporation law, as well as the format, agenda and proposed resolutions for the Annual General Meeting on May 15, 2024. At this meeting, the Supervisory Board also dealt with further preparations for the Annual General Meeting, the remuneration system for the members of the Executive Board and the extension of Mr. Oliver Schuster’s appointment. In addition, the Supervisory Board resolved editorial changes to the Articles of Incorporation, received detailed reports on safety management within the Vossloh Group and discussed them with the Executive Board.

In addition to the regular reporting topics, the agenda on May 14, 2024 included the status of Group financing, a presentation of current M&A projects and an investment project to convert and expand the switch assembly plant in Portugal. The Supervisory Board also prepared for the Annual General Meeting held the following day.

At the extraordinary meetings on July 3 and 23, 2024, the Supervisory Board discussed the details of the acquisition of the French Sateba Group and its financing with the Executive Board and approved the acquisition and the proposed financing after in-depth consultation and careful consideration. The expansion of the product portfolio in Europe through the acquisition of concrete sleeper specialist Sateba is a significant milestone in the implementation of the corporate strategy.

The ordinary Supervisory Board meeting was held at the Customized Modules division’s site in Reichshoffen on September 16, 2024. In addition to regular reporting topics, an investment project to set up series production of sleeper pads in Werdohl was approved, and an update on occupational safety and fire protection in the Vossloh Group was given. At the annual strategy meeting on September 17, 2024, the Supervisory Board dealt in detail with the Group strategy and discussed it with the Executive Board and various Vossloh Heads of division. The main topics were digitalization, artificial intelligence, HR strategy and the sustainability of the product portfolio.

The extraordinary meetings of the Supervisory Board and an ad hoc committee of the Supervisory Board formed for the same day on November 12, 2024 was conducted to approve a capital increase from authorized capital and the placement of new shares as part of the financing of the Sateba transaction.

At its last ordinary meeting of the year on November 21, 2024, the Supervisory Board dealt in detail with business development in the reporting year in addition to the regular reporting topics. Following an in-depth review and discussion with the Executive Board, the Supervisory Board approved the budget presented for the 2025 financial year and took note of and approved the medium-term planning for 2026 and 2027. In addition, the results of the external efficiency audit of the Supervisory Board were presented and discussed.

At the extraordinary meeting of the Supervisory Board on December 13, 2024, the Supervisory Board dealt with the further development of the remuneration system for the Executive Board and the associated adjustments to the employment contracts with the members of the Executive Board. Following in-depth discussions, the Supervisory Board approved this enhanced remuneration system for the Executive Board, which is to be submitted to the 2025 Annual General Meeting for approval, with effect from January 1, 2025. At the extraordinary meeting on December 20, 2024, the Supervisory Board discussed further details of the Executive Board remuneration and defined the short and long-term performance targets relevant to the variable elements of the Executive Board remuneration.

The Supervisory Board and the company are committed to the great importance of continuous training and further education of Supervisory Board members. The September meetings of the Supervisory Board were held at a production site of the Customized Modules division in Reichshoffen. The Supervisory Board members visited the site and deepened their knowledge of the business area and the production of switches and switch systems and met with the management of the business unit.

Committees of the Supervisory Board

The Supervisory Board has formed three permanent committees to perform its duties efficiently: the Personnel Committee, the Audit Committee and the Nomination Committee. The committees focus on the topics assigned to them and prepare decisions for the plenary meetings as required. To the extent permitted by law and reasonable from the Supervisory Board's point of view, the Supervisory Board has also delegated decision-making powers to the committees in certain cases. The Chairmen of the committees report on relevant topics and discussion results at the meeting of the plenary Supervisory Board following the respective committee meeting. The Chairman of the relevant committee also regularly informs the other members of the Supervisory Board about the key points of the committee meeting immediately after the respective committee meeting. The minutes of the Audit Committee meetings are also made available to the Chairman of the Supervisory Board.

The Audit Committee held seven meetings in the reporting year. All members attended all Audit Committee meetings. This meant that attendance at meetings was 100 %. Four meetings were held as face-to-face meetings and three as video conferences. In addition, representatives of the auditor and those responsible for Accounting and Tax, as well as Legal and Compliance at Vossloh AG attended almost all meetings. Discussions were also held with the auditor without members of the Executive Board. The heads of relevant central divisions were available to answer reports and questions. Other experts were consulted for selected items on the agenda.

The main focus of the Audit Committee's activities includes examining the company's accounting and the annual and consolidated financial statements prepared by the Executive Board, the combined management report, the report on relationships with affiliated companies (Section 312 German Stock Corporation Act [AktG]) and the proposal for the appropriation of net profit, as well as the company's transactions with related parties, the monitoring of which the Supervisory Board has delegated to the Audit Committee.

At the meeting on March 19, 2024, the auditor explained the audit of the annual financial statements of Vossloh AG and the Vossloh Group, as well as the combined management report and the remuneration report to the Audit Committee. After detailed discussion, the Audit Committee decided to propose to the Supervisory Board to approve the consolidated financial statements, the annual financial statements of Vossloh AG and the combined management report for the 2023 fiscal year and to adopt the remuneration report. At its meetings on April 24, July 24 and October 30, 2024, the Audit Committee discussed the half-yearly financial report and the quarterly statements with the Executive Board, in each case prior to their publication.

The Audit Committee is also responsible for the company's relationship with the auditor. On March 19, 2024, the Committee submitted the proposal for the election of the auditor to the Supervisory Board, issued the audit mandate to the auditor elected by the Annual General Meeting on May 15, 2024 and agreed the remuneration. The committee also monitored the independence of the auditor and assessed the quality of the audit. The engagement of the auditor for non-audit services is generally subject to the approval of the Audit Committee.

At all of its meetings, the Audit Committee also dealt with the main risks as well as legal and compliance issues. The Audit Committee discussed in detail with the Executive Board the material risks identified in the Group, as well as the necessity and appropriateness of the risk provisions recognized, in particular, for risks arising from legal disputes in connection with previous anti-competitive agreements. At the meetings, the Committee members and the auditor also had the opportunity to discuss matters in the absence of the Executive Board members. The Audit Committee also dealt intensively with compliance issues on an ongoing basis and obtained comprehensive information on relevant matters and their treatment, including via an annual compliance report, as well as on the ongoing review and improvement of the Compliance Management System. The Audit Committee dealt in detail with the Internal Control System and the Risk Management System and their appropriateness and effectiveness. The Audit Committee also discussed sustainability issues and the associated potential effects, opportunities and risks for the Group and, in this context, addressed the corresponding CSRD reporting issues, in particular. At the meeting on November 21, 2024, Internal Audit reported to the Audit Committee on its activities in the 2024 financial year.

At an extraordinary meeting on July 24, 2024, the Audit Committee also dealt in detail with the acquisition of the French Sateba Group and its business plan and discussed the financing options.

The Personnel Committee held meetings on February 5, March 4, June 19 and September 16, 2024, which were held as video conferences with the exception of the September meeting, which took place in Reichshoffen. Almost all of the members attended the meetings. Mr. Marcel Knüpfer, who was elected to the Personnel Committee on February 12, was unable to attend the meeting in June. The overall participation rate was therefore 93.3 %. The meeting in February focused, in particular, on the reappointment of Mr. Oliver Schuster and at the same time contractual adjustments to his employment contract, the review of the appropriateness of Executive Board remuneration and the further development of the remuneration system for the Executive Board. At the March meeting, the Personnel Committee passed a resolution recommending the reappointment of Mr. Schuster until 2030 and the associated extension of his contract. At the June meeting, the Personnel Committee decided to review the remuneration system for the Executive Board and mandated an external remuneration consultant to assist with the review and revision of the system. At the September meeting, the external consultant presented the results of the audit and the Personnel Committee discussed the results and the need for revision.

The Nomination Committee did not meet in the reporting year.

Corporate governance and declaration of conformity

The Supervisory Board attaches great importance to ensuring good corporate governance. At its meetings in November and December 2024, the Supervisory Board addressed the recommendations of the German Corporate Governance Code (GCGC) and, together with the Executive Board, issued the declaration of conformity in accordance with Section 161 German Stock Corporation Act (AktG). Since issuing the last declaration of conformity in November 2023, Vossloh AG has complied with all recommendations of the GCGC in the version dated April 28, 2022, with five exceptions still remaining, and will continue to comply with them in the future. Details on the company's corporate governance can be found in the corporate governance declaration and the corporate governance report (page 32 et seqq. of the Annual Report).

Annual and consolidated financial statements 2024

The separate financial statements of Vossloh AG prepared in accordance with German GAAP, the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the EU and the combined management report for Vossloh AG and the Group for the 2024 fiscal year, including the accounting, were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Düsseldorf branch, which was elected as auditor by the Annual General Meeting on May 15, 2024, and each issued with an unqualified audit opinion. The auditor also found that the Executive Board had taken the measures required by Section 91 (2) German Stock Corporation Act (AktG) to set up a risk monitoring system in an appropriate form and that the system is suitable for identifying developments that could jeopardize the company's continued existence at an early stage.

In addition, the report prepared by the Executive Board on relationships with affiliated companies (Section 312 German Stock Corporation Act [AktG]) was audited by the auditor in accordance with Section 313 German Stock Corporation Act (AktG). The auditor has issued the following opinion on the report: "Following our audit and assessment in accordance with professional standards, we confirm that 1. the factual information in the report is correct and 2. the consideration paid by the company for the legal transactions listed in the report was not inappropriately high." Furthermore, the Executive Board and Supervisory Board have prepared the remuneration report for 2024 in accordance with Section 162 (1) German Stock Corporation Act (AktG). It was also audited by the auditor and issued with an unqualified audit opinion.

The financial statement documents, including the Group sustainability declaration (Section 315b German Commercial Code [HGB]) and the auditor's reports, were distributed to the members of the Supervisory Board in good time before the Supervisory Board meeting on March 26, 2025 to approve the financial statements. At this meeting, the auditors reported on the key findings of their audit and provided additional information. Following preparation by the Audit Committee and in the presence of the auditor, the Supervisory Board discussed all issues arising in connection with these documents in detail. The auditor also reported on the Vossloh Group's Risk Early Warning System. The auditor also read and assessed the other information, which includes the declaration of conformity in accordance with Section 161 German Stock Corporation Act (AktG), the Declaration on Corporate Governance/ Corporate Governance Report and the Group sustainability declaration (Section 315b German Commercial Code [HGB]), and did not identify any material misstatements. The Supervisory Board also commissioned Deloitte GmbH Wirtschaftsprüfungsgesellschaft to conduct a voluntary limited assurance engagement on the content of the Group sustainability declaration (Section 315b German Commercial Code [HGB]) in accordance with ISAE 3000 (Revised), which did not give rise to any objections.

The Supervisory Board also reviewed the separate financial statements, the consolidated financial statements and the combined management report of Vossloh AG and the Vossloh Group for the 2024 fiscal year presented by the Executive Board, including the Group sustainability declaration (Section 315b German Commercial Code [HGB]), the report on relations with affiliated companies, including the final declaration by the Executive Board, and the proposal for the appropriation of net earnings. Based on the final result of its own assessment, no objections were to be raised. The Supervisory Board approved the annual financial statements and the consolidated financial statements as at December 31, 2024. The annual financial statements as at December 31, 2024 were thus adopted. The Supervisory Board approved the combined management report, in particular, the statements on the further development of the company and the disclosures pursuant to Sections 289a and 315a German Commercial Code (HGB), as well as the report on relationships with affiliated companies. The Supervisory Board has approved the Executive Board's proposal for the appropriation of net profit for 2024, which provides for the distribution of a dividend of €1.10 per dividend-bearing share.

The Supervisory Board would like to thank the Executive Board and all employees of the Vossloh Group for their extraordinary commitment and contribution to the successful fiscal year 2024. Despite the many challenges, Vossloh made excellent progress in the past fiscal year.

Werdohl, March 26, 2025

The Supervisory Board
Prof. Dr. Rüdiger Grube
Chairman

Combined management report

of the Vossloh Group and Vossloh AG as of December 31, 2024

Business and market environment

Preliminary remark

As in previous years, the management report of Vossloh AG has been combined with the Group management report in accordance with Section 315 (5) German Commercial Code (HGB). In principle, the statements refer to Vossloh AG and the Group, unless explicitly stated otherwise. In particular, the section on Vossloh AG – analysis of the separate financial statements relates solely to Vossloh AG, while separate explanations on Vossloh AG are also provided, including in the outlook.

For the first time, Vossloh is reporting on significant intangible resources in the management report; in addition, the Corporate Governance Report published in previous years outside of the management report in the Annual Report has been integrated into the management report in accordance with Sections 289f and 315d German Commercial Code (HGB). The disclosures in the Corporate Governance Statement are not included in the audit of the financial statements in accordance with Section 317 (2) Sentence 6 German Commercial Code (HGB).

The Group Sustainability Statement included in the management report relates to the entire Group. Due to the fact that the EU Corporate Social Responsibility Directive has not yet been implemented in Germany, but at the same time the European Sustainability Reporting Standards published to date and relevant to Vossloh have been taken into account, the name of the previous nonfinancial Group statement has been changed accordingly.

Segmentation and competitive position

Vossloh is active in rail infrastructure markets worldwide. The Group offers a wide range of services under one roof for rail transportation: rail fastening systems, concrete ties, turnout systems and crossings, as well as increasingly innovative and digital-based services for the entire life cycle of rails and turnouts. Vossloh's customers are public and private local, freight and long-distance transport operators who make capital expenditures after predominantly long-term decision-making processes and as part of long-term financing. Vossloh has long-standing customer relationships. Together with them, the company plans and develops solutions for their individual product and service requirements. This usually leads to delivery and project periods of several months to several years, with long-term framework agreements often being agreed with customers. Vossloh is committed to sustainable governance and climate change mitigation and plays an important role in sustainable passenger and freight mobility with its products and services.

The company's activities are divided into three divisions: Core Components, Customized Modules and Lifecycle Solutions. The Core Components division is made up of two business units, Vossloh Fastening Systems and Vossloh Tie Technologies. The other two divisions each comprise one business unit: Vossloh Switch Systems to Customized Modules and Vossloh Rail Services to Lifecycle Solutions. You can find detailed descriptions of the individual divisions on page 26 et seqq.

Vossloh holds the following competitive positions in the rail infrastructure sector:

- Vossloh is a leading global supplier and technological leader in rail fastening systems.
- Vossloh is one of the global market and technology leaders in the turnouts and crossings segment.
- Vossloh is a leading provider of innovative technologies and services for the entire life cycle of rails and turnouts.
- Vossloh is a leading manufacturer of concrete ties in North America and Australia.

Organization

The Vossloh Group is active around the world. Local presence and customer proximity are integral elements of our business activities. Important production sites for the rail fastening systems produced by the Fastening Systems business unit are located in Germany, China, Poland and the USA. The Tie Technologies business unit manufactures concrete ties in the USA, as well as Mexico, Canada and Australia. The turnout systems in the Customized Modules division are manufactured primarily in France, Sweden, Luxembourg, Poland, Australia, India, Finland, Portugal, the United Kingdom, the Netherlands, Serbia and China. The majority of rail services in the Lifecycle Solutions division are provided in Western and Northern Europe, in addition to China.

Vossloh has sales companies and branches worldwide. The company enters into joint ventures and cooperation agreements with expert local partners on a case-by-case basis. Key Group companies and management companies are:

– Vossloh Fastening Systems GmbH, Werdohl, Germany, and Rocla Concrete Tie, Inc., Lakewood, Colorado, USA, for the Core Components division,
– Vossloh Cogifer SA, Rueil-Malmaison, France, for the Customized Modules division and
– Vossloh Rail Services GmbH, Hamburg, for the Lifecycle Solutions division.

Controlling system

The most significant financial performance indicators for the Vossloh Group are value added, sales revenues, EBIT (earnings before interest and taxes) and EBIT margin (EBIT/sales revenues). While the company uses sales revenues, EBIT and EBIT margin as key performance indicators for short-term planning, the long-term management of the business units within the framework of the value-oriented growth strategy has a focus on value added in the foreground. Value added is the key earnings indicator for the divisions and business units within the framework of external reporting.

Positive value added is generated when a premium is earned on top of the return claimed by investors and lenders (cost of capital). This premium is the difference between the return on capital employed (ROCE, calculated as EBIT/average capital employed) and the cost of capital, which is calculated as the weighted average cost of equity and debt. Multiplying the premium by average capital employed (working capital plus fixed assets) gives the value added over a period in absolute terms. For internal controlling purposes, ROCE and value added are calculated before taxes.

Cost of equity is largely composed of a risk-free interest rate plus a market risk premium. The interest rate factor is adjusted according to the result before taxes. The borrowing costs result from the average financing conditions. The ratio of equity to interest-bearing debt used to determine the weighted average cost of capital is not derived from the balance sheet, as it is based on a target figure for the financing structure. Secondly, equity is not recognized at the carrying amounts in the balance sheet, but at target market values. A weighted average cost of capital before taxes (WACC) of 9.5 % was used as the yield expected by investors and lenders for the purposes of intragroup controlling in the 2024 fiscal year (previous year: 8.5 %).

There are basically two levers for increasing the value added: Increase in EBIT and optimization of tied-up capital (capital employed). ROCE is derived from both values. Vossloh seeks to improve the parameters it can influence to optimize this performance indicator. As a result, the company also focuses on working capital, working capital intensity (average working capital/annual revenue) and free cash flow.

Management uses nonfinancial performance indicators for the purpose of managing the company and making long-term strategic decisions. However, nonfinancial performance indicators are not primarily used to manage the company and are, therefore, not key performance indicators within the meaning of Sections 315 (3) and 289 (3) German Commercial Code (HGB). Instead, they provide information about the situation within the Group and are used as a basis for decisions. Nonfinancial performance indicators that are not primarily relevant to management are explained in the Group Sustainability Statement starting on page 68.

The management of Vossloh AG considers monthly financial reporting to be a central element for the ongoing analysis and control of the divisions, business units and the Group itself. To this end, the financial statements and key performance indicators prepared by the Group companies are consolidated and analyzed in the same way as the annual forecast updated each month. Deviations are investigated in relation to their impact on the financial targets. The monthly updates to annual projections are supplemented by risk reports that aim to identify any potential reductions or increases in assets. The effectiveness of measures aimed at ensuring targets are met is continuously analyzed. The figures of the operating units are intensively discussed by their respective management and the Executive Board with the involvement of the relevant central departments of Vossloh AG.

Intangible resources

Vossloh reports below on the main intangible resources. The importance of the individual intangible assets results from their fundamental significance for Vossloh's business model and their role as key sources of value creation for the company. The impact of the most important intangible resources on the business model and the company's success is both short- and medium-term and long-term in nature.

Vossloh's human capital is one of the most important intangible resources identified. This refers not only to skills and specialist knowledge, but also to employees' innovative ability, commitment and loyalty to the company. Human capital is crucial for the development and implementation of innovative solutions and products and for ensuring operational excellence and can have an impact on the business model, value creation and the company's success. A loss of key qualifications or the limited availability of skilled workers could significantly impair Vossloh's competitiveness.

The Vossloh brand is also an important intangible resource. The brand is perceived on the market as a guarantee of reliability, quality and innovation. National and international customers choose Vossloh because of its brand reputation. This even applies to integrated products that consist of both in-house and purchased components. The brand, therefore, makes a significant contribution to the positioning of the company in the target markets and, as a source of added value, supports market penetration as well as customer acquisition and retention. In addition to the brand strength, the established customer relationships contribute to the successful further development of the company. These relationships, which are based on many years of cooperation, enable a deeper understanding of customer needs and support the targeted development of products and solutions that are precisely tailored to market requirements.

Furthermore, approvals and patents are of key importance in the rail infrastructure industry. Vossloh's products and services are subject to strict safety standards. Approvals guarantee that these high requirements are met; without approvals, market entry is generally not possible. Patents protect Vossloh's technological innovations, which are necessary to fulfill these standards. As these open up opportunities to secure competitive advantages and tap into new markets, they are an integral part of the Group's business model and value creation.

Economic report

Macroeconomic and industry-specific conditions

Investments in rail infrastructure around the world are generally made on the basis of long-term decision-making processes. Short-term economic developments are, therefore, only partially reflected in the relevant sales markets. More significant is the development of debt levels in Vossloh's sales markets, as the overwhelming majority of the Group's clients are public-sector customers. The debt ratio (the ratio of public debt to GDP) of the euro countries at the end of the third quarter of 2024 was 88.2 % according to the statistical office of the European Union (Eurostat). This was the most recent figure available when this summary management report was prepared. At the same time in the previous year, it was 88.4 %. At the end of September 2024, the debt ratio for the EU as a whole was 81.6 %, compared with 81.5 % the previous year.

This is the result of rising demand around the world for environmentally friendly, safer and more economical mobility for both people and goods. The driving forces for this development include megatrends such as population growth, urbanization and, most significantly, increasing environmental awareness. No other means of mass transportation has a better eco-balance than rail. Both passengers and freight need to be shifted onto the rail network if the aim is to increase their mobility while also reducing their environmental footprint in the interest of combating climate change.

There are investment programs around the world to promote rail as a mode of transport. These programs play an important role for Vossloh as they affect markets in which Vossloh holds a strong competitive position with at least one business unit. In its Green Deal climate protection program, for example, the European Union has set itself the goal of reducing transport-related CO_2 emissions by 90 % by 2050 (already by 55 % by 2030). To achieve this, the European Commission wants passenger rail traffic in the high-speed sector to double by 2030 and triple by 2050. Rail freight transport is set to increase by 50 % by 2030 and double by 2050. The objectives of the European Green Deal will have a positive impact on the rail industry in the coming years and decades. Another example of investment programs is the "Starke Schiene" ("Strong Rail") program adopted in Germany in 2020. The government has agreed with Deutsche Bahn AG to jointly invest a record €86 billion in the maintenance and modernization of the existing rail network by 2030. Investment in rail projects is increasing in Africa. One example of this is the infrastructure investment plan "Egypt Vision 2030", which provides for investments of almost €50 billion in the expansion of the rail network in Egypt, including a 1,800-kilometer high-speed rail link. Indian Railways wants to be climate-neutral by the end of 2030. The Indian state railroad is therefore investing heavily in the expansion of the huge rail network on the subcontinent, in the modernization of rolling stock and in wind and solar parks to electrify the lines. The railway industry is also undergoing a profound transformation beyond this. Digitalization and automation, artificial intelligence and the standardization and liberalization of rail transport are changing the framework conditions significantly. Innovations are becoming increasingly important.

A number of studies regularly analyze developments in the global rail technology market. The most important publication is the "World Rail Market Study", published by the European rail industry association UNIFE. The study is updated every two years. The findings from the most recent study were published in September 2024 at InnoTrans, the world's largest trade fair for transport technology held in Berlin.

UNIFE puts the current global volume of the rail market at around €202 billion per year. At present, the European rail industry association classifies around 59 % of the total volume of the rail market – i.e. around €119 billion – as accessible. This means that this market is, in principle, open to European suppliers and market demand is not exclusively met by domestic manufacturers.

Company acquisitions

On July 1, 2024, the agreement to acquire all shares in the Scandinavian Track Group (STG) in Borlänge/Sweden was completed. The company has four further subsidiaries in Sweden, Norway and Denmark; all companies are assigned to the Rail Services business unit. The acquisition has significantly expanded the activities of Vossloh Rail Services in Scandinavia and includes various maintenance services for the rail track, such as the installation or maintenance of turnouts, as well as inspection consulting services.

In addition, the acquisition of the shares in France Aiguillages Services (FAS) in Bertrichamps/France was completed on July 19, 2024. This company and its subsidiary LUNEFCF are also part of the Rail Services business unit. FAS carries out a large number of technical inspections and maintenance services on turnout systems and signaling systems and trains its own employees, as well as employees of the French state railroad SNCF in a training center.

Results of operations

Vossloh divisions – Orders received and order backlog

	Orders received		Order backlog	
€ mill.	2024	2023	2024	2023
Core Components	532.5	542.7	293.8	262.1
Customized Modules	662.8	524.1	525.6	461.3
Lifecycle Solutions	198.1	175.5	28.9	40.8
Consolidation	(28.5)	(24.9)	(12.1)	(3.0)
Group	**1,364.9**	**1,217.4**	**836.2**	**761.2**

Continued positive market environment leads to new highs

In the 2024 fiscal year, Vossloh achieved new highs in terms of order intake and order backlog. The orders received exceeded the previous year's already high figure by 12.1 %. This increase was mainly due to the Customized Modules division, which achieved a significant increase in incoming orders of 26.5 % compared to the previous year. Significant growth was recorded in the Africa region in particular, especially in Morocco and Algeria. The Middle East region and the countries of Singapore, Canada and Sweden also contributed to the positive development. The Lifecycle Solutions division also achieved a significant increase in incoming orders of 12.9 % compared to the previous year, which was mainly due to higher order volumes in Sweden and Denmark. In contrast, incoming orders in the Core Components division were down slightly by 1.9 % on the previous year. In the Fastening Systems business unit, higher incoming orders in Algeria and Italy, among others, more than compensated for declines in China and Mexico, for example, while incoming orders in the Tie Technologies business unit, the second business unit in the Core Components division, were significantly lower than the previous year's high figure. This is primarily due to a major order concluded in Mexico in the previous year. The book-to-bill ratio at Group level, the ratio of orders received to sales revenues, was 1.13 (previous year: 1.00).

As at December 31, 2024, the Vossloh Group's order backlog in the rail infrastructure business had reached the highest level in the company's history at the end of a year. Due to the high number of framework agreements, the order backlog as a key figure is of only limited significance, since the order volume from framework agreements that have been won is generally only recorded in orders received at the time of the respective call-offs.

Sales revenues of 1.2 billion at the same level as the previous year's record figure

In the 2024 fiscal year, the Vossloh Group generated sales in the same order of magnitude as in the previous record year. After €1,214.3 million in the previous year, sales amounted to €1,209.6 million in the reporting period. They were, therefore, in the middle of the originally forecast range of €1.16 billion to €1.26 billion. While the Core Components division recorded a significant decline in sales in both business units, the Lifecycle Solutions and Customized Modules divisions achieved noticeable sales growth.

Vossloh Group – Sales by region

	€ mill.	%	€ mill.	%
	2024		2023	
Germany	171.4	14.2	141.8	11.7
France	118.6	9.8	95.1	7.8
Rest of Western Europe	81.0	6.7	101.6	8.4
Northern Europe	170.9	14.1	139.9	11.5
Southern Europe	147.7	12.2	116.5	9.6
Eastern Europe	82.7	6.8	88.4	7.3
Total for Europe	**772.3**	**63.8**	**683.3**	**56.3**
Americas	146.5	12.1	189.5	15.6
Asia	179.1	14.8	215.1	17.7
Africa	32.2	2.7	14.7	1.2
Australia	79.5	6.6	111.7	9.2
Total	**1,209.6**	**100.0**	**1,214.3**	**100.0**

Decline in sales in America and Asia offset by strong sales growth in Europe

Sales in Europe increased by 13.0 %. The 26.8 % increase in sales in Southern Europe was particularly noteworthy. This positive development was mainly driven by the Customized Modules division. Increased deliveries to customers in Italy and Türkiye, in particular, contributed significantly to this growth.

In Northern Europe, the Vossloh Group also achieved a considerable increase in sales of 22.2 %, which is primarily attributable to the Lifecycle Solutions division. Of particular note here is a rail replacement project in the north of Sweden for the state infrastructure operator Trafikverket. The acquisition of the Swedish company STG also contributed to the increase. Further notable sales growth in Europe was achieved in Germany and France. In Germany, the increase is primarily attributable to the Lifecycle Solutions division, in particular, the Track Supply and High Speed Grinding sub-divisions. In addition, increased deliveries of turnout from the Customized Modules division to Deutsche Bahn contributed to growth. In France, the increase in sales was due in particular to higher deliveries of turnout components in the tram business of the Customized Modules division.

In the 2024 fiscal year, sales revenues in the Americas fell by 22.7 % compared to the previous year. This development is mainly attributable to the Core Components and Customized Modules divisions, as a major new construction project in Mexico was largely completed in the previous year. The higher deliveries of concrete ties in the USA in the Tie Technologies business unit, particularly to Class I freight operators, only partially compensated for this decline.

In Asia, sales in the 2024 fiscal year were significantly lower than in the previous year (-16.7 %). This was largely due to lower deliveries of rail fastening systems for high-speed lines in China in the Fastening Systems business unit.

The Vossloh Group also recorded a year-on-year decline in sales of 28.9 % in Australia, which is attributable to the Tie Technologies business unit. This is due to a normalization of market demand. Lower deliveries of concrete ties for the major Inland Rail infrastructure project also contributed to this development.

In contrast, sales in Africa more than doubled compared to the previous year (+119.0 %). Deliveries of rail fastening systems from the Fastening Systems business unit for the construction of high-speed rail links in Morocco and Egypt contributed to this growth.

The Vossloh Group's cost of sales amounted to €880.4 million in the year under review, slightly below the previous year's level of €898.3 million. The share of the cost of sales in sales revenues amounted to 72.8 % and was slightly below the previous year's figure (74.0 %), mainly due to a slight decrease in the material usage ratio resulting from an overall improvement in the project mix. The Vossloh Group's general administrative and selling expenses rose from €214.4 million to €230.0 million. This increase was mainly due to higher consulting costs in connection with the planned acquisition of Sateba. Increased personnel costs also contributed to this development. The other operating result – the balance of other operating income of €25.3 million (previous year: €17.7 million) and other operating expenses of €11.0 million (previous year: €10.9 million) - amounted to €14.3 million and was, therefore, higher than the previous year's figure of €6.8 million.

Vossloh Group – Sales revenues and earnings

€ mill.	2024 € mill.	2024 %	2023 € mill.	2023 %
Sales revenues	1,209.6	100.0	1,214.3	100.0
EBITDA/EBITDA margin	160.3	13.3	158.0	13.0
EBIT/EBIT margin	105.2	8.7	98.5	8.1
Net income	76.5	6.3	55.3	4.6
Earnings per share (in €)	**3.56**		**2.21**	

EBIT increased noticeably compared to the previous year

In the 2024 fiscal year, Vossloh increased EBIT by 6.7 % compared to the previous year. The main reason for this increase was an improved project mix in the Customized Modules and Lifecycle Solutions divisions. In addition to the operating improvements, EBIT benefited from the reversal of provisions, which were almost completely mitigated by transaction costs for the planned acquisition of Sateba amounting to over €10 million, which were recognized at Group level. EBIT and the EBIT margin were in the middle of the forecast corridor of €100 million to €115 million and 8.3 % to 9.5 % respectively.

Net interest income in the 2024 fiscal year improved to €(14.6) million compared to the previous year's figure of €(16.0) million. This was mainly due to lower exchange rate losses from financing items in foreign currencies. The earnings before taxes increased to €90.6 million in the reporting year (previous year: €82.5 million).

In the reporting year, the Vossloh Group's income taxes amounted to €14.1 million (previous year: €28.2 million). The exceptionally low tax rate in the 2024 fiscal year resulted primarily from the capitalization of deferred taxes on tax loss carryforwards, which were recognized due to expected positive tax results in the domestic tax group.

Earnings per share increase significantly to €3.56

The net income for 2024 was significantly higher than in the previous year due to the lower tax rate and improvements in operating earnings. Of the net income, the hybrid capital investors were entitled to €6.0 million, as in the previous year, while the other shareholders received €7.3 million (previous year: €10.6 million). At €63.2 million, the net income attributable to Vossloh AG's shareholders was significantly higher than the previous year's figure of €38.7 million. With an average number of shares in circulation of 17,770,535 (previous year: 17,564,180), this resulted in significantly higher earnings per share compared to the previous year.

Dividend of €1.10 per share planned for 2024

The Executive Board and Supervisory Board of Vossloh AG are committed to ensuring that its shareholders benefit from the economic performance of the Group. The Executive Board and Supervisory Board will, therefore, propose to the Annual General Meeting scheduled for May 7, 2025, that an increased dividend of €1.10 (previous year: €1.05) be distributed for the 2024 fiscal year.

Vossloh Group – Value management

€ mill.	2024	2023
Average capital employed	969.7	937.2
ROCE (in %)	10.8	10.5
Value added	13.1	18.9

ROCE 2024 above the previous year

As a result of the operational improvement, the ROCE was slightly above the previous year. The WACC (weighted average cost of capital) used for internal control purposes – the weighted average cost of equity and debt – was raised to 9.5 % (previous year: 8.5 %) for the 2024 fiscal year as a result of the general interest rate trend. For this reason, the value added in 2024 was lower than in the previous year, albeit within the forecast range.

The following table presents a reconciliation of the ROCE and value added performance indicators to the EBIT shown in the income statement:

Reconciliation of value added and ROCE to EBIT

€ mill.	2024	2023
Premium in % (ROCE – WACC)	1.3	2.0
Average capital employed	969.7	937.2
Value added	**13.1**	**18.9**
Cost of capital on the average capital employed	92.1	79.6
EBIT	**105.2**	**98.5**

Financial position and investing activities

As the Group's management holding company, Vossloh AG is responsible for managing the Group's finances and funding. Corporate Treasury Management is responsible for the central management of cash flows and for ensuring the financing of all Group companies, as well as for hedging and managing financial risks. These not only include liquidity risks, but particularly risks from interest and exchange rate fluctuations. Derivative financial instruments are used for hedging. The Group companies' funding level is largely ensured by Vossloh AG providing the necessary cash resources. Only in isolated cases where funding outside Germany is either economically preferable or required by law do individual group companies obtain original local financing.

Net financial debt significantly reduced thanks to improved free cash flow and capital increase

The Vossloh Group's net financial debt (calculated as financial liabilities less cash and cash equivalents and short-term securities) excluding liabilities from leases decreased from €182.9 million at the end of 2023 to €88.7 million at the end of the 2024 fiscal year. The decrease was mainly due to a significant improvement in free cash flow and the proceeds from a capital increase carried out in November 2024. At the end of 2024, net financial debt including liabilities from leases of €48.9 million (previous year: €36.6 million) amounted to €137.6 million (previous year: €219.5 million).

At the end of the reporting year, financial liabilities amounted to €232.7 million and were thus significantly lower than the previous year's figure of €320.0 million. €60 million of the financial liabilities were attributable to two Schuldschein loans placed in the 2023 fiscal year with terms of five and seven years (until July 2028 and 2030). The originally variable interest rate of the two Schuldschein loans was converted to fixed interest rates at the end of November 2023 with two payer interest rate swaps. A Schuldschein loan in the amount of €25 million with a term of seven years (until December 2028) and a fixed interest rate had already been placed at the end of 2021. A further €22 million of the financial liabilities at the end of 2024 were attributable to drawings on the new syndicated loan concluded early in February 2024 with a volume of €240 million and a term until February 2029. The interest rate is based on the respective reference interest rate (Euribor or €STR) and a margin agreed in the loan agreement, which is based on the ratio of net financial debt to EBITDA. A maximum amount is set for this ratio (covenant), which, if exceeded, gives the lending banks the option of early termination. Compliance with the covenant must be demonstrated every six months; this was the case at the end of the first half and at the end of 2024. At the end of 2024 – unchanged from the previous year – a loan of €20 million with DZ Bank, which was renewed in mid-July, was outstanding with a term until July 2027 and a variable interest rate. Just under €19 million was also still outstanding under a bridge facility with variable interest rates that was concluded in July for the acquisition financing of the Sateba Group. In total, these credit lines amounted to just under €504 million at the end of 2024. Due to the repayments made and loan agreements renewed in the reporting year, the share of current financial liabilities fell from €198.4 million in the previous year to €62.2 million. Total cash and cash equivalents and short-term securities amounted to €95.0 million at the end of the reporting year (previous year: €100.5 million).

Contingent liabilities decreased from €29.0 million at the end of 2023 to €26.8 million. The former Locomotives business unit accounted for the bulk of this, with €21.1 million. For the outstanding contingent liabilities, Vossloh AG received an irrevocable and unconditional guarantee at first request from a first-class bank.

At the end of the year, the Group had committed but unused credit lines totaling €757.6 million (previous year: €244.4 million) available in addition to cash and cash equivalents.

The hybrid note issued in February 2021 of €150 million with an indefinite term can be called and repaid by the company for the first time after five years. The interest rate over the first five years is 4.0 %. Furthermore, the repayment amount can increase depending on the sustainability performance, which is measured using the ratings from ISS ESG and MSCI ESG Research. The structure of the note means that it is treated as equity in the consolidated financial statements. The resulting increase in the equity ratio and the associated strengthening of the balance sheet structure lead to significantly greater financial flexibility, which positively bolsters the implementation of the corporate strategy.

Vossloh Group – Development of cash flows

€ mill.	2024	2023
Cash flow from operating activities	136.4	137.3
Cash flow from investing activities	(49.7)	(65.4)
Cash flow from financing activities	(83.9)	(39.4)
Net cash inflow/outflow	2.8	32.5
Cash and cash equivalents at the beginning of the period	62.4	28.9
Cash and cash equivalents at the end of the period	64.6	62.4
Free cash flow	86.0	70.9

Noticeable increase in free cash flow

Overall, cash flow from operating activities was at the previous year's level. Free cash flow (defined as cash flow from operating activities less investments in intangible assets and property, plant and equipment, as well as investments in companies accounted for using the equity method and plus payments received from profit distributions or the sale of companies accounted for using the equity method) increased noticeably compared to the previous year, primarily due to lower investment expenditure. Despite the net issue proceeds from the capital increase, cash flow from financing activities was significantly below the previous year's level, mainly due to higher repayments of short-term loans.

Vossloh Group – Capital expenditure and depreciation/amortization

€ mill.	2024		2023	
	Capital expenditure	Depreciation/ amortization	Capital expenditure	Depreciation/ amortization
Core Components	20.8	21.9	24.8	25.5
Customized Modules	40.0	16.7	25.3	19.2
Lifecycle Solutions	19.0	15.9	19.5	14.2
Vossloh AG/Consolidation	4.0	0.6	4.9	0.6
Total	**83.8**	**55.1**	**74.5**	**59.5**

Capital expenditure in 2024 exceeded the previous year's level and was once again significantly higher than depreciation and amortization. In the Core Components division, capital expenditure declined noticeably, particularly following the completion of series production of the composite sleeper at the Fastening Systems business unit's Polish production site. By contrast, capital expenditure in the Customized Modules division increased significantly. High investments were made in particular for new turnout plants in Australia and Sweden. Capital expenditure in the Lifecycle Solutions division was on a par with the previous year. Among other things, further investments were made in the high-performance VTM-performance milling machine. The capital expenditure shown in the table above reflects additions in the fiscal year and also includes capital expenditure in assets financed by a lease agreement. Capital expenditure is included in the cash flow statement if it has already resulted in cash outflows. The values, therefore, differ. Depreciation and amortization at Group level, which is added back to EBIT in the cash flow statement, includes impairments/reversals of impairment losses and were at the same level as in the previous year. As of December 31, 2024, the investment obligations for the acquisition of property, plant and equipment and intangible assets (purchase commitments) amounted to a total of €11.1 million (previous year: €6.8 million).

Asset and capital structure

Vossloh Group – Asset and capital structure

		2024 12/31/2024	2023 12/31/2023
Total assets	€ mill.	1,490.8	1,392.7
Equity	€ mill.	751.9	638.5
Equity ratio	%	50.4	45.8
Closing working capital[1]	€ mill.	174.4	193.1
Average working capital	€ mill.	213.7	209.4
Average working capital intensity	%	17.7	17.2
Fixed assets[2]	€ mill.	792.8	746.1
Closing capital employed[3]	€ mill.	967.2	939.2

[1]Working capital = trade receivables (including contract assets) plus inventories minus trade payables (including contract liabilities) minus advance payments received minus other current provisions (adjusted for items not attributable to operating activities)
[2] Fixed assets = Intangible assets plus property, plant and equipment plus investment property plus property, plant and equipment Investments in companies accounted for using the equity method plus other noncurrent financial instruments
[3]Capital employed = working capital plus fixed assets.

Equity ratio increased to over 50 %

The Vossloh Group's equity increased significantly at the end of 2024 compared to the previous year. In addition to the positive consolidated net income for 2024, this increase is due in particular to the net issue proceeds from the capital increase in November 2024 in the amount of around €71 million. As a result, the equity ratio rose to over 50 %.

As at December 31, 2024, working capital had fallen by 9.7 % compared to the previous year. Average working capital in 2024 was slightly higher than in the previous year, which led to a slight increase in average working capital intensity of 0.5 percentage points.

General statement on the business performance and economic situation of the Vossloh Group

The year 2024 was characterized by complex framework conditions and marked by political uncertainties, ongoing geopolitical tensions and a tense macroeconomic environment. At the same time, the promotion of rail-bound mobility as part of numerous investment initiatives worldwide opened up promising opportunities for Vossloh. In this dynamic environment, Vossloh was able to achieve a strong business performance. Following an expectedly strong fourth quarter, sales revenues reached the record level of the previous year. Orders received and order backlog reached new highs. Here, Vossloh benefits from its strong competitive position in a dynamic and constantly growing market environment. Earnings before interest and taxes (EBIT) also increased noticeably and free cash flow (FCF) once again exceeded the already high figure from the previous year.

Business development fully met the targets and expectations set by the Executive Board for the reporting year.

Business performance Core Components

In the Core Components division, Vossloh has combined its range of industrially manufactured series products, which are required in large quantities for rail infrastructure projects. This includes the rail fastening systems developed, produced and marketed in the Fastening Systems business unit for all areas of application worldwide – from heavy-haul to high-speed rail lines and urban transport. The Tie Technologies business unit is the leading manufacturer of concrete ties in North America and Australia. In addition to concrete rail ties, the business unit also manufactures turnout ties, concrete low-vibration blocks for slab track and crossing panels.

Core Components

		2024	2023
Orders received	€ mill.	532.5	542.7
Order backlog	€ mill.	293.8	262.1
Sales revenues[1]	€ mill.	463.4	546.7
EBITDA	€ mill.	89.6	95.3
EBITDA margin	%	19.3	17.4
EBIT	€ mill.	67.6	69.8
EBIT margin	%	14.6	12.8
Average working capital	€ mill.	93.7	101.1
Average working capital intensity	%	20.2	18.5
Average capital employed	€ mill.	319.4	329.5
ROCE	%	21.2	21.2
Value added	€ mill.	37.3	41.8

[1] Sales revenues include external sales revenues and sales to other divisions.

Significant increase in orders backlog

In fiscal year 2024, the Core Components division recorded incoming orders only slightly below the high level of the previous year (-1.9 %). Lower order volumes in the Tie Technologies business unit were largely offset by Vossloh Fastening Systems. The division’s book-to-bill ratio was a pleasing 1.15 overall. The order backlog at the end of 2024 increased by €31.7 million or 12.1 % compared to the previous year.

Sales revenues in previous year characterized by high project sales in Mexico and China

As expected, sales revenues in the Core Components division remained well below the previous year’s high level in the reporting year. Revenue fell by 15.2 % in total. Both business units – Fastening Systems and Tie Technologies – were unable to reach the figure from the 2023 fiscal year. This was primarily due to lower project sales in Mexico and China.

The volume of intercompany sales revenue decreased in 2024 compared to the previous year. This is due to the major order completed in Mexico in the previous year.

EBIT only slightly below the previous year

EBIT in the Core Components division was only €2.2 million below the previous year’s figure despite the significant €83.3 million drop in sales. This is primarily due to a higher-margin sales revenues mix in the Tie Technologies business unit. EBIT also benefited from the reversal of individual provisions.

The return on capital employed (ROCE) remained almost unchanged compared to the 2023 fiscal year. Here, the lower EBIT was offset by the lower average capital employed. The average working capital in this division was further reduced in 2024. The value added of Core Components fell by €4.5 million, in particular, due to the higher weighted average cost of capital of 9.5 % (previous year: 8.5 %).

Vossloh Fastening Systems

In the 2024 fiscal year, orders received by Vossloh Fastening Systems amounted to a total of €371.9 million. The value of new orders in the previous year totaled €356.1 million. An increase in volumes was recorded primarily in Algeria, Morocco, Italy and Eastern Europe. In contrast, the business unit recorded lower incoming orders, particularly in China and Mexico. The book-to-bill ratio improved to 1.20 after 1.02 in 2023. The order backlog at the end of 2024 increased significantly by €55.8 million to €245.0 million compared to the previous year's reporting date.

Incoming orders up on the previous year

Sales revenues at Vossloh Fastening Systems amounted to €309.7 million in the year under review after €349.4 million in the previous year. This is primarily due to lower project sales in China and Mexico compared to the previous year. By contrast, sales growth was recorded in Algeria and Italy, in particular.

Sales revenues below the previous year's strong figure

The value added by Vossloh Fastening Systems fell to €32.1 million (previous year: €43.8 million), but remained at a very high level.

Another high, positive value added contribution

Vossloh Tie Technologies

At €183.1 million, incoming orders in the Tie Technologies business unit in the reporting year fell short of the record figure from the previous year (€213.9 million). This was due to the order in Mexico included in 2023 and lower call-offs from framework agreements in Australia. An increase in orders from Class I companies in the USA and from the Canadian market was unable to compensate for this. The book-to-bill ratio was 1.06 (previous year: 0.95). The order backlog at the end of 2024 amounted to €55.8 million (previous year: €76.7 million).

Improved demand in the USA

Sales revenue in the Tie Technologies business unit fell well short of the record figure for 2023 by 22.9 % and amounted to €172.8 million. As expected, lower sales in Mexico due to the completion of a major project in the previous year and in the Australian market could not be offset by increased sales in the USA thanks to higher call-offs from the Class I companies.

Sales revenue down as expected

The value added of Vossloh Tie Technologies was positive at €5.4 million and increased significantly compared to the previous year despite the higher weighted average cost of capital.

Business performance Customized Modules

All of the Group's services for the manufacture, installation and maintenance of individualized infrastructure modules for the rail industry are bundled in the Customized Modules division. The division includes the Switch Systems business unit, one of the largest providers of turnout systems worldwide. The product portfolio covers a very wide range of applications, extending from light-rail to high-speed applications.

Customized Modules

		2024	2023
Orders received	€ mill.	662.8	524.1
Order backlog	€ mill.	525.6	461.3
Sales revenues[1]	€ mill.	561.2	537.4
EBITDA	€ mill.	72.3	61.8
EBITDA margin	%	12.9	11.5
EBIT	€ mill.	55.6	42.7
EBIT margin	%	9.9	7.9
Average working capital	€ mill.	92.7	79.0
Average working capital intensity	%	16.5	14.7
Average capital employed	€ mill.	409.0	379.7
ROCE	%	13.6	11.2
Value added	€ mill.	16.8	10.4

[1] Sales revenues include external sales revenues and sales to other divisions.

Orders received at record level

Orders received in the Customized Modules division were €138.7 million higher than in the previous year. This represents a historic high for the division. In Morocco, Algeria and the Middle East, in particular, new orders were up on the previous year, while Switzerland, Germany and Norway recorded lower incoming orders.

Sustained sales revenues

The division's sales also outperformed 2023 by €23.8 million and reached a new all-time high. Growth was recorded in France and Germany, in particular, which more than compensated for project-related declines in Mexico and Serbia, in particular.

Positive earnings trend continues

The division's EBIT in 2024 was 30.5 % higher than in the previous year. This was mainly due to higher earnings contributions from the locations in France and Luxembourg. The EBIT margin rose accordingly and was 2.0 percentage points higher than in the previous year. The result and profitability were also positively influenced by retroactive price adjustments.

In line with the positive earnings trend, ROCE was significantly higher than in the previous year despite an increase in average capital employed. The value added increased accordingly.

Average working capital increased in particular due to higher inventories. Average working capital intensity increased by 1.8 percentage points compared to 2023.

Business performance Lifecycle Solutions

Through its Rail Services business unit, the Lifecycle Solutions division concentrates on specialist services for the maintenance of rails and turnouts. Its innovative technologies promote the safety of rail lines and contribute to extension of the service life of rails and turnouts as well as improved track availability. The service portfolio mainly includes maintenance, grinding and milling for the corrective and preventive care of rails and turnouts, welding services and rail and turnout logistics. Lifecycle Solutions' extensive range of services complements the product portfolios of Core Components and Customized Modules.

Lifecycle Solutions

		2024	2023
Orders received	€ mill.	198.1	175.5
Order backlog	€ mill.	28.9	40.8
Sales revenues[1]	€ mill.	204.3	163.5
EBITDA	€ mill.	34.9	25.8
EBITDA margin	%	17.1	15.8
EBIT	€ mill.	19.0	11.6
EBIT margin	%	9.3	7.1
Average working capital	€ mill.	35.0	34.0
Average working capital intensity	%	17.2	20.8
Average capital employed	€ mill.	232.4	220.2
ROCE	%	8.2	5.3
Value added	€ mill.	(3.0)	(7.1)

[1] Sales revenues include external sales revenues and sales to other divisions.

Incoming orders above the previous year

In the 2024 fiscal year, the Lifecycle Solutions division recorded a 12.9 % increase in incoming orders compared to the previous year, which was mainly achieved in the Track Supply sub-division. The order backlog at the end of 2024 was below the previous year's figure. Framework agreements signed with Deutsche Bahn in the 2024 fiscal year for corrective maintenance (rail milling) and preventive rail maintenance (high-speed grinding) with a total value of well over €100 million are only slightly included in the order backlog. They are only recorded in the orders received at the time of the respective call-offs.

Sales revenues up 25 %

The Lifecycle Solutions division achieved 25 % higher sales revenues than in the previous year. The increase was primarily due to higher sales in Germany, Sweden and Denmark. In Sweden, the growth was due, in particular, to the acquired company Scandinavian Track Group (STG), which has been included in the scope of consolidation since August 2024. The resulting increase in sales compared to the previous year amounted to €11.6 million. The degree of internationalization of the Lifecycle Solutions division – measured in terms of sales revenue generated outside Germany – fell to 46.7 % in the 2024 fiscal year (previous year: 49.2 %).

EBIT significantly higher than in the previous year

The division's EBIT increased significantly by €7.4 million compared to the previous year. This was mainly due to higher earnings contributions from the Track Supply sub-division. The EBIT margin also increased significantly, exceeding the previous year's figure by 2.2 percentage points.

The value added increased by €4.1 million. Working capital intensity improved compared to the previous year, primarily due to lower inventories and optimization in accounts payable management.

Vossloh AG – Analysis of the separate financial statements

Vossloh AG is the operational management and financial holding company at the head of the Vossloh Group. It controls and monitors all key activities within the Group. In addition to defining the Group strategy and managing corporate development, it is also responsible for allocating financial resources, particularly for investments or acquisitions. Among other things, it is responsible for Group Accounting, Group Controlling, Group Treasury, Risk and Opportunity Management, Internal Audit and the areas of Innovation & Development, EHS/Sustainability, Information Technology, Legal & Compliance, Investor Relations and Corporate Communications. The company oversees sales activities, including marketing communications. In addition to HR policy, it is also responsible for personnel development and supporting the Group's senior management. Business unit representatives report on the events and developments in their area of responsibility on a regular basis. The Executive Board exerts a direct influence on the operational management of the business units in this context, alongside its management responsibility for different functions. A comprehensive catalog of approval requirements also ensures that the Executive Board is closely involved in significant operational decisions.

Vossloh AG prepares its annual financial statements in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The following notes relate to the annual financial statements. In isolated cases, certain transactions are handled differently in the consolidated financial statements according to IFRS. The relevant provisions of the German Commercial Code (HGB) have not changed significantly in the fiscal year.

Analysis of the separate financial statements

The sales revenues of €17.6 million reported by Vossloh AG for the 2024 fiscal year (previous year: €15.5 million) resulted primarily from allocations to Group companies for which Vossloh AG provided a large number of services (mainly in the areas of IT and marketing, but also for services in the areas of digitalization and international sales).

Operating expenses were mainly incurred in connection with the company's management and financing functions. The business performance and economic development of Vossloh AG follow the activities of its subsidiaries and investees. The most significant performance indicators for Vossloh AG are the general administrative expenses, the net financial result and the result after tax/net income.

At €33.4 million, general administrative expenses in 2024 have risen significantly compared to the previous year (€20.3 million); a slight increase had been expected in the budget. Personnel expenses of €17.8 million increased compared to the previous year (€14.3 million), which is due to both higher salaries and a higher allocation to pension provisions. As is usual in years in which the InnoTrans trade fair takes place, trade fair costs increased significantly compared to the previous year; in addition, considerably higher consulting costs, in particular, due to the transaction costs in connection with the acquisition of the Sateba Group, had a negative impact on earnings.

At €1.6 million, other operating expenses were lower in the reporting year than in the previous year (€2.2 million); they exclusively include losses from foreign currency valuations. Other operating income amounted to €0.8 million (previous year: €1.3 million) and was also characterized by income from foreign currency valuations.

The financial result for 2024 fell from €115.7 million in the previous year to €103.3 million in the reporting year, while a significantly lower result had been expected in the previous year. The main reason for the decline was lower income from investments (€20.1 million compared to €40.1 million in the previous year). Other main influencing factors were profit transfers (€44.9 million, previous year: €42.7 million) and write-ups on financial assets (€34.1 million compared to €29.6 million in the previous year).

The write-ups on the increased fair values of two investments resulted from a slightly lower risk-free interest rate compared to the previous year, but also reflected the continued improvement in business prospects.

In addition, higher interest income of €21.1 million (previous year: €16.9 million) – mainly from the on-lending of short-term loans or longer-term loans to Group companies – was offset to a lesser extent by higher interest expenses of €18.0 million (previous year: €15.0 million). Income taxes remained unchanged year-on-year at €0.5 million due to the minimum taxation regulations. Vossloh AG’s earnings after taxes or net income amounted to €68.9 million in the year under review (previous year: €93.9 million) and thus corresponded to the development expected in the previous year.

Total assets increased slightly year-on-year from €938.3 million to €949.0 million. The aforementioned write-ups on the carrying amounts of investments were offset by an intragroup repayment of a long-term loan and lower receivables from affiliated companies (decrease of €15.2 million).

At €147.6 million, liabilities to banks on the equity and liabilities side of the balance sheet decreased significantly as at the reporting date compared to the previous year (€247.3 million) as a result of the significant change in the financing structure due to loan repayments, new borrowings and the capital increase carried out. Liabilities to affiliated companies also fell further in the reporting year by €10.7 million to €2.5 million (previous year: €13.2 million). At €31.2 million, provisions remained almost unchanged compared to the previous year (€31.7 million). Equity increased significantly in the reporting year from €484.7 million to €607.2 million due to the significantly higher net profit for the year compared to the dividend payment and the capital increase carried out in November 2024. The equity ratio rose accordingly to 64.0 %, up 12.3 percentage points on the previous year (51.7 %).

Overall, the Executive Board considers Vossloh AG’s net assets and financial position to be very good in view of the high equity ratio at the end of the fiscal year. The results of operations are also extremely satisfactory against the backdrop of the positive financial result from investment income, the profits transferred from the domestic subsidiaries and the net interest income in the reporting period.

Dependency report

The Executive Board of Vossloh AG assumes that Vossloh AG is dependent within the meaning of Section 17 German Stock Corporation Act (AktG) due to its indirect shareholding of 50.09 percent of the share capital as of December 31, 2024. Following the transfer on December 9, 2024 of the assets previously held by Mrs. Nadia Thiele and Mr. Robin Brühmüller as executors of the will of the deceased Heinz Hermann Thiele, this now exists vis-à-vis the Heinz Hermann Thiele Family Foundation. In accordance with Section 312 German Stock Corporation Act (AktG), a report on relationships with affiliated companies was prepared, which contains the following declaration: “In the legal transactions listed in the report on relationships with affiliated companies, our company received appropriate consideration for each legal transaction according to the circumstances known to us at the time the legal transactions were carried out. No disadvantageous measures were taken at the instigation or in the interests of Mrs. Thiele or Mr. Brühmüller or after the transfer by the foundation or by one of the companies affiliated with the aforementioned natural or legal persons. This assessment is based on the circumstances known to us at the time of the reportable events.” The report was audited by the auditor and issued with an unqualified opinion.

Declaration on Corporate Governance/ Corporate Governance Report

The following declaration on corporate governance in accordance with Sections 289f (1) and 315d German Commercial Code (HGB) is the central element of corporate governance reporting (Principle 23 of the German Corporate Governance Code (GCGC) in the version dated April 28, 2022). The Executive Board and Supervisory Board issue the corporate governance declaration jointly and are each responsible for the parts of the report that relate to them.

Management and control structure

Vossloh AG is subject to the provisions of stock corporation, capital market and codetermination law applicable in Germany, as well as the provisions of its Articles of Incorporation. Vossloh AG has a dual management and monitoring structure, which is reflected in the two bodies, the Executive Board and the Supervisory Board. The Annual General Meeting is responsible for important fundamental decisions in the stock corporation. All three bodies are obligated to act in the best interest of the company and its shareholders.

Executive Board

The three members of the Executive Board are jointly responsible for managing the company. As Chief Executive Officer, Mr. Oliver Schuster is responsible for coordinating the work of the Executive Board, as well as the central areas of Strategy and M&A, Media Relations, Legal and Compliance, IT and Digital Business, Innovation and Research and development, Human Resources and Internal Audit. As Chief Financial Officer, Dr. Thomas Triska is responsible for the central departments of Accounting and Taxes, Controlling, Treasury and Investor Relations. As Chief Operating Officer, Mr. Jan Furnivall is responsible for the central areas of Sales, Technology, EHS/Sustainability and Marketing/Communications. In addition, the divisions are assigned to individual members of the Executive Board. Mr. Oliver Schuster is responsible for the Core Components division, Dr. Thomas Triska for the Customized Modules division and Mr. Jan Furnivall for the Lifecycle Solutions division. Further information on the members of the Executive Board of Vossloh AG can be found on page 208 of this Annual Report.

The work within the Executive Board is governed by the Rules of Procedure for the Executive Board. The members of the Executive Board work together as colleagues and keep each other informed of important measures and events in their areas of responsibility. The entire Executive Board decides on all major issues. Potential conflicts of interest are immediately disclosed to the Supervisory Board and brought to the attention of the other members of the Executive Board. Secondary employment requires the prior approval of the Supervisory Board.

The Supervisory Board is responsible for appointing and dismissing members of the Executive Board. In doing so, the Supervisory Board observes the targets set by the German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector, as well as the age limit for members of the Executive Board (the statutory retirement age) specified in the Rules of Procedure for the Supervisory Board. The Supervisory Board regularly deals with long-term succession planning, at least once a fiscal year, in order to identify and develop suitable female and male candidates in advance and to fill vacancies with the most suitable candidate as quickly as possible.

Vossloh AG has taken out directors' and officers' liability insurance (D&O insurance) for the members of the Executive and Supervisory Boards. The deductible for members of the Executive Board amounts to 10 % of the loss up to one and a half times the fixed annual remuneration of the respective member.

Supervisory Board

The Supervisory Board of Vossloh AG has six members and is composed in accordance with the provisions of the German Stock Corporation Act (Aktiengesetz) and the One-Third Employee Participation Act (Drittelbeteiligungsgesetz). It consists of two-thirds shareholders and one-third employee representatives.

In accordance with the recommendations of the GCGC, the shareholder representatives were elected individually. The terms of office of all current Supervisory Board members end at the end of the Annual General Meeting in 2028, which will decide on the discharge for the 2027 fiscal year. Further information on the members of the Supervisory Board of Vossloh AG, including the duration of their membership, can be found on page 209 of this Annual Report.

The Supervisory Board monitors and advises the Executive Board in its management of the business and discusses business development, planning, strategy and its implementation, as well as specific sustainability issues, risk management and compliance issues with it at regular intervals. It approves the annual budget, adopts the annual financial statements of Vossloh AG, approves the consolidated financial statements and decides on the approval of related party transactions in accordance with Section 111b German Stock Corporation Act (AktG). In addition, certain significant transactions and measures regulated in the Rules of Procedure for the Executive Board require the approval of the Supervisory Board. The working procedures of the Supervisory Board are governed by rules of procedure, which are available on the company's website at www.vossloh.com/de/ investor-relations/corporate-governance/supervisory-board.

At its meeting on November 24, 2022, the Supervisory Board last specified the concrete objectives for its composition and reviewed and updated the skills profile for the full Board on November 23, 2023. The „Requirements and Objectives for the Composition of the Vossloh Aktiengesellschaft Supervisory Board" are published on the company's website at www.vossloh.com/de/ investor-relations/corporate-governance/supervisory-board and also include the diversity concept. With regard to diversity, the Supervisory Board strives to take into account different professional and international experiences and, in particular, the appropriate participation of all genders in its composition. On November 25, 2021, the Supervisory Board set a target of at least 16.67 % (one member) for the proportion of women on the Supervisory Board for the target period from December 15, 2021 to December 14, 2026. This target is currently being met.

Further requirements and objectives of the Supervisory Board for its composition relate to the competencies of the Board as a whole, the independence of the members, potential conflicts of interest, time availability, an age limit (generally 70 years) and the duration of membership of the body (generally no longer than three terms of office). In the opinion of the Supervisory Board, the current composition of the complete Board fulfills the aforementioned requirements and objectives. The individual members contribute their professional and personal qualifications to the Supervisory Board as follows:

	Prof. Dr. Rüdiger Grube	Ulrich M. Harnacke	Dr. Roland Bosch	Martin Klaes	Marcel Knüpfer	Dr. Bettina Volkens
Management and monitoring of medium-sized or large, international companies	■	■	■			■
Industry and corresponding value chains	■	■	■	■	■	
Research and development (particularly in the area of relevant technologies for Vossloh)			■	■	■	
Production, marketing, sales				■	■	
Significant markets for Vossloh	■		■	■	■	■
Capital market	■	■	■			
Corporate transactions (Mergers & Acquisitions)	■	■	■			■
Sustainability (Environment, Social)	■	■	■	■	■	■
Accounting and financial reporting		■	■			
Auditing		■	■			
Controlling, risk management		■	■			
Corporate Governance, Compliance	■	■	■	■	■	■
Supervisory Board member since	2/2020	5/2015	5/2020	5/2023	6/2020	5/2020

To ensure the independence of its members, the Supervisory Board has stipulated in accordance with recommendation C.7 of the GCGC that more than half of the shareholder representatives should be independent of the company and the Executive Board. In accordance with recommendation C.9 Sentence 2 of the GCGC, at least one shareholder representative should be independent of the majority shareholder of Vossloh AG. As at December 31, 2024, the Supervisory Board considered all shareholder representatives (100 %) on the Supervisory Board to be independent within the meaning of recommendations C.7 and C.9 of the GCGC.

The work of the Supervisory Board takes place both in plenary sessions and in the three committees that the Supervisory Board has currently formed to increase the efficiency of its activities. The chairmen of the committees report on the topics discussed and the results of the discussions at the meeting of the full Supervisory Board following the respective committee meeting.

The Personnel Committee consists of four members, namely Prof. Dr. Rüdiger Grube, Dr. Bettina Volkens, Mr. Ulrich M. Harnacke and Mr. Marcel Knüpfer. The Personnel Committee is primarily responsible for matters relating to the Executive Board. In principle, it prepares the personnel decisions, as well as the resolutions and reviews of the complete Supervisory Board with regard to the remuneration system and the total remuneration of the individual members of the Executive Board. The Chairman of the Supervisory Board, Prof. Dr. Rüdiger Grube, is also Chairman of the Personnel Committee and is considered independent within the meaning of recommendation C.10 of the GCGC.

The members of the Audit Committee are Mr. Ulrich M. Harnacke, Dr. Roland Bosch and Mr. Marcel Knüpfer. The Chairman of the Audit Committee is Mr. Ulrich M. Harnacke. The Audit Committee is responsible, in particular, for monitoring accounting, the accounting process, the appropriateness and effectiveness of the internal control system and the risk management system, the internal audit system, the auditing of the financial statements and compliance. The Audit Committee prepares the Supervisory Board's review of the separate and consolidated financial statements, the combined management report and the audit reports of Vossloh AG and the Vossloh Group. The quarterly statements and the half-year financial report are discussed jointly by the Audit Committee and the Executive Board prior to publication. The Audit Committee submits recommendations to the Supervisory Board for the appointment of the auditor, issues the audit mandate for the annual financial statements and the consolidated financial statements, as well as for the review of the interim financial reports and, together with the auditor, determines the focal points of the audit. The Chairman of the Audit Committee is also in regular contact with the auditor outside of the Audit Committee meetings and discusses the progress of the audit in particular. The Audit Committee also receives regular reports directly from Internal Audit and the Chief Compliance Officer. In addition, the members of the Audit Committee exercise their right to information in accordance with Section 107 (4) Sentence 4 German Stock Corporation Act (AktG). The Audit Committee also performs the duties set out in Section 111a Sentences 1 and 2 German Stock Corporation Act (AktG) with regard to the audit of related party transactions. Members of the Audit Committee have expertise in the areas of accounting and auditing, including sustainability reporting. Mr. Ulrich M. Harnacke is a tax consultant and auditor, as well as a former managing director of Deloitte GmbH and a former member of the Executive Board of BDO AG. As a financial expert with knowledge in the field of auditing and accounting, he fulfills the requirements of Section 100 (5) German Stock Corporation Act (AktG) and recommendation D.3 of the GCGC; this also includes sustainability reporting and its audit. It is also to be regarded as independent within the meaning of recommendation C.10 of the GCGC. Dr. Roland Bosch is Commercial Director of WOLFF & MÜLLER Holding GmbH & Co. KG and former Chief Executive Officer (CEO) of Deutsche Bahn Cargo AG. Among other things, he has expertise in the field of accounting (Section 100 [5] German Stock Corporation Act [AktG], Recommendation D.3 of the GCGC), including sustainability reporting and its audit.

The task of the Nomination Committee, which consists of the four shareholder representatives, namely Prof. Dr. Rüdiger Grube, Dr. Bettina Volkens, Dr. Roland Bosch and Mr. Ulrich M. Harnacke, is both long-term succession planning for the Supervisory Board and the preparation of candidate proposals for shareholder representatives on the Supervisory Board. The Supervisory Board decides on the election proposals to be submitted to the Annual General Meeting for a decision. The Chairman of the Nomination Committee is Prof. Dr. Rüdiger Grube.

The Supervisory Board regularly assesses the efficiency of its activities and its committees. The Supervisory Board makes use of external support or carries out a self-evaluation. The last review of the performance of the Supervisory Board as a whole and its committees took place with external and independent support in October 2024 and showed consistently positive results. The focal points of the efficiency audit included committee work, the content of meetings, the composition of the Supervisory Board, reporting by and communication with the auditor, the composition and work of the committees and current topics such as sustainability, diversity and succession planning.

Each member of the Supervisory Board is obliged to act in the interests of the company. Possible conflicts of interest must be reported to the Chairman of the Supervisory Board without delay. Members of the Supervisory Board are excluded from exercising their voting rights on Supervisory Board resolutions concerning themselves or persons or companies related to them. With the exception of the employee representatives as part of their contractual remuneration, no member of the Supervisory Board has received any remuneration or benefits from a Vossloh Group company for personal services rendered in addition to their remuneration as a Supervisory Board member. Former members of the Executive Board of Vossloh AG are not members of the Supervisory Board.

Compliance

Vossloh understands compliance to mean compliant behavior in accordance with all applicable laws and internal company guidelines. As a global company with a tradition going back some 140 years, Vossloh bears social responsibility towards its customers, partners, employees, investors and the public. This social responsibility includes ensuring that Vossloh and all its employees comply with applicable laws, respect basic ethical values and act in an exemplary manner at all times and everywhere in their work for the company.

The Executive Board of Vossloh AG has summarized these principles unequivocally in its Compliance Commitment, which states, among other things: “Compliance with the law has absolute priority over closing a deal or achieving internal targets. We would rather forgo a business opportunity than violate the law. We will not tolerate any violation of the law or of our internal guidelines and policies and will sanction any such behavior (zero tolerance policy).” The Compliance Commitment is also published on the company’s website. The Executive Board of Vossloh AG has established a Compliance Management System for the Vossloh Group. Vossloh’s Compliance Management System is designed to identify risks arising from compliance violations and to minimize these risks through appropriate measures, in order to prevent damage to Vossloh and its employees. The prevention of corruption and strict compliance with competition law regulations are a particular focus.

Since 2007, Vossloh’s Compliance Management System has been based on the Vossloh Code of Conduct, which specifies the value of integrity and is binding for the entire Group and all company employees. The Code of Conduct was extensively revised and further developed in 2016. The current version is published on the company’s website. Together with the compliance guidelines that apply equally throughout the Group, this provides all employees with a set of rules that offers guidance for their daily work and helps them to make lawful and correct decisions. The compliance regulations are available in the main Group languages and have been distributed to all Vossloh Group employees worldwide. Based on a compliance training concept, all employees receive regular training on compliance issues tailored to their target group. Vossloh has also set up a compliance e-learning program for all employees with a computer workstation.

To implement and monitor compliance, the Executive Board has set up a Compliance Organization and defined its structure, the responsibilities and tasks of the individual compliance functions and their reporting channels in „Compliance Rules of Procedure“. The Vossloh Compliance Organization consists of the Chief Compliance Officer (supported by a Compliance Office) and the Group Compliance Committee at the level of Vossloh AG, Compliance Officers and Compliance Committees in the business units and Local Compliance Officers in the operating companies. The Chief Compliance Officer reports regularly to the Executive Board and Supervisory Board.

Together with an international law firm, Vossloh has set up a whistleblower hotline to uncover possible compliance violations. The whistleblower hotline gives company employees and external whistleblowers the opportunity to report possible misconduct to an independent, external contact person (ombudsperson). The whistleblower hotline has so far been set up for 24 countries. As such, the main regions and the languages spoken within the Vossloh Group are essentially covered. The Chief Compliance Officer follows up every report and initiates any necessary measures. The same applies to information that employees can provide via internal reporting channels; for example, they can contact the Compliance Office of Vossloh AG directly.

The Chief Compliance Officer and the Group Compliance Committee continuously review the group-wide appropriateness and effectiveness of the Compliance Management System. In the 2024 fiscal year, the Executive Board decided to subject the Compliance Management System to another external review – in relation to the subsections of antitrust law and anti-corruption – in accordance with IDW PS 980 as amended (new version; 09.2022) following the last external review and confirmation by KPMG AG Wirtschaftsprüfungsgesellschaft in the 2017 fiscal year, and once again commissioned KPMG AG Wirtschaftsprüfungsgesellschaft for this purpose. This audit was started in the 2024 fiscal year with the Readiness Check and will be completed in 2025 with the Adequacy and Effectiveness Audit. Further measures on the appropriateness and effectiveness of the Vossloh Group's Compliance Management System are described on pages 142 et seqq. of this Annual Report.

The Group Compliance Committee regularly initiates incident-unrelated audits, usually with the support of external auditors, and conducted risk dialogs in recent years up to the end of the reporting year in order to review the appropriateness and effectiveness of the Compliance Management System in the Group companies and to identify new or changed risks and any opportunities for improvement. At the end of the 2024 fiscal year, the Group Compliance Committee decided to discontinue the previous risk dialogs and replace them with a software-based risk assessment for all Group companies. The software-supported query was initiated for the first time at the end of 2024.

Risk and control management

The principles of good corporate governance include dealing responsibly with business risks, as well as with the ecological and social impact of the company's activities and the sustainability goals derived from them. The Executive Board of Vossloh AG and the management teams of the Vossloh Group have access to group-wide and company-specific reporting and control systems that ensure the recording, assessment and management of these risks, including sustainability-related data. The systems are continuously reviewed for their effectiveness, adapted to changing requirements if necessary and reviewed and assessed by the auditor as part of the statutory audit mandate. As described above, the Supervisory Board and Audit Committee are regularly informed and involved in the risk management process. Details on risk management in the Vossloh Group can be found in the Risk and Opportunity Report section (from page 53 of this Annual Report). It also contains the report on the accounting-related internal control and risk management system. Details on sustainability can be found in the Group Sustainability Statement (from page 68 of this Annual Report).

Declaration of Conformity

In 2024, the Executive Board and Supervisory Board of Vossloh AG again dealt in detail with the recommendations of the GCGC. The corporate governance practiced at Vossloh is regularly reviewed accordingly.

The Executive Board and Supervisory Board issued the following declaration of conformity in December 2024:

Declaration of Conformity by the Executive Board and the Supervisory Board of Vossloh Aktiengesellschaft with regard to the German Corporate Governance Code

Vossloh Aktiengesellschaft currently complies with all recommendations of the German Corporate Governance Code in the version of April 28, 2022, published by the German Federal Ministry of Justice in the official section of the Federal Gazette on June 27, 2022 (DCGK), with the exceptions set out below and will continue to comply with these recommendations with the exceptions set out below in the future.

Recommendation C.4: "A Supervisory Board member who is not a member of any Executive Board of a listed company shall not accept more than five Supervisory Board mandates at non-group listed companies or comparable functions, with an appointment as Chairman of the Supervisory Board being counted twice."

Explanation: In addition to his mandate as Chairman of the Supervisory Board of Vossloh AG, the Chairman of the Supervisory Board, Prof. Dr. Grube, holds more than five Supervisory Board mandates at listed companies or comparable functions. The Supervisory Board is of the opinion that the question of whether a member has sufficient time for their mandate must be assessed on a case-by-case basis. In the opinion of the Executive Board and the Supervisory Board, Prof. Dr. Grube makes an extremely valuable contribution to the company, not least on account of his outstanding expertise and many years of experience in the industry, and this contribution is not lessened by his additional mandates. In particular, Prof. Dr. Grube has sufficient time available to conscientiously fulfill his responsibilities as the Chairman of the company's Supervisory Board.

Recommendation G.7: "Referring to the forthcoming financial year, the Supervisory Board shall establish the performance criteria for each Executive Board member covering all variable remuneration components; besides operating targets, the performance criteria shall be geared mainly towards strategic goals. The Supervisory Board shall determine to what extent individual targets for each Executive Board member – or targets for the entire Executive Board as a whole – are decisive for the variable remuneration components."

Explanation: The company intends to grant the members of the Executive Board a special bonus for the financial year 2024 on the contractual basis provided for in the remuneration system currently still in force. This shall adequately take into account the performance of the members of the Executive Board in the ongoing financial year, including the agreement to acquire Sateba Group. The Supervisory Board also considered the fact that the transaction costs for the acquisition of Sateba Group were already incurred in the current financial year, but closing of the acquisition is scheduled to occur in the next financial year, which could not be taken into account when setting the targets for the ongoing financial year. As part of a review of the renumeration of the Executive Board on December 13, 2024, the Supervisory Board adopted a revised remuneration system for the Executive Board, which will be proposed for approval by the Annual General Meeting 2025 and will be effective from the financial year 2025. The revised remuneration system will no longer provide for the possibility to grant special bonuses. At the same time, however, it is intended to establish the option to make adjustments for extraordinary developments and special effects in line with recommendation G.11 of the DCGK.

Recommendation G.8: "Subsequent changes to the targets or comparison parameters shall be excluded."

Explanation: In connection with the revision of the remuneration system, the contractually agreed weighting of the benchmark indices for determining the relative performance of the Vossloh share as part of the Executive Board members' long-term variable remuneration shall be changed. The new weighting will be applicable not only to future remuneration tranches but also to current tranches of the multi-year bonus, thereby creating a consistent basis. In addition to other performance targets, the incentives for members of the Executive Board will continue to be based on the performance of the company's share price.

Recommendation G.9 S. 1: "After the end of every financial year, the Supervisory Board shall establish the amount of individual variable remuneration to be granted, depending on target achievement."

Explanation: In view of the special bonuses to be granted for the financial year 2024, which are thus not linked to the performance targets set for the financial year 2024, a deviation from the recommendation in G.9 sentence 1 of the DCGK shall be declared as a precautionary measure.

Recommendation G.10: "Taking the respective tax burden into consideration, Executive Board members' variable remuneration shall be predominantly invested in company shares by the respective Executive Board member or shall be granted as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Executive Board members only after a period of four years."

Explanation of the departure from sentence 1: The Supervisory Board has considered the share price-based components of the variable remuneration of the Executive Board, which currently account for approx. one-third of the variable Executive Board remuneration, as being generally sufficient. However, Vossloh will comply with sentence 1 of recommendation G.10 for the period from January 1, 2025. As described above, the Supervisory Board adopted a revised remuneration system for the Executive Board on December 13, 2024, which will be proposed for approval by the Annual General Meeting 2025 and will be effective from the financial year 2025. This remuneration system shall mainly provide for share-based amounts granted in the form of a virtual performance share plan as part of the variable remuneration.

Explanation of the departure from sentence 2: In light of the recommendation of the DCGK that the first-time appointment of Executive Board members should not exceed a period of three years – a recommendation that is regularly practiced by the company – the Supervisory Board does not believe that a four-year measurement period for the long-term variable remuneration of Executive Board members (or a distribution prohibition of one year directly following the three-year measurement period) would be appropriate.

Furthermore, since the issuance of the previous declaration of conformity in November 2023, Vossloh AG has complied with all recommendations of the German Corporate Governance Code in the version dated April 28, 2022, with the exception of the deviations from recommendations C.4, G.7, G.8, G.9 sentence 1 and G.10 set out above.

The current and previous years' declarations of conformity are permanently available on Vossloh AG's website.

Shareholders and Annual General Meeting

Vossloh AG's stockholders exercise their rights and voting rights at the Annual General Meeting. The Annual General Meeting is usually chaired by the Chairman of the Supervisory Board. The Annual General Meeting passes resolutions with binding effect on all matters assigned to it by law, in particular, on the appropriation of net profit, the discharge of the Executive Board and Supervisory Board, the election of the auditor and the approval of the remuneration report. Each Vossloh share entitles the holder to one vote at the Annual General Meeting. Shareholders have the option of exercising their voting rights at the Annual General Meeting themselves or having them exercised by an authorized representative of their choice or by a proxy appointed by the company who is bound by instructions. The voting results can be viewed on the company's website immediately after the Annual General Meeting.

Investor Relations

Vossloh AG ensures that shareholders and other capital market participants are informed promptly, efficiently and with the same content. All information published by Vossloh AG about the company is published immediately on the company's website at www.vossloh.com in German and English. This applies, in particular, to the Annual Report, the half-year financial report, the interim reports on the quarters and the invitation to the Annual General Meeting. The scheduled dates of the main recurring events and publications, namely the Annual General Meeting, Annual Report, interim reports and announcements, are compiled in a financial calendar that is published on Vossloh AG's website well in advance. The consolidated financial statements are publicly accessible within 90 days of the end of the fiscal year, while the half-year financial report and interim reports are publicly accessible within 45 days of the end of the reporting period at the latest. In accordance with Article 17 of the Market Abuse Regulation, any insider information concerning Vossloh that arises or becomes known outside the scope of regular reporting and is likely to have a significant impact on the price of Vossloh stock is disclosed in ad hoc announcements. The website www.vossloh.com also offers extensive and up-to-date information on the Vossloh Group and Vossloh stock.

Accounting and auditing

The Vossloh Group's accounting is based on the International Financial Reporting Standards (IFRS) applicable in the EU. Vossloh AG's annual financial statements are prepared in accordance with the statutory provisions of the German Commercial Code (HGB). Both the consolidated financial statements in accordance with IFRS and the separate financial statements in accordance with German accounting regulations were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, which was elected as auditor by the Annual General Meeting 2024 at the proposal of the Supervisory Board, in accordance with the applicable German regulations and in compliance with the generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]). The audit mandate was issued by the Audit Committee of the Supervisory Board in accordance with the recommendations of the GCGC. Particular attention was paid to ensuring that there is no doubt about the independence of the auditor. It was agreed with the auditors that they would report immediately on any findings and events of significance for the tasks of the Supervisory Board that arise during the performance of the audit and inform the Supervisory Board of any facts discovered in the process that could render the declaration on the GCGC incorrect. The audit did not reveal any indications of such facts. The condensed interim consolidated financial statements and the interim Group management report as at June 30, 2024 were reviewed by an auditor.

Participation of women and men in management positions

In accordance with legal requirements, the Supervisory Board and the Executive Board have adopted the following objectives for Vossloh AG (for the objectives for the Supervisory Board, see the "Supervisory Board" section above).

On November 25, 2021, the Supervisory Board resolved a target of 0 % for the next target period until December 14, 2026 for the Executive Board of Vossloh AG, which currently consists of three male members, and justified this as follows

"The Supervisory Board of Vossloh AG is aware of the legal requirements for the empowerment of women in management positions and its responsibility for gender equality. Accordingly, the Supervisory Board has set a target figure of 16.67 % for its own composition (corresponding to one woman on the full Board, which consists of six members and four shareholder representatives). Vossloh AG is not legally obliged to appoint a woman to the Executive Board. For the Executive Board, the Supervisory Board considers a voluntary commitment to a permanently binding target of greater than zero to be difficult to implement at present after weighing up all the circumstances.

The Supervisory Board regularly deals with long-term succession planning, at least once a fiscal year, in order to identify and develop suitable female and male candidates in advance and to fill vacancies with the most suitable candidate as quickly as possible. The Supervisory Board is committed to ensuring that the Executive Board actively promotes suitable female talent. However, a generally valid concept of diversity does not exist for the Executive Board – also in view of the small size of Vossloh AG's Executive Board. Instead, the Supervisory Board endeavors to find the most suitable candidate for vacant Executive Board positions in each individual case.

The appointment of the Executive Board is preceded by a systematic selection process that focuses on expertise and personality, in addition to a number of other aspects such as diversity in the composition of the Executive Board.

The Executive Board currently consists of highly qualified managers who are characterized by a long-standing relationship with Vossloh AG and a profound knowledge of the subject matter for which they are responsible. In the future, the Supervisory Board would also like to have the freedom to appoint the relatively small Executive Board of Vossloh AG in accordance with the aforementioned principles of selecting the best candidates. Furthermore, there are comparatively few women working in the rail industry as a whole and in related industries, especially those with relevant management experience. Vossloh AG also experiences and regrets this fact when recruiting for (management) positions below the Executive Board level, as women are generally strongly underrepresented among applicants. In the opinion of the Supervisory Board, it is, therefore, not guaranteed that a voluntary commitment to a minimum participation of women is compatible with maintaining the selection of the best. This applies all the more in view of the small size of the Executive Board."

Female candidates were also considered as part of the selection process in preparation for the last personnel changes to the Executive Board in November 2020. In March 2023, the Supervisory Board extended the terms of office and contracts of Dr. Thomas Triska and Mr. Jan Furnivall for a further five years each until 31 October 2028. The extension of Mr. Oliver Schuster's term of office and contract for a further five years until 28 February 2030 was resolved before the end of the current appointment period in March 2024. There are currently no plans to change the composition of the Executive Board.

On November 25, 2021, the Executive Board of Vossloh AG set targets for the proportion of women at the first and second management levels below the Executive Board of 25 % each, with a deadline of December 14, 2026. The target as at December 31, 2024 for the first management level was exceeded at 30.8 % and for the second management level at 40.0 %.

Remuneration of the Executive Board and Supervisory Board

At www.vossloh.com/de/investor-relations/corporate-governance/verguetung the remuneration system for the members of the Executive Board pursuant to Section 87a (1) and (2) German Stock Corporation Act (AktG), which was approved by the Annual General Meeting on May 15, 2024, and the remuneration system for the members of the Executive Board that has been in force since January 1, 2025, which was resolved by the Supervisory Board on December 13, 2024 and is still to be approved by the Annual General Meeting.

The remuneration system for the members of the Supervisory Board adopted by the Annual General Meeting on May 24, 2023 in accordance with Section 113 (3) German Stock Corporation Act (AktG) is also available at the same Internet address. The remuneration report 2024 together with the auditor's report in accordance with Section 162 German Stock Corporation Act (AktG) can be found on pages 219 et seqq. of this Annual Report. It will be available on the company's website, as will the most recent resolutions of the Annual General Meeting on the remuneration system and the remuneration report. The remuneration system for Executive Board members makes a significant contribution to promoting and implementing the Vossloh Group's corporate strategy, namely strengthening the product business and further expanding the digital service business with the aim of sustainably increasing the value of the company.

Statutory takeover-related disclosures pursuant to Section 289a and Section 315a German Commercial Code (HGB)

The provisions of Sections 289a and 315a German Commercial Code (HGB) require that the following takeover-related disclosures be made as of December 31, 2024.

Composition of the subscribed capital
The company’s subscribed capital (capital stock) amounts to €54,843,447.62. It is distributed across 19,320,597 no-par-value ordinary shares.

Restrictions on voting rights and share transferability
All shares carry the same rights. Each share grants one vote at the Annual General Meeting. The Executive Board of the company is not aware of any restrictions on voting rights or share transferability.

Shareholding in excess of 10 % of the voting rights
On the basis of the notifications of voting rights submitted to the company in accordance with the provisions of the German Securities Trading Act (WpHG), an interest in the company’s capital that exceeds 10 % of the voting rights exists. KB Holding GmbH, Oberhaching, Germany, holds 50.09 % of the voting rights in Vossloh AG. According to the voting rights exists notifications, these voting rights are attributable to TIB Vermögens- und Beteiligungsholding GmbH, Oberhaching, Germany, Stella Vermögensverwaltung GmbH, Oberhaching, Germany, and Heinz Hermann Thiele Familienstiftung, Munich, Germany, in accordance with Section 34 (1) German Securities Trading Act (WpHG).

Shares with special rights or rights of control
There are no shares with special rights or rights of control.

Voting control of employee shareholdings
Employees who are shareholders in the company exercise their control rights like other shareholders in accordance with the statutory provisions and the Articles of Incorporation.

Appointment/dismissal of Executive Board members; amendments to the Articles of Incorporation
Vossloh AG’s Executive Board members are appointed or dismissed in accordance with the provisions of Sections 84, 85 German Stock Corporation Act (AktG) in conjunction with Article 7 of the Articles of Incorporation. Pursuant to Section 84 (1) German Stock Corporation Act (AktG), Executive Board members are appointed by the Supervisory Board. The maximum term of office is five years, and reappointment for an extension of the term of office is permitted. The appointment of an Executive Board member may be revoked in accordance to Section 84 (4) German Stock Corporation Act (AktG).

According to Section 179 (1) German Stock Corporation Act (AktG), the Articles of Incorporation may be amended by a resolution of the Annual General Meeting. Pursuant to Article 21 (2) of the Articles of Incorporation but subject to overriding statutory provisions to the contrary, the Annual General Meeting may pass its resolutions with the simple majority of votes cast. If the law prescribes a capital majority in addition to a majority of votes, a simple majority of the share capital present at the time the resolution is passed is sufficient, unless the law or the Articles of Incorporation prescribe otherwise. Section 27 of the Articles of Incorporation authorizes the Supervisory Board to resolve amendments to the Articles of Association that only affect the wording. Article 4 (4) of the Articles of Incorporation further entitles the Supervisory Board to update the Articles of Incorporation accordingly after the capital stock has been increased by utilizing authorized or contingent capital.

Authority of the Executive Board to issue and buy back shares

Authorized capital

The Executive Board is authorized to increase the share capital by up to a total of €19,943,075.72 by issuing bearer shares against cash and/or non-cash contributions on one or more occasions with the approval of the Supervisory Board until May 26, 2025 (Authorized Capital 2020).

The shareholders are entitled to subscription rights. The shares may also be taken over by one or more credit institutions with the obligation to offer them to the shareholders for subscription. The Executive Board is authorized, however, subject to consent of the Supervisory Board, to exclude the subscription rights of shareholders in the following instances:

(i) To exclude fractional amounts resulting from the subscription ratio from the subscription right;

(ii) In order to grant the holders – or, in the case of registered securities, the creditors – of conversion and/or option rights or a conversion obligation outstanding at the time the Authorized Capital 2020 is utilized, relating to convertible bonds and/or options to be issued in future by the company or one of its wholly owned subsidiaries, a subscription right to new shares to the extent to which they would be entitled as shareholders after exercising the conversion and/or option rights or after fulfilling a conversion obligation;

(iii) In the case of capital increases against cash contributions, if the issue price of the new shares is not significantly lower than the stock exchange price of the already listed shares of the same class at the time the issue price is finally fixed and the total number of shares issued does not exceed 10 % of the share capital neither at the time this authorization becomes effective nor at the time it is exercised. The following are counted towards this capital limit: (1.) the sale of treasury shares, insofar as this takes place during the term of this authorization with the exclusion of subscription rights in accordance with Section 186 (3) Sentence 4 German Stock Corporation Act (AktG); (2.) those shares that are issued or are to be issued to service bonds with conversion and/or option rights or a conversion obligation, insofar as the bonds are issued during the term of this authorization with the exclusion of subscription rights in corresponding application of Section 186 (3) Sentence 4 German Stock Corporation Act (AktG); and (3.) those shares that are issued during the term of this authorization on the basis of other capital measures with the exclusion of subscription rights in accordance with or in corresponding application of Section 186 (3) Sentence 4 German Stock Corporation Act (AktG);

(iv) In the case of capital increases against contributions in kind.

The authorizations contained in the above paragraphs (i) to (iv) to exclude subscription rights in the case of capital increases against cash and/or contributions in kind are limited to an amount not exceeding 10 % of the share capital, either at the time this authorization becomes effective or at the time this authorization is exercised. The aforementioned 10 % limit must also be taken into account: (1.) treasury shares that are sold during the term of this authorization with the exclusion of subscription rights; (2.) those shares that are issued to service bonds, provided that the bonds were issued during the term of this authorization with the exclusion of shareholders' subscription rights; and (3.) those shares that were issued during the term of this authorization on the basis of other capital measures with the exclusion of shareholders' subscription rights.

The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and the conditions of the share issue.

Further details of the authorization can be found in Article 4 of the Articles of Incorporation.

Issue of bonds
The company's Annual General Meeting on 15 May 2024 authorized the Executive Board, with the approval of the Supervisory Board, to issue bearer or registered convertible bonds and/or bonds with warrants, profit participation rights and/or income bonds (including hybrid bonds in each case) (or combinations of these instruments) up to 14 May 2029 in a total nominal amount of up to bonds (or combinations of these instruments) with a total nominal value of up to €150,000,000 and to grant the holders or creditors of the bonds conversion or option rights to a total of up to 1,756,418 no-par value bearer shares in the company with a pro rata amount of the share capital totaling up to €4,985,768. The bonds may be issued against cash and/or non-cash contributions.

The shareholders are generally entitled to a subscription right to the bonds. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights

(i) insofar as the bonds are issued against cash payment and the Executive Board, after due examination, comes to the conclusion that the issue price of the bonds is not significantly lower than their theoretical fair value calculated using recognized, in particular financial mathematical methods. This authorization to exclude subscription rights applies to bonds with conversion and option rights or conversion or option obligations on shares with a proportionate amount of the share capital that may not exceed a total of 10 % of the company's share capital, either at the time this authorization becomes effective or – if this amount is lower – at the time this authorization is exercised. Shares in the company that are issued or sold during the term of this authorization with the exclusion of shareholders' subscription rights pursuant to or in accordance with Section 186 (3) Sentence 4 German Stock Corporation Act (AktG) are to be counted towards this maximum limit of 10 % of the share capital. The above offsetting against the maximum limit shall cease to apply when a new authorization to exclude shareholders' subscription rights pursuant to or in accordance with Section 186 (3) Sentence 4 German Stock Corporation Act (AktG), as far as the new authorization extends, but up to a maximum of 10 % of the share capital in accordance with the provisions of Sentence 2 of this paragraph, is resolved by the Annual General Meeting after the reduction has taken effect;

(ii) insofar as the bonds are issued against non-cash contributions;

(iii) to the extent necessary to grant the holders of bonds a subscription right to the extent to which they would be entitled after exercising the conversion or option right or after fulfilling the conversion or option obligation;

(iv) to exclude fractional amounts from the subscription right.

The authorizations to exclude subscription rights contained in the above paragraphs are to be applied to other shares in the company that are issued or sold during the term of this authorization with the exclusion of shareholders' subscription rights or that are issued or are to be issued to service bonds with conversion or option rights or with conversion or option obligations, provided that these bonds were issued during the term of this authorization with the exclusion of subscription rights (with the exception of issuance with the exclusion of subscription rights for fractional amounts), limited to a pro rata amount of 10 % of the share capital at the time this authorization becomes effective or – if this value is lower – at the time this authorization is exercised. The above offsetting against the maximum limit shall cease to apply when a new authorization to exclude shareholders' subscription rights resolved by the Annual General Meeting after the reduction comes into effect, insofar as the new authorization extends, but up to a maximum of 10 % of the share capital in accordance with the provisions of Sentence 1 of this paragraph.

Further details of the authorization and the Conditional Capital 2024 created to service it can be found in the authorization resolution of the Annual General Meeting on 15 May 2024 and Article 4 of the Articles of Incorporation.

Purchase of treasury shares

The company's Annual General Meeting on 15 May 2024 authorized the Executive Board to acquire treasury shares in the company until 14 May 2029 in the total amount of up to 10 % of the share capital existing at the time the aforementioned authorization takes effect or – if this amount is lower – of the share capital existing at the time the aforementioned authorization is exercised for any permissible purpose within the scope of the statutory restrictions and in accordance with the provisions of the authorization of the Annual General Meeting. The acquisition may be made, at the discretion of the Executive Board,

a) via the stock exchange,
b) by means of a public purchase offer addressed to all shareholders,
c) by means of a public invitation to all shareholders to submit offers to sell; or
d) by means of the granting of put options.

The company's Annual General Meeting on 15 May 2024 also authorized the Executive Board to use the treasury shares acquired on the basis of the authorization for all legally permissible purposes, in particular, as follows:

(i) Sale via the stock exchange or, with the approval of the Supervisory Board, by means of a public offer to all shareholders in proportion to their shareholding.

(ii) Sale with the approval of the Supervisory Board for cash at a price that is not significantly lower than the stock market price of the company's shares at the time of sale.

(iii) Sale with the approval of the Supervisory Board in return for non-cash contributions.

(iv) Servicing acquisition obligations or acquisition rights to shares in the company arising from or in connection with convertible bonds, bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) issued by the company or its affiliated companies within the meaning of Section 18 German Stock Corporation Act (AktG).

(v) Granting subscription rights to holders or creditors of convertible bonds, bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) with option and/or conversion rights and/or obligations issued by the company's affiliated companies within the meaning of Section 18 German Stock Corporation Act (AktG) to compensate for dilution.

(vi) Redemption without the redemption or implementation requiring a further resolution by the Annual General Meeting.

(vii) Issue in connection with share-based remuneration or employee share programs of the company or its affiliated companies to persons who are or were in an employment relationship with the company or one of its affiliated companies, as well as to board members of companies affiliated with the company.

Shareholders' subscription rights to treasury shares are excluded insofar as the shares are used in accordance with the authorizations in items (i) to (v) and (vii). In total, the sum of the shares sold with the exclusion of subscription rights, taking into account other shares of the company that are issued or sold during the term of this authorization with the exclusion of shareholders' subscription rights or that are issued or are to be issued to service bonds with conversion or option rights or with conversion or option obligations, provided that these bonds were issued during the term of the authorization with the exclusion of subscription rights (with the exception of issuance with the exclusion of subscription rights for fractional amounts), may not exceed a pro rata amount of 10 % of the share capital, either at the time the authorization becomes effective or – if this value is lower – at the time the authorization is exercised. The above offsetting against the maximum limit shall cease to apply when a new authorization to exclude shareholders' subscription rights resolved by the Annual General Meeting after the reduction comes into effect, insofar as the new authorization extends, but up to a maximum of 10 % of the share capital in accordance with the provisions of Sentence 2 of this paragraph.

Further details of the authorization can be found in the authorization resolution of the Annual General Meeting on 15 May 2024.

As of December 31, 2024, the company did not hold any treasury shares.

Agreements upon of a change of control
The company has eleven significant agreements that are subject to a change of control.

In ten of these agreements, a change of control means that a person or group of persons acting together – with the exception of the descendants, spouses, heirs, foundations or other beneficiaries of the last will and testament of Mr. Heinz Hermann Thiele – directly or indirectly acquires more than 50 % of the capital shares or voting rights in the company:

- a syndicated loan agreement with Bayerische Landesbank, BNP Paribas S.A. Niederlassung Deutschland, Commerzbank AG, Deutsche Bank AG, HSBC Continental Europe S.A., Germany, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen Girozentrale and Skandinaviska Enskilda Banken AB (publ) Frankfurt Branch, including the sub-credit line agreements concluded on this basis: In the event of a change of control, each individual bank has the right to terminate the portion of the loan attributable to it within 30 days of notification. In the event of a termination, the outstanding balance, including accrued interest, are due and payable within a period of at least 15 days;

- a guarantee credit agreement with Skandinaviska Enskilda Banken AB (publ) Frankfurt Branch: In the event of a change of control, the bank has an extraordinary right of termination. In the event of a termination, the outstanding balance, including accrued interest, is immediately due and payable;

- a deposit insurance contract with Tryg Deutschland, a branch of Tryg Forsikring A/S: In the event of a change of control, the insurer has the right to terminate the contract without notice within 30 days of becoming aware of it. If the policy is canceled, the insurer is entitled to demand collateral for outstanding guarantees in the form of a cash deposit;

- a hybrid bond arranged by M.M. Warburg & Co. und Jefferies GmbH: In the event of a change of control, the bond gives the issuer the right to call the bond and demand repayment of the outstanding amounts, including accrued interest, at a date to be specified. If the issuer does not exercise this right, the interest rate used to calculate the accrued interest is increased by 500 basis points;

– a loan agreement with DZ Bank AG Deutsche Zentral-Genossenschaftsbank: In the event of a change of control, the parties must reach a satisfactory agreement to continue the loan relationship, if necessary under different conditions. If an agreement cannot be reached within one month, the bank is entitled to terminate the loan and any accrued interest without notice;

– a Schuldschein loan arranged by Landesbank Hessen-Thüringen Girozentrale: In the event of a change of control, the loan agreement provides for the lender's right to demand payment of the outstanding amounts, including accrued interest, within 30 days of becoming aware of this;

– two Schuldschein loans arranged by Bayerische Landesbank and Landesbank Baden-Württemberg: In the event of a change of control, the loan agreements provide for the lenders' right to demand payment of the outstanding amounts, including accrued interest, within 30 days of becoming aware of this;

– a syndicated loan agreement with Commerzbank AG, Deutsche Bank AG, Landesbank Baden-Württemberg and Skandinaviska Enskilda Banken AB (publ) Frankfurt Branch: In the event of a change of control, each individual bank has the right to terminate the portion of the loan attributable to it within 30 days of notification. In the event of a termination, the outstanding balance, including accrued interest, are due and payable within a period of at least 15 days;

– a surety insurance contract with Euler Hermes Deutschland, a branch of Euler Hermes SA: In the event of a change of control, the insurer has the right to terminate the contract without notice. If the policy is terminated, the insurer is entitled to demand collateral for outstanding guarantees in the form of a cash deposit;

In a further agreement, a change of control essentially means the acquisition of more than 30 % of the voting rights by one or more persons acting jointly, whereby a change of control is deemed to have occurred in relation to the descendants, spouses, heirs, foundations or other beneficiaries of the last will and testament of Mr. Heinz Hermann Thiele if 50 % of the capital shares are exceeded:

– a guarantee credit agreement with Deutsche Bank AG: In the event of a change of control, negotiations are planned to continue the framework loan, if necessary under amended terms and conditions. After a change of control, the bank is not obliged to fund further utilizations.

Right of termination/compensation agreement in the event of a change of control

The current employment contracts of the current members of the Executive Board each provide for a right of termination for the Executive Board member in the event of a change of control. In this respect, a change of control means the publication of an offer document aimed at acquiring control over at least 30 % of the company's voting rights or the actual acquisition of such control. If the Executive Board member exercises his right of termination, he is entitled to a compensation payment for the remaining term of the employment contract (but for no longer than 24 months).

Workforce

As of December 31, 2024, the Vossloh Group had 4,321 employees[1] worldwide working towards the company's goals. This was 304 employees more than in the previous year (4,017 employees), which corresponds to an increase of 7.6 %.

Workforce-related performance indicators (based on the average number)

€ thousand	2024	2023
Personnel expenses per employee	67.6	63.8
Sales revenues per employee	288.5	303.6

The average number of employees in the past fiscal year was 4,194 compared to 3,999 in the 2023 fiscal year. The growth of 4.9 % is primarily attributable to the Lifecycle Solutions division and the holding company.

Personnel expenses

€ mill.	2024	2023
Wages and salaries	227.5	206.4
Social security expenses and charges	48.8	42.6
Pension expenses	7.2	6.2
Total	**283.5**	**255.2**

Divisions

The average number of employees is distributed across the divisions as follows. The following sales revenues were generated with the respective personnel expenses:

Geschäftsbereich	Number Ø employees		Personnel expenses per employee in €		Sales revenues per employee	
	2024	2023	2024	2023	2024	2023
Core Components	1,023	1,017	68.5	69.3	453.2	537.5
Customized Modules	2,319	2,290	59.0	54.7	242.0	234.7
Lifecycle Solutions	739	609	79.0	73.4	276.4	268.7

In addition, an average of 113 people (previous year: 84) were employed at Vossloh AG and at Vossloh RailWatch GmbH, which is not assigned to any business unit.

For more information, please refer to the sections "Occupational health and safety" and "HR strategy and HR management" in the Group Sustainability Statement.

[1] The number of employees is stated in this section on the basis of full-time equivalents.

Research and development

Vossloh is a technological leader in the rail infrastructure segments in which it operates. Innovation plays a decisive role in ensuring that the company remains competitive from a technological standpoint. In the interest of safety, Vossloh's products and services are subject to detailed technical specifications and standards that must be met. By the time products and services for rail infrastructure are ready for the market, they have usually been through years of (further) development and test phases, as well as complex approval procedures by independent testing organizations. Research and development projects at Vossloh are, therefore, usually scheduled to run for several years.

In order to permanently meet the specific expectations of customers in the individual market regions and to further strengthen its own competitive position, Vossloh is constantly investing in the further development and optimization of its products and services with structured innovation management. The group-wide innovation guidelines (Innovation Playbook) adopted in 2021 define principles and procedures. Vossloh intends to increase collaboration across business units to develop new products, services and business models and ensure that customers and suppliers – with their specific expertise – are involved more closely in research and development processes. After reviewing its production processes over recent years, the company is now implementing a range of measures which will provide ongoing efficiency gains, including modernization, increased automation and specialization.

One focus of innovation at Vossloh is digitalization as the link between hardware and services. The company uses specialized sensor systems to collect data about load levels and track condition and, since 2023, data on the condition of rail vehicles. Among other things, this data can be used to gain knowledge about the degree of wear and damage to track components. With this knowledge, disclosures can be made about which maintenance strategies should be applied and when. This can reduce the risk of component failure – and thus the unavailability of routes and infrastructure – during ongoing operations. The use of artificial intelligence also plays an important role in this context. It makes wear patterns recognizable, allowing failures of track components to be predicted and avoided through planned maintenance measures. Vossloh uses its systemic understanding of the track to meet the central customer need – increasing the availability of the rail track – and develops holistic solutions in cooperation with all business units. Under the guiding principle of "enabling green mobility", these ensure that the rail infrastructure is more robust and resilient and that track availability is increased, even though the demands on the rail network are constantly increasing.

At the same time, sustainability criteria such as low material usage and energy consumption, the use of secondary raw materials and recycling or the avoidance of emissions play an important role in Vossloh's research and development activities. Vossloh is increasingly developing energy-efficient, recyclable products that reduce the environmental impact and promote a sustainable circular economy. Based on life cycle analyses, all business units are working on solutions that reduce the ecological footprint of Vossloh products and services. Detailed information on this can be found in the Group Sustainability Statement on pages 68 et seqq.

A significant proportion of Vossloh's research and development efforts relate to specific customer contracts. Accordingly, these expenses are reported under cost of sales in the income statement and not under research and development (R&D). Expenses for the development of market-ready products are only capitalized if they satisfy the relevant criteria defined in IAS 38. Development costs that cannot be capitalized are shown as research and development costs if they are not reported under cost of sales.

In 2024, research and development expenses – including capitalized own work – totaled €16.6 million (previous year: €12.0 million). This corresponds to a share of around 1.4 % of Group sales (previous year: 1.0 %). At €4.4 million (previous year: €4.0 million), R&D expenses in the Core Components division were largely attributable to the Fastening Systems business unit. In the Customized Modules division, R&D expenses amounted to €7.0 million (previous year: €4.6 million). €4.0 million (previous year: €3.0 million) was attributable to the Lifecycle Solutions division, while €1.2 million (previous year: €0.4 million) was attributable to Vossloh AG and Vossloh RailWatch GmbH.

The capitalized additions from own work and from third-party deliveries or services in the 2024 fiscal year in the amount of €2.3 million (previous year: €1.6 million) mainly related to the Lifecycle Solutions division.

Vossloh Group – Research and development costs

€ mill.	2024	2023
Research and development costs	16.6	12.0
of which capitalized	2.3	1.6
Research and development expenses (income statement)	**14.3**	**10.4**
Amortization (of capitalized development costs)	0.9	0.6

Maximize track availability, reduce life cycle costs

Vossloh's research and development efforts in 2024 focused on creating new products and services that provide solutions to the major challenges currently facing the rail sector. This includes increasing the availability of rail tracks and developing solutions to deal with the consequences resulting from the increased load on tracks, such as wear and noise emissions. Vossloh also conducts research with a focus on extending the service life of infrastructure and infrastructure components in order to reduce lifecycle costs. Vossloh possesses comprehensive expertise on rail as a complex mode of transportation. The company is able to leverage this expertise to significantly improve the efficiency of rail network maintenance processes. Digitalization plays a key role in this. The focus is on intelligent rail systems and digital track monitoring. This promotes trouble-free operation and creates the conditions for more rail traffic. In this way, Vossloh is contributing to a more efficient rail infrastructure, which in turn is a necessary prerequisite for the environmentally friendly mobility of people and goods.

With Vossloh connect, the company is focusing on advanced digitalized applications in the rail infrastructure business. The cloud-based one-stop shop platform for customers from the entire rail network offers a range of state-of-the-art solutions that optimize the management and maintenance of rail infrastructure, thus contributing to greater safety, lower life cycle costs and improved overall performance. All digital solutions – mainly in-house developments from Vossloh, with additional complementary products from selected external partners – are integrated into a singular, user-friendly system. The platform provides a convenient, comprehensive overview of rail infrastructure and operations. In addition, the platform includes advanced analytics and alerting systems that reduce the risk of accidents and incidents. This is crucial for railbound traffic safety and helps to reduce the cost of emergency repairs and extend the service life of railroad systems.

Vossloh connect gives customers real-time access to data on the condition of their rail infrastructure. Measurement data and analyses that contribute to improving the maintenance of the rail network can be viewed in a protected area. By using advanced algorithms, the efficiency of maintenance work is increased and downtimes can be reduced.

Condition data as the basis for predictive maintenance

The information about the condition of the rail infrastructure comes, among other things, from configurable IoT sensors directly in the track, which measure vibration conditions near turnouts to identify atypical track behavior. In addition, Vossloh rail processing machines, equipped with a series of sensors, as well as laser or eddy current instruments, serve as diagnostic vehicles. They measure the condition of the rails while the timetable is running. The collected data is transferred to an asset management system, for example, the in-house developed applications maple or MR.pro. In doing so, mapl-e can not only visualize the condition, but also assess it and derive maintenance measures from it, as well as carry out an economic evaluation of the necessary work. On this basis, the asset manager can create a plan and determine a budget for maintenance.

The condition of the track over time is also significantly influenced by the so-called wheel-rail contact. Vossloh RailWatch technology uses optical and acoustic sensors to identify the technical condition of freight and passenger cars, multiple units and locomotives as they pass by. A supplementary measuring system, which is installed in the track, enables further data to be recorded, including various parameters of the wheel profile, weight information and the distribution of axle loads. This collected information is also processed in the cloud using artificial intelligence. This means that wear or damage can be detected at an early stage and maintenance measures can be planned and implemented with pinpoint accuracy.

Turnouts are the most critical elements of the rail track, and also the components which require the most maintenance. Turnout disruptions are one of the main reasons for track unavailability and unplanned maintenance. Turnouts are also the ideal starting point for the continuous collection of condition data with sensors. In addition to tracks, a number of signaling and control systems cross each other at turnouts; as a result, the data collected at turnouts is particularly useful. Various digital solutions are now available for turnout management. In urban regional transportation, for example, Vossloh's compact electro-hydraulic Easydrive point machine can be equipped with smart sensor technology for remote monitoring. The PM-DiagBox can be added to conventional analog point machines to make them smart. Vossloh offers the innovative Easyswitch MIM-H point machine for mainline routes – a modular plug-and- play solution with excellent reliability. The proprietary development SMV (Motto: sense – see – solve) is already being used to avoid turnout failures and to proactively identify the need for tamping work on the ballast in the turnout area and to check its effectiveness. With the service provider France Aiguillages Service (FAS), Vossloh acquired further expertise in the maintenance of turnout systems and turnout signaling systems in July 2024.

Vossloh's AI-driven Wayside Monitoring is used in ports and on industrial sites, among other places. The pulsar installed in the track is equipped with high-resolution camera technology, among other things, and records process and status data such as UIC wagon numbers and brake block conditions. The continuous monitoring of incoming and outgoing trains helps to optimize operating processes and reduce downtimes.

Digitalization accelerates development work

Digitalization also offers direct opportunities for Vossloh's R&D activities. Research and development work in all divisions is increasingly based on data processing technologies – a trend that continued in 2024. One example of successful development using digital means is Vossloh's new M-generation of tension clamps, for which the company required significantly less development time than for comparable products in the past. Thanks to a higher natural frequency and improved torsional rigidity, the tension clamps are more robust than their predecessors. At the same time, their compact design results in lower transportation costs and less potential for conflict on the track.

Contributions for a "quiet rail"

All of Vossloh's innovations also focus on quiet rails as noise and vibrations are a major inconvenience, particularly for people in dense urban areas. Vossloh helps to reduce noise emissions with damped rail fasteners, whisper turnouts, and acoustic grinding of tracks. A number of solutions in this area were improved in 2024. The company also provides maintenance measures that are proven to reduce noise emissions. Vossloh monitors noise using sensor technology and can keep the noise level of rail infrastructure permanently low through targeted track grinding. This is another example of how the company is using digitalization to improve the quality of life for people in urban areas by reducing noise.

Cooperation efforts and partnerships

Vossloh has long relied on the specific expertise of external specialists for some of its development work. The Group has access to an extensive network of experts. Vossloh works closely with well-known universities and research institutes around the world, for example, in Germany, France, Sweden, China, Australia and the USA, in the context of long-term partnerships at different levels and in various configurations. Vossloh focuses on partnerships with technology companies and startups working in digitalization and big data analysis. The joint venture established with Rhomberg Sersa represents a crucial partnership that offers a wide range of monitoring and maintenance services for turnouts and rails. The MR.pro software provides the joint venture with a set of open-system digital tools for evaluating and visualizing the condition and material of track infrastructure.

As part of a strategic partnership with the Swedish digitalization specialist Predge, work is being carried out on a prediction model that provides precise fault forecasts and valuable insights into impending failures, particularly of turnout drives. Vossloh developed the SoniQ Rail Explorer together with its specialist French partner UltraRS. The hand-guided ultrasonic inspection system can detect and localize irregularities inside the rail – even in a manganese cast iron crossing down to a depth of 60 millimeters below the running surface. A partnership between Vossloh and the British Cordel Group has been in place since the beginning of 2025. Its flagship platform uses artificial intelligence to provide automated analysis of transport corridors based on video and LiDAR (Light Detection and Ranging) data.

In addition to Vossloh, several selected partners also offer innovative digital solutions on the Vossloh connect platform. The Swedish company Strainlabs contributes its expertise in the field of intelligent screws. Cervello, a company based in Israel, specializes in cybersecurity solutions for the rail industry.

R&D in the divisions

In 2024, the R&D experts in the Fastening Systems business unit of the Core Components division focused, among other things, on further developing the tension clamps of the new M generation. One of the requirements was to increase the service life of the components in heavily used tracks. The potential of rail fastening systems with M clamps in ballasted track was also validated in complex measurement campaigns. Sustainability aspects were at the forefront of the development of new and improved plastic components. The combination of highly elastic rail fastening systems with highly elastic damping intermediate layers has resulted in a new solution for slab tracks. The Tie Technologies business unit again focused its R&D activities in the reporting year on material and energy-saving changes to the composition of concrete for railroad sleepers. The track tests were continued with a product whose cement mixture leads to a significantly improved CO_2 balance while maintaining the same properties.

In the Customized Modules division, the R&D experts focused on life cycle cost analyses, for example, for a complete streetcar network, as well as on the recycling and reuse of turnout elements. Vossloh can now offer manganese crossings that consist of up to around 90 % recycled material. This is linked to changes and adjustments to production processes, which are being geared more towards the circular economy. Several turnout solutions were also further developed in 2024 with a view to reducing CO_2 emissions during all phases of the vehicle's life cycle. The existing methods and models for inspecting and monitoring turnouts on the track have been improved with the help of new software. In general, advancing digitalization was an important R&D topic throughout the division. This is why Building Information Modeling (BIM) is playing an increasingly important role, both in internal processes and in collaboration with customers.

In the Lifecycle Solutions division, (further) development work focuses on machines for rail processing on the one hand, and onboard measuring systems for even more comprehensive condition monitoring of rail lines and software for evaluating and displaying the overall data (keywords "smart maintenance") on the other. In 2024, the control, sensor and measurement technology of various grinding and milling vehicles was also adapted to further customer requirements. An improved version of the successful high-speed grinding train is in preparation ("HSG-next"). The installation of a measuring system that measures and documents the quality of machined new rails began in the welding plant. The development of the RailTainer for efficient rail transportation to construction sites made further progress, as did the development of a loading and unloading system for transporting the VTM-c local milling machine with a RoMo wagon.

Optimization of production and administration

Streamlined processes and digital data flows along the entire value chain are becoming an increasingly important part of Vossloh's internal processes. The cross-business-segment exchange of knowledge in the context of international development projects with the help of modern communication and collaboration solutions is growing. Accordingly, the IT structure was further expanded and standardized in 2024. In addition to the rollout of the group-wide standardized Enterprise Resource Planning (ERP) system, the focus was on cybersecurity. The information security management system was further refined in order to be armed against cyber threats of all kinds.

Risk and opportunity report

Principles and organizational structure

Risks and opportunities for the company's net assets, financial position and results of operations are systematically identified, analyzed, evaluated, monitored, managed and reported to the relevant bodies at all levels within the Vossloh Group. For Vossloh, proper management of risks and opportunities is part of responsible corporate governance. Vossloh has set up a group-wide risk and reward management system for this purpose. This system serves to prevent or mitigate negative impacts resulting from changes while also identifying and harnessing opportunities that arise. The risk and opportunity management system encompasses not only Vossloh AG itself but also all domestic and overseas subsidiaries in which Vossloh AG has a direct or indirect shareholding, irrespective of whether these are consolidated in the Group's financial statements. Vossloh AG's risk and reward situation is discussed separately at the end of the chapter. Acquired and newly established companies will be integrated into the system immediately, including the companies acquired in the Lifecycle Solutions division in 2024.

The risk and opportunity management system is a component of the business, planning and control processes. The organizational and operational structure is documented in a group-wide guideline. The review of the reported individual risks for interdependencies and the aggregation into an overall risk position (net view), which is then compared to the Group's risk-bearing capacity, will continue unchanged. The Group's risk-bearing capacity is systematically determined on the basis of key earnings and liquidity figures and continuously monitored by Group Controlling. In addition, relevant risks with a very high loss value and a very low probability of occurrence (less than 5 %, so-called tail events) are systematically recorded in the reporting system.

The structure of the risk and opportunity management system is based on the structure of the operating processes of the relative organizational units. There are appointed Risk Managers, Risk Officers and Risk Controllers at all levels of the Group. A permanent inventory identifies risks and opportunities on an ongoing basis and ensures that relevant risks and opportunities are recorded effectively, immediately and systematically.

Vossloh assesses risks and opportunities in terms of their potential impact on earnings and financial position. The possible impact of a risk is primarily calculated using the EBIT as a financial performance indicator. In addition, its influence on the liquidity situation is recorded. Interest and income tax risks as well as risks from discontinued operations are assessed with regard to their impact on net income. This evaluation determines not only the most likely outcome but also the worst-case and best-case scenarios. According to the value-at-risk approach, a minimum probability of 5 % is assumed for this. Additionally, an evaluation of the probability of occurrence is carried out. Tail events are reported separately. Besides, nonfinancial risks and opportunities are incorporated into risk reporting. They are assessed with regard to their impact on nonfinancial aspects and included in the reporting system if the relevant thresholds are exceeded.

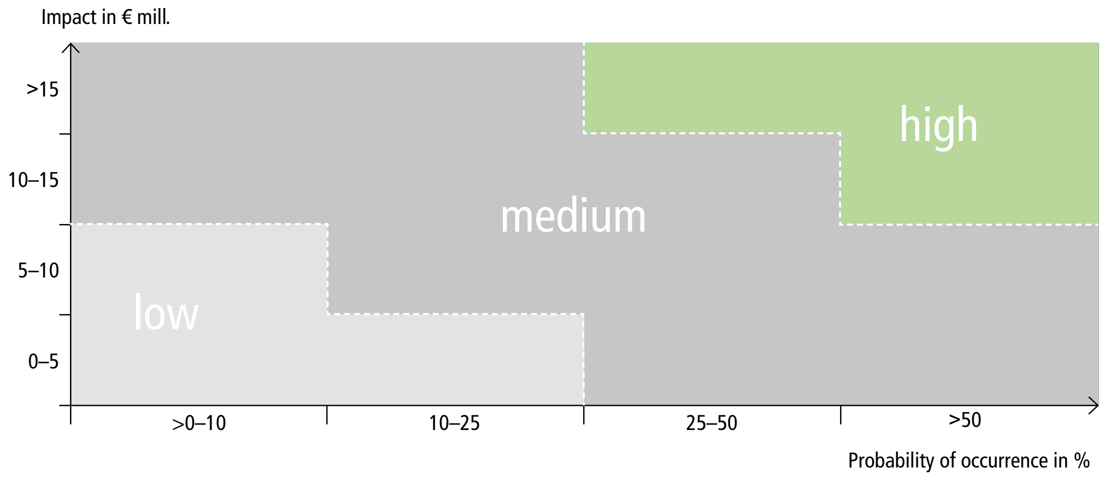
Vossloh documents and processes risks and opportunities in standardized reports using software that is in use throughout the Group. They contain detailed information about the risks and opportunities, the valuation parameters, possible measures for controlling risks or utilizing opportunities, and the respective possible (gross) losses and (net) after measures to limit the risks. The risks and opportunities report is issued on a quarterly basis. It complements the current annual outlook and also includes predictable and adequately specific risks and opportunities for the following three years. Ad hoc reports complete the periodic reporting and enable an up-to-date assessment of the situation at all times. The recipients of the risk reports are the Executive Board of Vossloh AG, the management of the Group companies and the business units, the Supervisory Board and, in particular, the Audit Committee.

They manage and monitor risks and opportunities. The management of the business units, Group Controlling and the Executive Board regularly discuss the current risk situation.

The tight-knit personnel structure enables information to flow quickly and reactions to be invoked at short notice. The Executive Board has adopted suitable measures in order to promptly identify developments that may jeopardize the Group's standing as a going concern. In addition to the reporting system, Vossloh also uses the internal control system (ICS) to uncover and prevent risks in existing processes in order to avoid possible deficits. Internal Audit regularly checks whether the risk and opportunity management system is adequate and functional and whether it is in compliance with statutory requirements. In 2023, the introduction of the risk management software was audited by an external auditing firm. In addition, the auditor regularly conducts an audit of the risk early warning system (RFS audit).

The significance that individual risk categories hold for the Vossloh Group is evaluated on the basis of their potential negative and positive impact on the forecast financial earnings indicators and on the probability of occurrence for the given risk category. The risk situation is analyzed following the implementation of risk mitigation measures (net effect) based on a worst-case assessment. Risks are categorized as high, moderate or low based on their possible negative impact and probability of occurrence.

This can be seen in the following illustration:



The following statements illustrate the risks and opportunities within the identified risk categories that were relevant as of the reporting date and are material to the development of the Vossloh Group. Individual risks and opportunities are highlighted separately if they have a worst case or best case of more than €2 million (net view) taking into account a minimum probability of occurrence.

General economic risks and opportunities as well as industry-specific risks and opportunities

General economic risks and opportunities arise as a result of economic fluctuations, social and political events, changes in exchange rates and interest rates, and changes to legislation and taxation. Industry-specific risks and opportunities arise from the competitive situation and the characteristics of the target markets as well as from global megatrends such as population growth, urbanization, globalization, sustainability and digitalization.

Regulatory measures, the state of deregulation of rail transport in the respective country and the financial scope of public budgets have a particular influence on Vossloh. The latter has a major impact on the investment capacity of public clients. Reduced availability of public funding can have a negative impact on the future business performance of Vossloh. Increased availability can conversely have a positive impact. To combat the significant rise in inflation in 2022 and in the course of 2023, both the US Federal Reserve and the European Central Bank raised key interest rates further. However, as a result of the year-on-year fall in inflation, key interest rates were lowered again in some cases, particularly in the second half of 2024. Nevertheless, public budgets remain under pressure due to the level of debt and the cost of refinancing. Available funding for rail infrastructure could be restricted as a result. These restrictive financial conditions, coupled with an uncertain recovery in industrial output, will continue to weigh on economic growth in Europe in 2025. The introduction or increase of tariffs may have negative implications for global trade. The ongoing geopolitical conflicts in Ukraine and the Middle East remain a further source of uncertainty. However, the political will to transfer significantly more freight to the most environmentally friendly mode of transport, the railways, in order to achieve the agreed climate targets, is still lacking in the face of the factors mentioned. Numerous regions around the world have set up rail subsidy schemes as part of climate change mitigation initiatives. In many countries, programs have been announced or are already underway that also aim to make additional investments in rail infrastructure.

In the 2024 reporting year, Vossloh was active in the rail infrastructure markets worldwide. In this area, the Group is one of the leading suppliers in selected markets. Vossloh generates more than 85 % of its sales revenues in Europe, the Americas and Asia.

The political and economic factors that have an impact on European rail infrastructure markets are largely stable. North American markets are significantly more volatile in terms of demand, as most of the rail and network operators there do not benefit from state funding. Vossloh’s performance in Asia is characterized by projects related to the continued rapid growth of the Chinese high-speed network. Activities in these and other markets—especially in the rest of Asia, in Australia and in Africa—present Vossloh not only with opportunities but also with additional risks. In the markets mentioned, risks can arise primarily from political and social instability, protectionist tendencies, oil price developments, exchange rate fluctuations – mainly translation risks – and legal uncertainties.

Furthermore, there is a risk that products may be substituted by new technical developments or that new competitors may enter the market. The intensity of competition in the rail infrastructure sector has increased significantly. Vossloh counters these risks by continuously enhancing its products and services and consistently focusing its activities on the needs of its customers and comprehensive cost reduction measures. Digitalization – and the new business models resulting from it – are playing an increasingly important role in Vossloh’s ambitions to focus on the customer.

Vossloh continues to classify the macroeconomic risk and the industry risk for the forecast financial targets as low overall compared to the previous year, despite the ongoing geopolitical conflicts and increased uncertainty in view of possible import tariffs in the USA.

Operational risks and opportunities

Operating risks and opportunities can originate from various operational activities, particularly in procurement, production and order performance. In the procurement process, Vossloh seeks to limit price risks by means of long-term contractual agreements or sliding scale pricing clauses with suppliers and customers. However, it is not always possible to enforce price escalation clauses, or only with a delay. Vossloh limits exchange rate risks in the course of procurement primarily through the use of foreign currency forwards. The price changes assumed in medium-term planning for materials and components are largely based on information from suppliers and market analyses.

Vossloh continuously monitors changes in material, energy and freight prices. Should the development of prices, the materials used, the energy sources required for the production process and the freight costs for the delivery of products deviate from the assumptions made, risks or opportunities for the forecast earnings may arise from higher or lower procurement prices, particularly in the Core Components division. As a result of the dynamic but now extenuated inflation trend, collective agreements may lead to higher or lower earnings than forecast.

Risks can emerge in the course of the procurement process as a result of the loss of suppliers, a shortage of raw materials, quality problems affecting materials or delays in the supply process. Vossloh minimizes these risks by prioritizing arrangements with well-established partners and improving its vertical integration in selected areas. Even though suppliers are carefully selected, regularly contacted and alternative procurement sources are established, future risks relating to the procurement process can be limited, but never entirely eliminated.

Within the value creation process, the operating units are generally exposed to the risk of business interruptions, quality problems in production as well as occupational safety and environmental risks. These risks can increase if significant investments at a location have an impact on production processes. Vossloh avoids or reduces the resulting risks through comprehensive guidelines and procedural instructions on project and quality management, production and occupational safety and environmental protection. Certification in accordance with international quality, environmental and social standards such as ISO 9001, ISO 14001, ISO 50001 or ISO 45001 is well advanced in the Vossloh Group. If newly acquired units do not hold equivalent certifications, they are brought into compliance with these standards as quickly as possible.

Vossloh may be exposed to risks arising from the complexity of projects when handling orders, especially when a significant amount of factory capacity is used or if the products involved are particularly technically sophisticated. These scenarios can be caused by unexpected technical difficulties, unforeseeable developments at project sites, problems with partners or subcontractors and logistical challenges, as well as delays in approvals, acceptance and billing. This can lead to significant additional expenditure or contractual penalties in certain cases. These risks can be limited, but not fully eliminated, by formulating contracts appropriately and ensuring that capacity, project and quality management are thorough.

Risks may arise from acquisitions as a result of necessary impairments of goodwill if the medium and long-term operating performance of the respective units is significantly weaker than expected and/or the valuation parameters (e.g. the general interest rate level) change significantly. Goodwill from company acquisitions is not amortized in accordance with IFRS 3 in conjunction with IAS 36.

Instead, goodwill is tested for impairment annually on the balance sheet date (impairment test). In the event of extraordinary events, an impairment test is also carried out during the year. The respective carrying amount of a group of cash-generating units (CGUs) to which goodwill from company acquisitions is allocated is offset against the value in use.

The acquisition process of the French Sateba Group has already been approved by several antitrust authorities, but is currently still being reviewed by one authority. Vossloh currently continues to expect the transaction to be completed in the second quarter of 2025. Otherwise, higher transaction costs could arise and Sateba's earnings and cash flows in the operating business could be postponed, as could the realization of synergies.

For existing operating risks, Vossloh has recognized risk provisions in the form of provisions or impairment losses in accordance with the provisions of the relevant IFRS or the corresponding German Commercial Code (HGB) regulations for the separate financial statements of Vossloh AG. Despite the provisions for known risks with a predominant probability of occurrence, further burdens on earnings cannot be completely ruled out and may have a negative impact on the achievement of the forecast financial targets. The absolute level of risk arising from the execution of projects depends on the volume and level of development work on the respective order and the quality of the products produced.

Vossloh continues to assess the risk from the value-added process and the execution of projects as well as the risk from changes in material prices as medium. As in the previous year, the risk of any goodwill impairment is considered to be medium. The other operating risks are still considered to be low overall.

Financial risks and opportunities

The Corporate Treasury department monitors and limits financial risk within the Vossloh Group and optimizes Group financing on an ongoing basis. Targets, principles, duties and expertise are consistent with corresponding policies. The prime objective is to preserve the company's status as a going concern by ensuring solvency and liquidity at all times. Synergies and economies of scale are also harnessed within the Group where it seems appropriate to do so.

Vossloh only uses derivative financial instruments to hedge specific risks from existing or expected future underlying transactions. These economic hedges are normally also reported as hedge relationships in the balance sheet. These only make use of previously approved, market-standard financial instruments. The trade, performance and controlling functions are organizationally separated. Group Treasury ensures and monitors the effectiveness of risk hedging on an ongoing basis. Specifically, it manages the following financial risks: Liquidity risks, risks from interest rate changes (cash flow risks), price change risks and credit risks.

Liquidity risks
Liquidity risks would arise if Vossloh was unable to settle liabilities in a timely and complete fashion. For this reason, the Group conducts ongoing liquidity management that incorporates reserves for potential special needs and the scope required to implement the company's strategy. Financial balancing measures within the Group – including cash pooling systems in individual countries and intercompany loans – facilitate the use of the excess liquidity of individual Group companies in order to cover the financing requirements of others.

Financing and the provision of liquidity typically take place centrally through Vossloh AG as the Group holding company. In February 2021, Vossloh AG issued a €150 million hybrid bond. The note has an indefinite term and can be called and repaid by Vossloh for the first time in February 2026.

In December 2021, a Schuldschein loan of €25 million was issued, maturing in December 2028. In July 2023, two further Schuldschein loans were issued, each in the amount of €30 million and maturing in July 2028 and 2030, respectively. The syndicated loan from 2017, most recently amounting to €230 million and maturing in November 2024, was refinanced early in February 2024 with the conclusion of a new syndicated loan of €240 million. The new financing agreement was concluded with a total of eight banks as part of a "club deal". It has a term of five years until February 2029 and includes two one-year extension options. In addition, the loan volume can be increased by a further maximum of €160 million during the term of the agreement if required. The funds are available to the company in the form of a revolving line of credit that can be flexibly accessed. There is also a variable-interest loan agreement in the amount of €20 million, which was concluded in July 2024 with a term of three years and has been utilized. Bridge financing and long-term financing were concluded in July 2024 for the acquisition of the Sateba Group. The loan agreement also included a further tranche of €90 million. This volume was initially fully utilized and used to repay the Schuldschein loan that matured in July 2024. This tranche was reduced to around €19 million using the net proceeds from the capital increase carried out in November. The bridge financing has a term of twelve months with two extension options of six months each; the long-term financing has a term until July 2029 and, like the syndicated loan, can be extended by a further year in each of the first two years of the term. At the end of the year, the Group had access to unused credit lines of €757.6 million in addition to cash and cash equivalents.

There are no financing or liquidity shortages. Overall, Vossloh considers the liquidity risk to be low.

Interest rate risks

Changes to the future interest rate may cause cash flow volatility where asset and debt positions are subject to variable interest rates. Vossloh hedges this risk as appropriate with the use of interest rate swaps and caps. The company regularly performs analyses to determine how changes to interest rates affect cash flows. For the purposes of active risk management, the variable-rate interest cash flows from a long-term loan concluded in 2018 were replaced with an interest rate swap for fixed cash flows at the same time. In August 2022, two forward payer interest rate swaps were also concluded in order to refinance the Schuldschein loans maturing in mid-2024. This fixed the reference interest rate for 2/3 of the maturing volume for the new maturities over five and seven years. In mid-2024, these two forward-payer interest rate swaps were each extended by a further year. At the end of November 2023, the two Schuldschein loans issued in July 2023 with variable interest rates were also hedged with two payer interest rate swaps. The interest rate risk from the intended acquisition of the Sateba Group is monitored continuously. In addition, the positive or negative impacts of a potential change in the ECB key interest rate on cash flows are considered to be low. As in the previous year, this risk is classified as low.

Price risks

Price risks result from the value of a financial instrument changing due to increases or decreases in market interest rates or exchange rates. At Vossloh, existing and expected future liabilities and receivables denominated in foreign currencies are usually hedged with foreign currency forwards as of the time the order is issued. Translation risks – arising from the translation of financial statements denominated in foreign currencies – are continuously monitored. Due to the high level of hedging of price risks, this risk is still deemed to be low overall.

Credit risks
Credit risks arise whenever a contract partner does not comply with its obligations in relation to a transaction (or only does so in a delayed fashion), thus causing Vossloh to incur financial losses. The Group minimizes the risk of default by only entering into contracts with partners that have good or excellent credit ratings. Where available, these ratings are primarily based on the disclosures of international rating agencies. At the end of 2024, 59 % of the cash investments and derivative financial instruments with positive fair values were attributable to contractual partners with a rating of AA+ to AA-, 19 % to contractual partners with a rating of A+ to A- and 22 % to contractual partners with a rating of BBB+ to BBB-. The Group also distributes its financial assets across a number of credit institutions, thus broadly diversifying its risk exposure. There were and are no dependencies on individual banks.

Credit risk is considered low due to the fact that the majority of Vossloh's customers are in the public sector. However, outstanding amounts owed are continuously monitored by Group companies. Some are also insured by means of credit insurance policies. Despite the precautionary measures taken, it is impossible to entirely eliminate the risk of financial losses from nonpayment of receivables. In the export business, orders are usually concluded with letters of credit to limit the credit risk. All contract partners must have good or excellent credit ratings. As a result, credit risk is still deemed to be low.

Legal risks and opportunities

Legal risks for Vossloh arise, in particular, from complaints, warranty claims, claims for damages and legal disputes. Identifiable risks are covered where possible and economically feasible by insurance and – if the relevant requirements are met – reflected in the balance sheet through provisions. However, it is impossible to eliminate the possibility that losses may arise that are not (adequately) insured or exceed the provisions made. On the other hand, there may be indirect opportunities if risk provisions are not utilized entirely.

Group companies of Deutsche Bahn AG have asserted compensation claims against the Group company Vossloh Rail Services Deutschland GmbH (previously Vossloh Rail Center GmbH), Hamburg. Even though the damages directly attributable to the company were settled in 2016 by a partial settlement with Deutsche Bahn AG, there remains a risk of joint and several liability for as yet unsettled damages. The claims were dismissed at first instance in 2022, but Deutsche Bahn AG has lodged an appeal. Vossloh Rail Services Deutschland GmbH has an indemnification claim against the former shareholder for any claims. This claim is partially secured by bank collateral. Various customers have also asserted compensation claims in relation to ongoing or concluded competition law procedures concerning rail turnouts. Provisions for compensation claims are recognized where the assertion of individual customer claims is deemed to be very likely and a reliable estimate of potential compensation amounts seems possible. This is a significant individual risk or opportunity.

As a result of the divestments in previous years, the respective purchasers were granted certain guarantee and indemnification claims in the purchase agreements. Risk provisions have been created for these claims, provided that utilization of the guarantees and indemnities is considered to be highly probable. Opportunities may arise indirectly if the recognized risk provisions do not need to be fully utilized. These are significant individual risks and opportunities.

A negative impact on Vossloh's forecast financial targets resulting from legal risks cannot be ruled out. Overall, it is still classified as a medium risk.

Nonfinancial risks and opportunities[1]

According to the German Commercial Code (HGB), it is necessary to report on the nonfinancial risks that are associated with the company's own business activities, business relationships, products and services, where these risks have had or are very likely to have severe negative repercussions on the reportable aspects relating to the environment, employment, social welfare, human rights, anti-corruption and anti-bribery activities. The nonfinancial risks are reflected in the Vossloh Group's risk reporting.

There are presently no material risks that meet the criteria described. Vossloh, therefore, still deems the risk situation in connection with nonfinancial matters to be low.

Other risks and opportunities

Other risks consist primarily of personnel and information technology risks. Inadequate human resources, such as due to a lack of managers and specialist personnel, can negatively influence the economic situation of the Group. Personnel risks may also relate to high turnover figures of highly specialized personnel and inadequate training, as well as errors made or theft committed by employees. Vossloh counters these risks with a variety of measures. In particular, this includes the company positioning itself as an attractive employer in order to compete for highly qualified specialists. A range of training activities are used to improve the expertise of employees, while attractive pay structures increase the likelihood of retaining personnel within the company in the long term.

Complex and powerful information technology has a decisive effect on the management of operational and strategic business processes. Having high-performance information technology at your disposal is crucial as the digitalization trend continues. Vossloh monitors the ever-growing threats to cyber security worldwide and optimizes its IT infrastructure on an ongoing basis. Through the use of technical and organization precautions in particular, Vossloh minimizes risks related to the reliability, availability and confidentiality of the data stored in its information systems. A global IT security team consisting of internal and external experts secures Vossloh's infrastructure with modern applications and systems. Regular audits and employee training programs ensure a high standard of security.

Other risks had no significant impact on net income in 2024. The overall risk is classified as low.

[1] Subject of the audit of the Group sustainability declaration to obtain limited assurance by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, see pages 147 et seqq.

Risks and opportunities of Vossloh AG

Vossloh AG prepares its annual financial statements in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act. The following statements refer to opportunities and risks in Vossloh AG's separate financial statements based on the net income for the year under German commercial law, which is mainly influenced by general administrative expenses, net financial expenses and the tax result.

As a management holding company, Vossloh AG's financial performance essentially reflects the same opportunities and risks for the Group as described above. Opportunities and risks can generally materialize in the form of changes in dividend payments, higher or reduced profit transfers or loss assumptions, as well as in terms of the recoverability of financial investments. Delays in the process of acquiring the French Sateba Group may result in higher transaction costs than expected. Due to higher or lower external sales of the Group companies, income from the brand license fee may be higher or lower in 2025.

Changes in interest rates expose the net income figure to fluctuation in pension-related expenses recognized as general administrative expenses. Higher interest rates can likewise have a negative impact on the value of financial assets included in the net financial result. Deviations in the utilization of risk provisions for divestment projects recognized by Vossloh AG can have a positive or a negative impact on net income.

Summarized assessment of the risk and opportunity situation

All of the described risks and opportunities that the Vossloh Group and Vossloh AG are exposed to are continuously monitored and managed in terms of their effects on the net assets, financial position and results of operations of the Group. Necessary risk provisions have been recognized for the currently known and mostly probable risks in accordance with the relevant IFRS and the corresponding German Commercial Code (HGB) provisions for the separate financial statements of Vossloh AG. Other current risks and opportunities are – if adequately specified – accounted for in the current annual outlooks. Based on current information, there is no risk to the Vossloh Group as a going concern in terms of substance or liquidity based on individual risks or all of the currently known risks collectively. The available Group equity is adequate to cover potential risks. The risk and opportunity situation within the Vossloh Group is therefore considered satisfactory overall.

Internal control system

The internal control system is the entire system of defined controls and monitoring activities designed to ensure the security and efficiency of business processes, the reliability of financial reporting and the compliance of all activities with laws and guidelines. In terms of the accounting process, the internal control system encompasses all principles, processes and activities of the Vossloh Group that aim to ensure the effectiveness, cost-efficiency and legitimacy of the accounting system, and to ensure compliance with relevant legal requirements.

An effective and efficient internal control system has a crucial role to play in the successful management of risks in business processes. The risk of fraudulent actions can be reduced by segregating duties appropriately and applying the double-check principle.

Vossloh's internal control system is designed to cover all material business processes and extends beyond simply implementing controls in the accounting process. A number of monitoring measures and controls are implemented as part of the accounting process to ensure, for example, that the consolidated financial statements are prepared in accordance with regulations. Group-wide guidelines and policies are in place for monthly reporting, capital expenditure, offer submissions, compliance and risk management, for instance. The companies and business units of the Vossloh Group are also required to establish decentralized guidelines for key areas.

Vossloh regularly performs system backups for relevant IT systems to minimize data loss and system failures. The security concept includes customized authorizations, access restrictions and similar measures. Vossloh continuously adapts the requirements for the internal control system and makes adjustments to the control landscape to reflect changes to processes. To ensure that risks are systematically identified at an early stage throughout the Group, Vossloh has set up a monitoring system for the early identification of risks that could jeopardize the company's existence in accordance with Article 91 (2) German Stock Corporation Act (AktG), as well as an appropriate and effective internal control system and a risk management system in accordance with Article 91 (3) German Stock Corporation Act (AktG). These systems are used to identify, manage and monitor risks that could jeopardize the company's existence as well as other risks in good time. The auditor of the consolidated financial statements assesses the functionality of the early risk detection system in accordance with Section 317 (4) German Commercial Code (HGB).

At a business unit level, the respective management companies are responsible for implementing the internal control system on the basis of a large number of coordinated regulations and guidelines. At Group level, this is mainly the responsibility of the Controlling, Accounting, Treasury and Legal departments, as well as Internal Audit. An internal monitoring system encompasses monitoring activities that are both integrated into and independent from processes. Alongside manual process controls (such as peer reviews), IT processes are also a key element of the process-integrated activities. The Legal department also ensures that monitoring is integrated into processes.

The Supervisory Board, in particular, the Audit Committee, Vossloh AG's Internal Audit and Legal departments and the locally appointed employees at the level of the management companies of the business units, are responsible for process-independent audits. The (Group) auditor also performs process-independent auditing activities.

Information technology

Accounting transactions are recorded locally in the respective accounting systems of the Group companies. When preparing the consolidated financial statements of Vossloh AG, the subsidiaries add additional information to the individual financial statements, which are prepared on the basis of standardized Group accounting methods, to form standardized reporting packages. These packages are then incorporated into the Group reporting and consolidation system used by all of the companies included in the consolidated financial statements. This system, Cognos Controller from IBM (current version in use: 11.0.1200), is used to both consolidate and provide additional management information.

With a small number of exceptions, Group companies use a standardized accounting system from SAP. This IT system enables central access and centrally initiated controls in regard to the accounting process. The system is currently used within Vossloh AG and the overwhelming majority of companies in all divisions. A new SAP S/4 system is being introduced as part of a group-wide process to standardize the ERP systems. This system was implemented in the first two companies in the 2023 fiscal year.

Key activities to ensure that (Group) accounting is performed in a legally compliant and reliable manner

The Vossloh Group's "Group Accounting Manual" governs the standardized accounting, measurement and valuation principles applicable to the companies included in Vossloh's consolidated financial statements, in addition to detailed formal requirements for the consolidated financial statements. The formal requirements include the binding application of a standardized and complete set of forms.

The "Group Accounting Manual" is regularly revised and updated; the most recent update was carried out in winter 2024/2025. New or revised versions are made available directly to anyone involved in the Group accounting process via the Group intranet.

Accounting transactions within the Group companies are recorded locally but the monthly and annual financial statements are reviewed by the managing company of the relevant business unit. Checks are carried out at random but are also triggered, most notably, by major or unusual transactions.

At the level of Vossloh AG, further plausibility checks are performed by the Accounting, Legal and Controlling departments using suitable validation rules to ensure correct compliance with the applicable IFRS and German Commercial Code (HGB) regulations.

Further data is also prepared and aggregated at Group level for use in the notes and management report (including major events after the balance sheet date).

Based on the organizational, control and monitoring structures established within the Vossloh Group, the internal control and risk management system helps ensure that all of the company's transactions are recorded, processed and validated, and that they are presented correctly in the Group's accounting system.

Poor discretionary judgments, the circumvention of controls, criminal activities and other circumstances cannot be fully eliminated by their very nature, meaning that even group-wide application of the utilized systems does not constitute an absolute guarantee that the consolidated financial statements are free of errors.

Qualifying statements
The disclosures made relate solely to Vossloh AG and to the companies that are included in the consolidated financial statements of Vossloh AG whose financial and business policies can be directly or indirectly influenced by Vossloh AG.

Adequacy and effectiveness of the risk management system and the internal control system[1]
The internal control system and risk management system are regularly the subject of internal audit activities. These audits are carried out either as part of the risk-based annual audit plan or as part of audits performed during the year. Critical vulnerabilities in the control system are reported to Vossloh AG's Executive Board and the Audit Committee of the Supervisory Board. Risks are also reported on a regular basis to the Audit Committee. The Executive Board is not aware of any circumstances based on its involvement with the internal control system and risk management system or from reports that would suggest that the internal control system or risk management system were not adequate or effective as of December 31, 2024, in their respective entirety.

[1] Disclosures in this section are not the subject of the audit.

Outlook

This outlook contains forward-looking disclosures that are based on the expectations of Vossloh management in relation to the future development of the Group. These expectations are based on estimates made by management using all available information. Assumptions regarding the future development of the international rail technology market and the specific business expectations of Vossloh Group divisions, in particular, have been taken into account. The disclosures made are subject to opportunities and risks that Vossloh cannot entirely control or manage. For more information on this, please refer to the statements made regarding the Group's risk and opportunity report (starting on page 53). Actual results and developments may differ from these forecasts if the assumptions underlying the outlook prove to be inaccurate or the aforementioned risks or opportunities materialize. The Vossloh Group assumes no liability for updating the disclosures made in this outlook beyond statutory publication requirements.

Macroeconomic developments and outlook for the rail technology market

Global economic fluctuations only have a limited impact on Vossloh's short-term performance. Investments in rail infrastructure around the world are generally made on the basis of long-term decision-making processes. Current economic trends are therefore only reflected in the markets relevant to Vossloh to a limited degree. However, over the long term, increased levels of debt in various countries, particularly in our home market in Europe, may negatively impact Vossloh's business activities. The vast majority of Vossloh's customers are publicly funded. Some countries may well implement cost-cutting measures in markets that are relevant to Vossloh if they are heavily indebted. On the other hand, there is the global trend towards greater sustainability and the increasing attractiveness of rail as a mode of transport, as well as the associated funding programs. In addition, investment in rail infrastructure has been neglected in many countries for many years or decades, with the result that the quality of existing infrastructure has tended to deteriorate. This is expected to result in increased capital expenditure in the rail infrastructure products and services offered by Vossloh.

With its "World Rail Market Study", the European rail industry association UNIFE analyzes developments on the global rail technology market in detail every two years and uses this as the basis for making well-founded forecasts for the coming years. The most recent study was published in September 2024. According to this, the annual global volume of the entire rail technology market will grow from an average of around €202 billion in the period 2021 to 2023 to an average of around €241 billion in the period 2027 to 2029 – an average growth rate of 3.0 % per year. According to UNIFE estimates, the market accessible to European suppliers such as Vossloh will be worth around €139 billion for the period 2027 to 2029. „Accessible markets" refers to the markets that are available to European suppliers and non-European markets where demand is not exclusively met by domestic capacity. For markets that can only be addressed by European suppliers via joint venture structures, only half of the market volume is classified as accessible. For comparison: A market volume of around €119 billion per year on average was considered accessible for the period 2021 to 2023. The expected increase to €139 billion corresponds to a 2.6 % rise per year.

Outlook for 2025

The forecast for the Vossloh Group is based on the expected development of the three divisions Core Components, Customized Modules and Lifecycle Solutions, as well as Vossloh AG. Vossloh's sales planning is based, among other things, on business unit-specific assumptions that include detailed analyses of product demand and the current order backlog. In addition, specific framework agreements, the behavior of the main competitors, the probability of important projects being concluded and region-specific market opportunities and risks are taken into account. Vossloh's customers are publicly and privately-owned regional, long-distance and freight transport operators whose investments are based on predominantly long-term decision-making processes within the framework of longer-term funding. As a partner, Vossloh accompanies its customers over many years. Together with them, the company plans and develops solutions for individual product and service requirements. This usually involves delivery and project lead times of several months and sometimes even several years.

Outlook for management-related performance indicators

		2024	Expectation 2025
Sales revenues	€ mill.	1,209.6	1,250 to 1,325
EBIT	€ mill.	105.2	110 to 120
EBIT margin	%	8.7	8.5 to 9.5
Value added	€ mill.	13.1	15 to 25

Noticeable increase in sales revenues and EBIT expected in 2025

For the 2025 fiscal year, the company is forecasting sales revenues of between €1.25 billion and €1.325 billion in the current Group structure (2024: €1,209.6 billion). A significant increase in sales is expected, particularly in China, the USA and Germany. The Lifecycle Solutions division is once again expected to achieve the strongest percentage growth rates.

The Vossloh Group also expects a further increase in absolute EBIT for the 2025 fiscal year. From today's perspective, EBIT is forecast to be in the range of €110 million to €120 million (2024: €105.2 million).

From the 2025 fiscal year onwards, Vossloh AG will charge a brand license fee to the operating units. These fees represent an intercompany clearing item and reflect the value of brand utilization within the Vossloh Group. As a result, the reported EBIT margins of the divisions will include an accounting charge from 2025 onwards, which means that they are expected to be slightly below the previous year's figures. The introduction of the trademark license fee has no impact on the EBIT margin in the Vossloh Group. Here, Vossloh is aiming for a slight improvement for the 2025 fiscal year in relation to the mean value of the forecast corridor of 8.5 % to 9.5 %. In summary, the profitable growth trajectory is expected to continue in the 2025 fiscal year.

Sales revenues and EBIT forecast including Sateba

The figures for sales revenues and EBIT do not yet include the acquisition of Sateba announced on July 30, 2024. At the editorial deadline of this Annual Report, the exact date of completion was not yet known. The acquisition is still expected to be completed in spring 2025. Assuming initial consolidation by the beginning of May 2025, Vossloh expects the Group as a whole to generate sales of between €1.475 billion and €1.575 billion and EBIT before the effects of the accounting allocation of the purchase price for Sateba of between €140 million and €155 million. If the transaction is not completed by the beginning of May, Vossloh will specify its expectations for the current fiscal year in due course.

Higher value added expected in 2025

The weighted average cost of capital before taxes (WACC), which is relevant for internal management, will remain unchanged at 9.5 % in the fiscal year 2025. Despite the planned increase in average capital employed, the value added is expected to be between €15 million and €25 million in the existing Group structure due to the stronger increase in Group EBIT in the 2025 fiscal year.

Vossloh AG prepares its annual financial statements in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act. The statements below refer to the separate financial statements. The net profit of Vossloh AG as an operational management holding company is largely dictated by general administrative expenses and the net financial result. Vossloh AG's general administrative expenses are expected to be noticeably lower overall in the 2025 fiscal year despite an increase in the number of employees. In particular, the lower transaction costs for the acquisition of Sateba compared to the reporting year contributed to this. For the financial result, Vossloh expects a slight improvement on the previous year's level before taking into account possible write-ups or write-downs on the carrying amounts of investments. Finally, the earnings situation will be significantly improved by the aforementioned introduction of the brand license. Overall, earnings after taxes and net income are, therefore, expected to increase significantly in 2025 compared to the 2024 fiscal year.

Vossloh is focused on continuing to implement its corporate strategy over the coming years. In addition to organic growth with increasing profitability, the focus is on forming specific partnerships and making specific acquisitions in order to strategically develop Vossloh's core business and sustainably increase the company's value.

Group Sustainability Statement[1]

The Group Sustainability Statement was prepared to meet the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 and Sections 315b and 315c of the German Commercial Code [Handelsgesetzbuch, HGB] for a nonfinancial group statement. The initial application of the European Sustainability Reporting Standards (ESRS) governed in the CSRD Directive is based on their importance as sustainability reporting standards adopted by the European Commission.

The Group Sustainability Statement 2024 is prepared on a consolidated basis. The companies considered corresponds to the scope of consolidation of the Consolidated Financial Statements (for ESRS 2 BP-1, 5 see page 159 et seqq.). In addition to the company's own business operations, the Statement covers the company's upstream and downstream value chain. For some disclosures regarding the upstream and downstream value chain, sector average data and other approximate values were used. The company describes and explains these, including references to any resulting measurement or other uncertainties in the respective disclosures in the topic-specific standards. This relates to the disclosures on the gender pay gap in the section Equal treatment and equal opportunities for all (own workforce) on page 134. If the company specifies time periods, these deviate from the requirements defined in ESRS 1, 6.4 for the terms "medium-term" and "long-term" by basing the medium-term horizon on the internally used planning period of three years and classifying disclosures that extend beyond this period as "long-term". When it comes to cybersecurity, the company makes use of the protection clause in the ESRS to omit confidential information.

As a German stock corporation, the company has a dual management structure with an Executive Board and Supervisory Board in accordance with the requirements of the German Stock Corporation Act [Aktiengesetz, AktG]. The Executive Board consists of three people (100 % male). The Executive Board is responsible for the strategic management of the company and makes decisions in accordance with legal requirements and the Articles of Incorporation. Vossloh's Supervisory Board consists of six members, including two employee representatives. 16.7 % of Supervisory Board members are female, 83.3 % male. All shareholder representatives (100 %) are considered independent in accordance with the German Corporate Governance Code. In line with the company's global orientation as a provider of rail infrastructure solutions, all members of the Executive Board and the majority of the members of the Supervisory Board have many years of experience in the rail industry and in the management of international companies.

The Supervisory Board monitors and advises the Executive Board on the management of the company, including material impacts, risks and opportunities. It discusses all relevant corporate governance issues, including sustainability aspects, with the Executive Board at regular intervals. This is achieved through regular reporting by the Executive Board and Supervisory Board meetings.

When monitoring the corporate strategy, important decisions and the risk management process, the Executive Board and Supervisory Board take into account the most material impacts, risks and opportunities. When generally dealing with the issues identified as material (see, for example, the tables on pages 73 et seqq.), possible correlations between economic, ecological and social aspects are carefully weighed up. In their own estimation, the members of the Supervisory Board have sufficient qualifications in the area of sustainability. If necessary, external experts will be brought in to ensure the necessary specialist knowledge on specific sustainability aspects. Detailed information on the members of the Executive Board and Supervisory Board (ESRS 2 GOV-1, 22) can be found on page 208 et seq. of the report.

Vossloh's commitment to sustainability

enabling green mobility – for a sustainable future

Vossloh is committed to sustainable corporate management. Sustainability is one of the company's five core values: "We take responsibility and care for the world in which we live." Vossloh is convinced that companies must reconcile economic, social and ecological aspects with their decisions and behavior. Long-term success requires contributing to the well-being of society and preserving all opportunities for future generations.

[1] Not subject of the financial statement auditing, but subject of an audit to obtain limited assurance. The independent auditor's report can be found on pages 147 et seqq.

Vossloh's corporate vision is "sustainable, safe and user-friendly rail mobility for a better world". In keeping with its guiding principle "enabling green mobility", Vossloh is a driving force behind customer-focused, innovative and sustainable products and services for rail track. This aspiration is also reflected in Vossloh's sustainability strategy. The company has been pursuing a revised, group-wide sustainability strategy since the 2021 financial year. Its aim is to centrally align and focus the Group's sustainability activities, to further improve Vossloh's positive impact on the environment and society and to make the Group's sustainability performance more transparent. It is intended to make Vossloh a reference point in the area of sustainability in the rail infrastructure business. The Executive Board of Vossloh AG adopted the sustainability strategy and the guideline supporting it in 2021. The company's sustainability commitment is published on the website www.vossloh.com (Investor Relations > Sustainability > Sustainability strategy and management).

Vossloh's Executive Board bears overall responsibility for all sustainability issues. It is responsible for ensuring that the company lives up to its ecological, economic and social responsibilities and makes a positive contribution to the environment and society. In operational management, sustainability is the responsibility of the Chief Operating Officer (COO). In addition, Vossloh AG has the Corporate Sustainability department. Created in 2020, the role of Head of Corporate Sustainability – who reports directly to the Executive Board – is responsible for the development and implementation of the sustainability strategy as well as for the management of group-wide sustainability initiatives. In addition, the Executive Board has established a Group Sustainability Committee to centrally manage all sustainability measures within the Group, which is led by the Head of Corporate Sustainability. In addition, each business unit has appointed a sustainability, health and safety officer.

The remuneration system for the Executive Board was revised in the course of the 2024 reporting year. From the 2025 financial year, the single-year bonus will be based not only on financial performance criteria such as EBIT, sales revenues and working capital, but also on the achievement of ESG targets (environment, social and governance), which were not taken into account in the previous version of the remuneration system. In line with the company's general sustainability strategy, these goals can include categories such as occupational safety, diversity, product safety, employee satisfaction or energy efficiency and greenhouse gas emissions. The target values are set before the start of each remuneration year. The Supervisory Board determines target achievement on the basis of the audited consolidated financial statements and the audited group sustainability statement of Vossloh AG for the respective remuneration year. If 100 percent of the target is achieved, the full target bonus is granted, which forms part of the total target remuneration.

The following table provides an overview of the processes Vossloh has implemented to identify, assess and manage the material sustainability-related impacts, opportunities and risks:

Core elements of due diligence	Disclosures in the Group Sustainability Statement
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2: pp. 68-69, ESRS 2 GOV-3: p. 69, ESRS 2 SBM-3: pp. 71-76
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2: p. 68, ESRS 2 SBM-2: pp. 70-71, ESRS 2 IRO-1: pp. 72, 76, ESRS S1-2: p. 122, ESRS S2-2: p. 136, ESRS S4-2: pp. 117-119
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1: pp. 71-77, ESRS 2 SBM-3: pp. 73-76, ESRS E1 SBM-3: p. 94, ESRS E1-5: p. 97, ESRS E3 SBM-3: pp. 97, ESRS E3-4: pp. 97-98, ESRS E5 SBM-3: pp. 100, 104, ESRS S4 SBM-3: p. 117, ESRS S1 SBM-3: p. 123, ESRS S2 SBM-3: pp. 135, 137-138, ESRS G1: p. 141, company-specific topic of cybersecurity: p. 145
d) Taking actions to address those adverse impacts	ESRS E1-3: pp. 90, 95, ESRS E1-5: p. 97, ESRS E5-2: pp. 101, 103, ESRS S4-4: p. 118, ESRS S1-4: pp. 125, 127, ESRS S2-4: pp. 135–139, ESRS G1-3: pp. 140–141, ESRS G1-2: pp. 145, ESRS G1-1: p. 145, company-specific topic of cybersecurity: pp. 145-146
e) Tracking the effectiveness of these efforts and communicating	ESRS E1-1: pp. 91–92, ESRS E1-3: p. 95, ESRS E5-2: pp. 101–103, ESRS S4-4: p. 118, ESRS S1-4: pp. 125, 127, ESRS S2-4: pp. 136, 138, ESRS G1-3: p. 143, company-specific topic of cybersecurity: p. 146

Like all nonfinancial risks and opportunities, the material sustainability impacts, risks and opportunities to which Vossloh is exposed are subject to scheduled internal monitoring, assessment and control. The results are regularly reported to the Executive Board. Risks may arise in relation to the material sustainability matters for the company with regard to the completeness and integrity of the data collected, the time at which information is available and, in particular, the availability of data on the upstream and downstream value chain. In order to prevent or limit these risks, they are included in the group-wide risk and opportunity management system. Its general mode of operation is described on pages 53 et seqq. (ESRS 2 GOV-5, 36). When assessing risks and opportunities, the same monetary thresholds are applied as for Vossloh's general financial risk assessment. No risks or opportunities exceed the financial materiality threshold for the reporting year or for 2025. The current impact of the identified material risks and opportunities on the company's financial position, financial performance and cash flow can therefore be classified as low overall.

The importance of sustainability for Vossloh's business model

Vossloh offers products and services that enable higher capacity utilization of rail tracks. The aim is to increase the availability of existing railroad lines, support the construction of new lines, enable efficient and trouble-free operation and reduce the life cycle costs of the rail infrastructure. This way, Vossloh is contributing to greater sustainability in the mobility of people and the transportation of goods. Rail is the safest, most efficient and most environmentally friendly mode of transport for both local and long-distance transit. Increasing rail transport is, therefore, a key prerequisite for achieving ambitious climate goals. The digital transformation in the rail industry is opening up considerable new opportunities for rail as a mode of transport to make even greater use of its ecological advantages. At the same time, customer awareness and willingness to take responsibility for achieving climate targets in the transport sector is also increasing. With its focus on sustainable management and resource conservation, Vossloh is opening up new opportunities to differentiate itself from the competition in this market environment. The company's business model (ESRS 2 SBM-1, 40 a) i and ii) is described in more detail on page 14 et seq. Information on the Vossloh Group's employees can be found in the Workforce section of the Combined Management Report (page 47) and in the Personnel strategy and personnel management section (from page 128) of this Group Sustainability Statement.

With its three divisions Core Components, Customized Modules and Lifecycle Solutions, Vossloh is active in various markets of the rail infrastructure business. Its direct customers are predominantly state and municipal providers of passenger and freight rail transportation. This means that a considerable proportion of the total population is affected by rail transport as end users and consumers. For their products and services the company's business units purchase from a large number of suppliers. Suppliers of steel and concrete as well as raw materials for the production of plastics and composites are particularly relevant here.

Vossloh is in continuous dialog with its internal and external stakeholders. Conversations also increasingly concern opinions on and experiences with sustainability issues. It is important to the company to address the individual stakeholder groups directly on this topic and to take their interests into account as much as possible. Stakeholder feedback can provide suggestions for change at all decision-making levels. The following table provides an overview of which topics are important when communicating with key stakeholders and which formats Vossloh uses for dialog:

Stakeholders	Topics	Dialog formats
Customers	– (New) products and services from Vossloh – The quality of products and services – Customized solutions for the respective task – Fast response to inquiries as well as order processing and logistics	– Regular customer meetings – Publications (printed and digital) – Participation in trade fairs – Events for/with customers – System integration of customers through EDI (Electronic Data Interchange)
Suppliers	– New/alternative materials and substances – Framework conditions of the supply agreements – Communication about the specifications of the scope of delivery	– Regular supplier meetings – Participation in trade fairs
Capital market participants	– Performance of the company – Current business development – Strategic orientation of the company – Corporate management in accordance with corporate governance rules – Commitment to sustainability	– Financial reporting – Annual General Meeting – Investor conferences – Conference calls – Roadshows – Capital Markets Days – Website
Workforce	– Employment contract regulations – Company agreements – Internal communication – Exchange with the management level – Opportunities for further training and professional development – Talent development	– Regular employee appraisals – The "inmotion" employee magazine – Employee surveys – Cross-country, cross-hierarchical and cross-divisional exchange forums and project teams – Vossloh Online Academy

The table shows that discussions and meetings with representatives of all key stakeholders take place as frequently and regularly as possible, as well as on specific occasions, through various channels and at many different sites in the company's global network. Criticism, suggestions and proposals from stakeholders for improvements, including with regard to sustainability, are discussed within the company and – where appropriate and feasible – taken into account. Feedback from customers and suppliers, for example, flows into the further development of Vossloh's products and services, while employees' ideas often lead to changes in production processes and procedures. Topics addressed by capital market participants often provide indications of current or upcoming market developments. As part of structured internal reporting, corresponding information is also forwarded to the Executive Board and the Supervisory Board. The materiality analysis conducted in advance of this Group Sustainability Statement being compiled took into account the interests and viewpoints of the most important stakeholders in connection with Vossloh's strategy and business model.

Material sustainability matters at Vossloh

Vossloh carried out a materiality analysis in 2021, which was significantly expanded for the current report in accordance with the requirements of the ESRS and meets the criteria of double materiality explained in the following passages. The results of the double materiality analysis – including the identified material impacts, risks and opportunities – are reviewed annually. A new full analysis is not currently planned, but may be carried out as part of the annual review if new developments or changes in the general conditions require significant adjustments to the main impacts, risks and opportunities.

As part of the preparation of the Group Sustainability Statement 2024, all categories included in the ESRS (E1, E2, E3, E4, E5, S1, S2, S3, S4 and G1) as well as several company-specific sustainability topics (cybersecurity, track availability and efficiency in rail transport, noise reduction on the track) were subjected to a double materiality analysis, namely

- with regard to the (positive and negative) impacts of Vossloh's activities on people and the environment and
- with regard to the (financial) risks and opportunities from the sustainability-relevant matters for the company.

In order to identify actual and potential, positive and/or negative impacts as well as risks and opportunities, an analysis of all of the above categories and topics was carried out for the first time in accordance with ESRS requirements by selected internal stakeholders who are in close contact with Vossloh's most important external stakeholder groups – customers, suppliers and capital market participants – and their interests and viewpoints were incorporated into the analysis. The company's entire value chain was analyzed in order to identify the impacts, risks and opportunities along this value chain. Together with external experts and with the involvement of the Group's internal risk management and relevant functional areas which provided their feedback, the internal stakeholders assessed all identified actual and potential positive and negative impacts as well as risks and opportunities in order to determine their materiality. Both internal data and external, publicly accessible sources were used as input parameters, including reports and guidelines from the European Commission, the European Environment Agency (EEA), the Environmental Protection Agency (EPA) and the Sustainability Accounting Standards Board (SASB) as well as publications from international organizations such as the United Nations (UN), the World Wide Fund For Nature (WWF), the International Labour Organization (ILO) and relevant economic media. In addition, the impacts, risks and opportunities were classified according to their temporal relevance (short, medium or long term). The ratings were made on a scale of 1 to 4; all ratings of 3.0 or higher were classified as material. The assessments are based on assumptions and a combination of internal and external quantitative data and qualitative findings from meetings with internal stakeholders. Where relevant, site-specific aspects were also taken into consideration when assessing the impacts, risks and opportunities. The result of the analysis was presented to the Executive Board, which discussed and validated it.

Some of the important decisions in the process concerned the selection of internal stakeholder representatives and external experts as well as the assessment of all identified impacts, risks and opportunities by the respective stakeholder representatives. Internal controls were applied throughout the whole process, which were expressed in a regular review of the current materiality analysis status by employees from several departments. The control procedure included a detailed description of the impacts, risks and opportunities.

For the analysis, the impacts of Vossloh's activities on people and the environment were first categorized as negative or positive, and then as actual or potential. They were also prioritized according to their severity, scope, extent and probability of occurrence. The risks and opportunities were determined in a subsequent process step. The first step was to examine which (financial) risks and opportunities could be derived from the previously identified material impacts. In addition, further (financial) risks and opportunities were identified that could arise along Vossloh's value chain in the short, medium or long term. When analyzing risks and opportunities, the company also considered dependencies from supply chains, market requirements, regulatory requirements, resource consumption and climate-related risks in order to assess potential financial impacts. The subsequent assessment of the (financial) risks and opportunities resulting for the company from the impacts considered was based on the extent of the potential financial impacts and the probability of their occurrence. The assessments of the Group's internal risk management were included in the valuation. Finally, the time horizon in which all parameters will be relevant was classified. For the 2024 fiscal year, Vossloh has reported on all aspects that achieved at least a score of 3.0 on a scale of 1 to 4 in at least one respect when assessing impacts, risks and opportunities:

– Climate change mitigation (by reducing CO_2e emissions) (ESRS E1)
– Energy (ESRS E1)
– Water (ESRS E3)
– Resource outflows related to products and services (ESRS E5)
– Waste (ESRS E5)
– Working conditions (own workforce) (ESRS S1)
– Equal treatment and equal opportunities for all (own workforce) (ESRS S1)
– Working conditions (workers in the value chain) (ESRS S2)
– Other labor-related rights (workers in the value chain) (ESRS S2)
– Personal safety of consumers and/or end users (ESRS S4)
– Corporate culture (ESRS G1)
– Protection of whistleblowers (ESRS G1)

– Corruption and bribery (ESRS G1)
– Cybersecurity (company-specific topic)
– Track availability and efficiency in rail transport (company-specific topic)
– Noise reduction on tracks (company-specific topic)

The respective positive or negative impacts of Vossloh's activities on people and the environment as well as the (financial) risks and opportunities for the company arising from sustainability-related topics are presented in the following thematic chapters.

The following table provides an overview of the material impacts, opportunities and risks identified as part of the double materiality analysis:

Sustainability aspect	Standard	Impacts on people and the environment				Financial impacts		
Climate change mitigation (by reducing CO_2e emissions)	**ESRS E1**	Greenhouse gas emissions from direct emissions in the production process and upstream supply chains (Scope 3.1) that contribute to global warming without effective decarbonization measures.	Negative	Actual	Short and medium term	Stricter regulations to reduce greenhouse gas emissions could lead to potential cost increases due to the adaptation of production facilities, including capital expenditure in low-emission technologies and possible penalties for non-compliance.	Risk	Short and medium term
		Promoting climate change adaptation by enabling sustainable rail mobility, which potentially could lead to lower emissions from private transport.	Positive	Actual	Short and medium term			
Energy	**ESRS E1**	Consumption of non-renewable energies in production processes, in particular natural gas and fossil-fuel electricity sources, which leads to the depletion of limited resources.	Negative	Actual	Short and medium term	Rising energy prices could increase operating expenses and impair competitiveness.	Risk	Short and medium term
		Promote decarbonization by increasing the use of renewable energies in production in order to achieve Scope 1 and Scope 2 CO_2e neutrality by 2030 and significantly reduce the share of non-renewable energies.	Positive	Actual	Medium and long term			
Water	**ESRS E3**	Consumption of fresh water for surface treatment, cooling processes and the production of concrete ties, which affects local water resources .	Negative	Actual	Short and medium term			

Positive | Negative
Actual | Potential
Medium and long term | Short and medium term
Long term | Short term
Risk | Opportunity

Sustainability aspect	Standard	Impacts on people and the environment				Financial impacts		
Resource outflows related to products and services	**ESRS E5**	Environmental impact due to the use of insufficiently sustainable materials and inadequate recycling of concrete ties.						
		Promotes the circular economy through a high proportion of unpackaged, recyclable products and increasing recycling rates.						
Waste	**ESRS E5**	Increased waste intensity for products due to unavoidable generation of residual waste in the production process.						
Working conditions (own workforce)	**ESRS S1**	The occurrence of work-related injuries and illnesses despite preventive measures at Vossloh can lead to the impairment of the workforce.				High employee turnover could lead to a loss of knowledge, increased recruitment costs and lower productivity due to more frequent staff changes.		
		Significant severity of work-related injuries and illnesses in production facilities that have a long-term impact on the health and quality of life of employees.						
		Inadequate workplace safety, which increases the risk of accidents and health damage to the workforce' health.						
		Promotes compliance with labor laws and international standards that contribute to improved working conditions and workers' rights.						
		Optimal staffing of positions based on skills and motivation, leading to higher productivity and workforce satisfaction.						
		Succession planning and talent mapping promote growth potential by specifically identifying and developing skills and internal motivations.				Better working conditions create the opportunity to attract a highly qualified workforce, which, in turn, increases the Group's innovative strength and efficiency.		
		Promoting a good work-life balance that contributes to improving workforce satisfaction and productivity.				Improved working conditions offer the opportunity to attract and retain talented employees in the long term, which promotes the stability and productivity of the Group.		
		Promoting personal and professional development significantly increases employee engagement and retention, and drives talent development and innovation						

Sustainability aspect	Standard	Impacts on people and the environment				Financial impacts		
Equal treatment and equal opportunities for all (own workforce)	**ESRS S1**	Competitive remuneration and additional benefits compared to the industry directly influence workforce satisfaction and loyalty and attract qualified employees.	⊕			Higher salaries and additional benefits for employees could increase operating costs and put pressure on the Group's financial flexibility.		
		Attractive remuneration helps to ensure a decent standard of living and supports the well-being of the workforce.	⊕			Attracts a highly qualified workforce, which increases the Group's innovative strength and competitiveness.		
		Ensures comprehensive social security benefits that contribute to the social security of the workforce.	⊕					
		Promotes diversity in the workforce, for example, in terms of gender and nationality, which contributes to an inclusive working environment and greater innovative strength.	⊕					
Working conditions (workers in the value chain)	**ESRS S2**	Incidents of misconduct among the workforce, but also along the value chain, could jeopardize the well-being of employees.	⊖					
Other labor-related rights (workers in of the value chain)	**ESRS S2**	Potential violations of fundamental human rights in the supply chain, such as child labor or forced labor, which entail ethical and legal risks.	⊖					
Personal safety of consumers and/or end users	**ESRS S4**	Inadequate health and safety standards of the products/ services could endanger the health of users.	⊖			The risk of quality issues or customer complaints could damage trust in the brand and lead to negative legal and financial consequences.		
		Development of durable products for rail infrastructure that help to reduce waste and resource consumption.	⊕			The improvement and development of high-quality products offer the opportunity to exploit a higher willingness to pay for products with a better quality.		
Corporate culture	**ESRS G1**	Clear roles and responsibilities and a proper segregation of duties promote efficiency, reduce risks and strengthen employees' confidence in the work processes.	⊕					
Protection of whistleblowers	**ESRS G1**	Insufficient protection for whistleblowers – which makes it more difficult to uncover wrongdoing and jeopardizes ethical conduct – could undermine trust in the company.	⊖					

Sustainability aspect	Stan-dard	Impacts on people and the environment	Financial impacts
Corruption and bribery	ESRS G1	Weak regulations and controls in the area of corruption and bribery could lead to illegal practices and jeopardize trust in the company and the integrity of the business.	
Cybersecurity *(Company-specific topic)*		Inadequate protection of IT systems could lead to cyberattacks that jeopardize business continuity and the security of company data.	Business interruptions and financial losses due to targeted cyber attacks on critical systems.
			Financial burdens due to ransom payments or costs for restoring data and systems after an attack.
Track availability and efficiency in rail transport *(Company-specific topic)*		Greater track availability through the increased use of digital technologies could increase the efficiency in the rail network, reduce downtimes and optimize operational processes.	Optimization of operations through digital technologies leads to more efficient use of infrastructure and improved customer satisfaction.
		Development of innovative products and services that extend the service life of rail infrastructure components and therefore conserve resources.	
Noise reduction on tracks *(Company-specific topic)*		Reduction of track-related noise and vibrations through innovative technologies that contribute to improving the quality of life in areas close to railroads.	

All risks are of a potential nature and, therefore, currently have no financial impact on Vossloh. Furthermore, it is not expected that there will be a financial impact on Vossloh in the next reporting period. In the case of opportunities, however, it is not possible to quantify the financial impact in this or the next reporting period due to their predominantly medium and long-term nature. For this reason, no disclosures have been made regarding the current financial impact of the company's material risks and opportunities on its financial position, financial performance and cash flows.

For the identification of impacts, risks and opportunities related to environmental pollution (ESRS E2) as well as biodiversity and ecosystems (ESRS E4), the process described above was also applied using the same methods, assumptions and tools to identify and assess materiality. In each case, the company's own sites and business activities as well as the upstream and downstream value chain were reviewed. As part of the materiality analysis, information from exchanges with regionally affected communities was also taken into account. At the company's sites, there are no indications of complaints from the public or ongoing official proceedings in connection with environmental protection or biodiversity and ecosystems . The analysis did not identify any dependencies regarding biodiversity and ecosystems and their benefits either at the Vossloh sites or in the upstream and downstream value chain. None of Vossloh's sites are located in or near areas with biodiversity in need of protection. No risks and opportunities of any kind were identified in connection with biodiversity and ecosystems. For ESRS E2 and ESRS E4, the current materiality analysis therefore did not result in any impacts, risks and opportunities classified as material.

However, the company will continue to monitor potential developments in these areas and will reassess them if the general conditions change significantly. Despite being classified as non-material, the company remains committed to its responsibility to minimize potential impacts on pollution, biodiversity and ecosystems and to act in accordance with applicable regulations.

List of disclosure requirements in connection with ESRS 2 that are included in this Group Sustainability Statement in the topic-specific standards

Disclosure requirement	Page, paragraph
E1 Climate change	
ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	p. 93, para. 2
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	
ESRS E1 SBM-3 18: Type of climate-related risk	p. 90, para. 6
ESRS E1 SBM-3 19: Description of the resilience of Vossloh's strategy and business model in relation to climate change	p. 93, para. 4 – p. 94, para. 4
ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	
ESRS 2 IRO-1 20: Description of the processes to identify and assess material climate-related impacts, risks and opportunities	p. 91, para. 2, p. 92, para. 3, p. 93, para. 4, p. 94, para. 1-para. 3, p. 95, para. 1, p. 95, para. 4 – para. 6, p. 97, para. 6
ESRS 2 IRO-1 21: Explanation of the climate-related scenario analysis and risk assessment	p. 93, para. 4, p. 94, para. 1
E3 Water and marine resources	
IRO-1 Description of the process to identify and assess material water and marine resources-related impacts, risks and opportunities	p. 99, para. 1 – para. 2
E5 Resource use and circular economy	
IRO-1 Description of the process to identify and assess material resource use and circular economy-related impacts, risks and opportunities	p. 100, para. 4 - para. 5
S1 Own workforce	
ESRS 2 SBM-1 40: Number of employees by geographical area	p. 129, Tab. 1
SBM-2 Interests and views of stakeholders	p. 123 para. 7 – p. 124 para. 1, p. 125, para. 1, p. 130, para. 1, p. 131, para. 2, p. 133, para. 1
S2 Workers in the value chain	
SBM-2 Interests and views of stakeholders	p. 136, para. 1 to p. 136, para. 4, p. 137, para. 1, p. 138, para. 3, p. 139, para. 3
S4 Consumers and end users	
SBM-2 Interests and views of stakeholders	p. 117, para. 5, p. 118, para. 5 to p. 119, para. 5
G1 Business conduct	
GOV-1 The role of the administrative, management and supervisory bodies	p. 140, para. 2
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	p. 140, para. 1

An index of the disclosure requirements contained in this Group Sustainability Statement that have been fulfilled can be found on page 81 et seq.

Group-wide sustainability goals and initiatives

Vossloh has organized its sustainability activities into the following areas of action since 2021:

- Sustainability strategy and management
- Environmental and climate protection
- Safe and sustainable mobility
- Occupational health and safety
- Personnel strategy and personnel management
- Good Corporate Citizenship
- Sustainable supply chains and operations
- Business ethics

The overarching area, "Sustainability strategy and management" provides the framework for the seven other areas of action as well as for the Group's future orientation. The group-wide principles for all of Vossloh's sustainability activities and initiatives are set out in the Sustainability Guideline adopted in 2021. The guideline defines in particular the areas of action, as well as organization, responsibility and processes. The orientation and focus of sustainability activities are adapted to changing conditions and requirements with the help of regular reviews by the Executive Board.

Specific sustainability goals have been defined for the sustainability topics classified as material.

In the Good Corporate Citizenship action area, Vossloh did not classify any topics as material within the meaning of Section 289c HGB in the previous year or in the current reporting year as part of its annual materiality review. This decision reflects the limited impact and potential of this area compared to other sustainability topics and aspects of corporate activity. In addition, activities in this area have not yet been centrally coordinated and systematically recorded. Irrespective of this, Vossloh's business units continue to carry out several initiatives to support local communities.

Vossloh is currently pursuing the following group-wide sustainability goals:
– Climate neutrality in own business operations by 2030 (Scope 1 and Scope 2)
– Reduction in the frequency of accidents at work by 20 % annually
– 90 % sustainable strategic purchasing volume by 2025

The company is also pursuing other group-wide sustainability initiatives such as reducing the environmental footprint of Vossloh's products and services along the entire value chain, implementing the group-wide diversity, equality and inclusion policy and implementing the new value-based management principles.

The indicators disclosed in the Group Sustainability Statement are audited exclusively by the auditor and are not validated by another external body.

The following table assigns the sustainability topics assessed as material in 2024 to the defined areas of action and the existing group-wide sustainability targets:

Sustainability area according	Sustainability aspect according to Sec. 289c HGB	Field of action	Material matter	Standard	Existing Group targets
Environment	Environmental matters	Environmental and climate protection	Climate change mitigation (by reducing CO_2e emissions)	ESRS E1	Climate neutrality by 2030 (Scope 1 and Scope 2)
			Energy		
			Water	ESRS E3	
			Resource outflows related to products and services	ESRS E5	
			Waste		
Social	Social matters	Safe and sustainable mobility	Personal safety of consumers and/or end users	ESRS S4	
			Track availability and efficiency in rail transport	Company-specific	
			Noise reduction on tracks		
	Employee interests and respect for human rights	Occupational health and safety	Working conditions (own workforce)	ESRS S1	Reduction in the frequency of accidents at work by 20 % annually
		Personnel strategy and personnel management	Working conditions (own workforce)		
			Equal treatment and equal opportunities for all (own workforce)		
		Sustainable supply chains and operations	Working conditions (workers in the value chain)	ESRS S2	90 % sustainable strategic purchasing volume by 2025
			Other labor-related rights (workers in the value chain)		
Governance	Respect for human rights	Business ethics	Corporate culture	ESRS G1	
	Combating corruption and bribery		Corruption and bribery		
			Protection of whistleblowers		
			Cybersecurity	Company-specific	

External assessments of Vossloh's sustainability performance

At the end of 2021, the company launched a group-wide sustainability initiative for each goal, which the Head of Corporate Sustainability is responsible for coordinating and monitoring. The initiatives were continued as planned in 2024. The implementation procedures and the extent to which the objectives have been achieved are reported in the respective thematic chapters. The Group Sustainability Committee and the Executive Board are regularly informed about group-wide initiatives and other activities.

Various rating agencies have regularly assessed Vossloh's sustainability performance for years. The company currently has a Prime status according to Institutional Shareholder Services (ISS) ESG, among others, which places the Vossloh Group in the top 10 % of its sector. Vossloh achieved Gold status with EcoVadis for the first time in 2024; according to the score received, Vossloh is among the top four percent of all companies rated by EcoVadis. MSCI ESG Research continued to rank Vossloh at the second-best AA rating level (on a scale from AAA to CCC) in the 2024 reporting year. In 2024, Vossloh received the National German Sustainability Award in the Mobility and Logistics category.

Such assessments play a special role for Vossloh: The Group was one of the first companies in Germany to place a sustainability-linked hybrid note at the beginning of 2021. The redemption amount of the note is linked to the company's sustainability performance as measured by ISS ESG and MSCI ESG Research ratings. In February 2024, Vossloh concluded an ESG-oriented syndicated loan in which the interest margin is linked to the compliance rate of revenue in accordance with the EU Taxonomy Regulation in the form of a bonus-malus regulation.

In addition, Vossloh has been an active participant in the United Nations (UN) Global Compact since 2020.

EU taxonomy underscores a sustainable business model

Vossloh has implemented the EU Taxonomy Regulation reporting obligations since the 2021 fiscal year. The EU Taxonomy Regulation provides a standardized classification system for defining environmentally sustainable economic activities. For the 2024 reporting year, 100 % of sales revenues were classified as taxonomy-eligible, as in the previous year. The share of environmentally sustainable and therefore taxonomy-aligned sales revenues, which mainly relate to sales revenues from electrified routes, amounted to 67 % in the reporting year (previous year: 63 %). Both values underline Vossloh's sustainable business model. Detailed information on the requirements of EU taxonomy, a comprehensive and detailed description of the implementation of these requirements at Vossloh as well as the required indicators according to Annex II to the Commission Delegated Regulation (EU) can be found in the section "EU taxonomy and its implementation at Vossloh" from page 105 et seqq.

Index of the disclosure requirements contained in the Group Sustainability Statement

	Disclosure requirement	Position
ESRS 2 General disclosures		
BP-1	General basis for preparation of sustainability statements	p. 68
BP-2	Disclosures in relation to specific circumstances	p. 68
GOV-1	The role of the administrative, management and supervisory bodies	p. 68
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	p. 68
GOV-3	Integration of sustainability-related performance in incentive schemes	p. 69
GOV-4	Statement on due diligence	p. 69
GOV-5	Risk management and internal controls over sustainability reporting	p. 70
SBM-1	Strategy, business model and value chain	p. 70
SBM-2	Interests and views of stakeholders	p. 71
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	pp. 71-76
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	p. 72
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	p. 81
E1 Climate change		
GOV-3	Integration of sustainability-related performance in incentive schemes	p. 93
E1-1	Transition plan for climate change mitigation	pp. 92/93
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	pp. 93-96
IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	pp. 91-97
E1-2	Policies related to climate change mitigation and adaptation	pp. 91-97
E1-3	Actions and resources in relation to climate change policies	p. 92
E1-4	Targets related to climate change mitigation and adaptation	p. 91
E1-5	Energy consumption and mix	pp. 97/98
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	p. 96
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	p. 96
E1-8	Internal carbon pricing	p. 96
E2 Pollution		
IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	p. 76
E3 Water and marine resources		
IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	pp. 99/100
E3-1	Policies related to water and marine resources	p. 99
E3-2	Actions and resources related to water and marine resources	pp. 99/100
E3-3	Targets related to water and marine resources	p. 99
E3-4	Water consumption	p. 100
E4 Biodiversity and ecosystems		
IRO-1	Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	p. 76
E5 Resource use and circular economy		
IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	p. 100
E5-1	Policies related to resource use and circular economy	p. 101
E5-2	Actions and resources related to resource use and circular economy	pp. 101-103
E5-3	Targets related to resource use and circular economy	p. 101
E5-5	Resource outflows	pp. 103/104
S1 Own workforce		
SBM-2	Interests and views of stakeholders	p. 123

SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	pp. 123/124
S1-1	Policies related to own workforce	pp. 124/125
S1-2	Processes for engaging with own workers and workers' representatives about impacts	p. 123
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	p. 125, p. 127
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	p. 125, p. 127
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	p. 125
S1-6	Characteristics of the undertaking's employees	pp. 128/129
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	p. 129
S1-8	Collective bargaining coverage and social dialog	p. 130
S1-9	Diversity metrics	p. 129
S1-10	Adequate wages	p. 134
S1-11	Social protection	p. 134
S1-12	Persons with disabilities	p. 135
S1-13	Training and skills development metrics	p. 132
S1-14	Health and safety metrics	p. 126
S1-15	Work-life balance metrics	p. 131
S1-16	Compensation metrics (pay gap and total compensation)	p. 135
S2 Workers in the value chain		
SBM-2	Interests and views of stakeholders	p. 136
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	p. 136
S2-1	Policies related to value chain workers	pp. 136-139
S2-2	Processes for engaging with value chain workers about impacts	p. 138
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	pp. 138/139
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	pp. 136-139
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	p. 136
S4 Consumers and end users		
SBM-2	Interests and views of stakeholders	p. 117
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	pp. 117/118
S2-1	Policies related to consumers and end users	pp. 118/119
S4-2	Processes for engaging with consumers and end users about impacts	p. 118
S4-3	Processes to remediate negative impacts and channels for consumers and end users to raise concerns	p. 118
S4-4	Taking action on material impacts on consumers and end users, and approaches to managing material risks and pursuing material opportunities related to consumers and end users and effectiveness of those actions	pp. 118/119
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	p. 117
G1 Business conduct		
GOV-1	The role of the administrative, management and supervisory bodies	p. 140
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	p. 128, p. 140
G1-1	Business conduct policies and corporate culture	p. 130, p. 140
G1-2	Management of relationships with suppliers	pp. 138/139, p. 144
G1-3	Prevention and detection of corruption and bribery	pp. 141-144
G1-4	Confirmed incidents of corruption or bribery	p. 145
G1-5	Political influence and lobbying activities	p. 144
G1-6	Payment practices	p. 144

Information incorporated by reference

The following information is incorporated by reference to other parts of the Management Report and the Annual Report:

Standard	Description of information	Position
ESRS 2 BP-1 Paragraph 5	Description of the scope of consolidation	Notes to the Consolidated Financial Statements, p. 159, para. 10 to p. 161, para. 6
ESRS 2 GOV-1 Paragraph 22	Information on administrative, management and supervisory bodies	Notes to the Consolidated Financial Statements, p. 208 et seq.
ESRS 2 GOV-5 Paragraph 36	Risk management, internal control system	Risk and Opportunity Report, p. 53, para. 1 to p. 63, para. 9
ESRS 2 SBM-1 Paragraph 40 a) i and ii	Significant groups of products and services and significant markets and/or customer groups	Combined Management Report, p. 14, para. 4 to para. 6, p. 26, para. 1, p. 28, para. 1, p. 29, para. 1
ESRS S4-3 Paragraph 25 a)	Procedures to mitigate material negative impacts on end users	Research and development, p. 48, para. 1

List of data points in general and thematic standards resulting from other EU legislation

Disclosure requirement and related data point	Page in the Group Sustainability Statement	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference
ESRS 2 GOV-1 Gender diversity in the management and governance bodies, paragraph 21 letter d	p. 68	Indicator no. 13 in Annex 1 Table 1		Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21 letter e	p. 68			Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	p. 69	Indicator no. 10 in Annex 1 Table 3			
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40 (d) i	Not applicable	Indicator no. 4 Table 1 in Appendix 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 1: Qualitative information on environmental risks and Table 2: Qualitative information on social risks	Commission Delegated Regulation (EU) 2020/1816, Annex II	Regulation (EU) 2021/1119, Article 2 (1)
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40 (d) ii	Not applicable	Indicator no. 9 in Annex 1 Table 2		Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40 (d) iii	Not applicable	Indicator no. 14 in Annex 1 Table 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40 (d) iv	Not applicable			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14	pp. 92 et seqq.				Regulation (EU) 2021/1119, Article 2 (1)
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks, paragraph 16 (g)	Not applicable		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12(1)(d) to (g) and Article 12(2)	
ESRS E1-4 GHG emission reduction targets, paragraph 34	p. 91	Indicator no. 4 in Annex 1 Table 2	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3: Banking book – Climate change transition risk: Adjustment parameters	Delegated Regulation (EU) 2020/1818, Article 6	

Mandatory disclosure and associated data point	Page in the Group Sustainability Statement	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	p. 98	Indicator no. 5 in Annex 1 Table 1 and indicator no. 5 in Annex 1 Table 2			
ESRS E1-5 Energy consumption and mix, paragraph 37	p. 98	Indicator No. 5 in Annex 1 Table 1			
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	p. 98	Indicator No. 6 in Annex 1 Table 1			
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	p. 96	Indicators No. 1 and 2 in Annex 1 Table 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5 (1), Article 6 and Article 8 (1)	
ESRS E1-6 Intensity of gross GHG emissions, paragraph 53 to 55	p. 98	Indicator No. 3 Table 1 in Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8 (1)	
ESRS E1-7 GHG removals and carbon credits, paragraph 56	p. 96				Regulation (EU) 2021/1119, Article 2 (1)
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66	Transitional provision, not applicable			Delegated Regulation (EU) 2020/1818, Annex II, Delegated Regulation (EU) 2020/1816, Annex II	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a) **ESRS E1-9** Location of significant assets at material physical risk, paragraph 66 (c)	Transitional provision, not applicable		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; template 5: Banking book - Climate change physical risk: Exposures subject to physical risk		
ESRS E1-9 Breakdown of the carrying amount of its real estate assets by energy-efficiency classes, paragraph 67 (c)	Transitional provision, not applicable		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraph 34; Reporting form 2: Banking book – Climate change transition risk: Loans collateralized by immovable property – Energy efficiency of the collateral		

Mandatory disclosure and associated data point	Page in the Group Sustainability Statement	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69	Transitional provision, not applicable			Commission Delegated Regulation (EU) 2020/1818, Annex II	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Not applicable	Indicator no. 8 in Annex 1 Table 1 Indicator no. 2 in Annex 1 Table 2 Indicator no. 1 in Annex 1 Table 2 Indicator No. 3 in Annex 1 Table 2			
ESRS E3-1 Water and marine resources, paragraph 9	p. 99 et seq.	Indicator no. 7 in Annex 1 Table 2			
ESRS E3-1 Dedicated policy, paragraph 13	p. 100	Indicator No. 8 in Annex 1 Table 2			
ESRS E3-1 Sustainable oceans and seas, paragraph 14	Not applicable	Indicator no. 12 in Annex 1 Table 2			
ESRS E3-4 Total water recycled and reused, paragraph 28 (c)	p. 99	Indicator no. 6.2 in Annex 1 Table 2			
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations, paragraph 29	p. 100	Indicator no. 6.1 in Annex 1 Table 2			
ESRS 2 SBM-3 E4 Paragraph 16 letter a (i)	Not applicable	Indicator No. 7 in Annex 1 Table 1			
ESRS 2 SBM-3 E4 Paragraph 16 letter b	Not applicable	Indicator No. 10 in Annex 1 Table 2			
ESRS 2 SBM-3 E4 Paragraph 16 letter c	Not applicable	Indicator no. 14 in Annex 1 Table 2			
ESRS E4-2 Sustainable land/agriculture practices or policies, paragraph 24 (b)	Not applicable	Indicator No. 11 in Annex 1 Table 2			
ESRS E4-2 Sustainable oceans/seas practices or policies, paragraph 24 (c)	Not applicable	Indicator no. 12 in Annex 1 Table 2			
ESRS E4-2 Policies to address deforestation, paragraph 24 (d)	Not applicable	Indicator No. 15 in Annex 1 Table 2			

Mandatory disclosure and associated data point	Page in the Group Sustainability Statement	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference
ESRS E5-5 Non-recycled waste, paragraph 37 (d)	p. 104	Indicator no. 13 in Annex 1 Table 2			
ESRS E5-5 Hazardous waste and radio-active waste, paragraph 39	p. 104	Indicator no. 9 in Annex 1 Table 1			
ESRS 2 SBM-3 S1 Risk of incidents of forced labor, paragraph 14 (f)	p. 136	Indicator no. 13 in Annex I Table 3			
ESRS 2 SBM-3 S1 Risk of incidents of child labor, paragraph 14 (g)	p. 130	Indicator no. 12 in Annex I Table 3			
ESRS S1-1 Human rights policy commitments, paragraph 20	p. 130	Indicator no. 9 in Annex I Table 3 and indicator no. 11 in Annex I Table 1			
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Orga-nization Conventions 1 to 8, paragraph 21	p. 130			Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	p. 130	Indicator no. 11 in Annex I Table 3			
ESRS S1-1 workplace accident prevention policy or management system, paragraph 23	p. 123 et seqq.	Indicator no. 5 in Annex I Table 3			
ESRS S1-3 grievance/complaints handling mechanisms, paragraph 32 (c)	p. 131	Indicator no. 5 in Annex I Table 3			
ESRS S1-14 Number of fatalities and num-ber and rate of work-related accidents, paragraph 88 (b) and (c)	p. 126	Indicator No. 2 in Annex I Table 3		Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88 (e)	p. 126	Indicator No. 3 in Annex I Table 3			
ESRS S1-16 Unadjusted gender pay gap, paragraph 97 (a)	p. 135	Indicator no. 12 in Annex I Table 1		Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 (b)	p. 134 et seq.	Indicator No. 8 in Annex I Table 3			

Mandatory disclosure and associated data point	Page in the Group Sustainability Statement	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference
ESRS S1-17 Incidents of discrimination, paragraph 103 (a)	p. 130 et seq.	Indicator no. 7 in Annex I Table 3			
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD, paragraph 104 (a)	p. 130 et seq.	Indicator No. 10 in Appendix I Table 1 and Indicator No. 14 in appendix I Table 3		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12, paragraph 1	
ESRS 2 SBM-3 S2 Significant risk of child labor or forced labor in the value chain, paragraph 11 (b)	p. 136	Indicators No. 12 and 13 in Annex I Table 3			
ESRS S2-1 Human rights policy commitments, paragraph 17	p. 136	Indicator no. 9 in Annex 1 Table 3 and indicator no. 11 in Annex 1 Table 1			
ESRS S2-1 Policies related to workers in the value chain, paragraph 18	p. 136 et seqq	Indicators no. 11 and 4 in Appendix 1 Table 3			
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	p. 136 et seqq	Indicator no.10 in appendix 1 Table 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12, paragraph 1	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19	p. 136 et seqq			Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	p. 139	Indicator no. 14 in Annex 1 Table 3			
ESRS S3-1 Human rights policy commitments, paragraph 16	Not applicable	Indicator no. 9 in Annex 1 Table 3 and indicator no. 11 Annex 1 Table 1			

Mandatory disclosure and associated data point	Page in the Group Sustainability Statement	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines, paragraph 17	Not applicable	Indicator no. 10 in appendix 1 Table 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12 Paragraph 1	
ESRS S3-4 Human rights issues and incidents, paragraph 36	Not applicable	Indicator no. 14 in Annex 1 Table 3			
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	p. 117 et seqq.	Indicator no. 9 in Annex 1 Table 3 and indicator no. 11 in Annex 1 Table 1			
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 17	p. 117 et seqq.	Indicator no. 10 in Annex 1 Table 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12 (1)	
ESRS S4-4 Human rights issues and incidents, paragraph 35	p. 117 et seqq.	Indicator no. 14 in Annex 1 Table 3			
ESRS G1-1 United Nations Convention against Corruption, paragraph 10 (b)	p. 141 et seqq.	Indicator no. 15 in Annex 1 Table 3			
ESRS G1-1 Protection of whistleblowers, paragraph 10 (d)	p. 145	Indicator no. 6 in Annex 1 Table 3			
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 (a)	p. 145	Indicator no. 17 in Annex 1 Table 3		Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24 (b)	p. 141 et seqq.	Indicator no. 16 in Annex 1 Table 3			

Environment

In the area of the environment, Vossloh identified five topics as relevant in 2024 as part of the double materiality analysis (see page 71 et seqq.):
– Climate change mitigation (by reducing CO_2e emissions)
– Energy
– Water
– Resource outflows related to products and services
– Waste

The company has a group-wide sustainability guideline and an EcoDesign guideline that cover various ecological aspects. However, a detailed analysis has shown that there are still no specific guidelines in the areas of environment, water management and waste management. To close these gaps and ensure a comprehensive approach in these areas, the company plans to develop and implement corresponding guidelines by 2025.

The main impacts, risks and opportunities are presented in more detail below. The group-wide sustainability target defined in this area since 2021 is:
– Climate neutrality in own business operations by 2030 (Scope 1 and Scope 2)

The following table summarizes the most important measures taken in 2024 to achieve this goal:

Measures	Description
Budgeting and tracking CO_2 reduction against the 2030 climate neutrality target (Scope 1 and Scope 2)	Budgeting of CO_2 emissions to ensure alignment with the goal of climate neutrality by 2030 and quarterly review of CO_2e-reduction performance of the business units against the target with the Executive Board of the Vossloh Group.
Switch to purchasing electricity from renewable energies	75 % of the electricity purchased for all units worldwide comes from renewable energy sources (since 2024 and ongoing).
Solar park in India	Solar park that covers 50 % of the electricity consumption of the Indian foundry for manganese crossings and reduces Scope 2 emissions by 50 % (since 2024 and ongoing).
Solar park in Poland	Construction of a solar park in cooperation with an energy specialist, which covers half of the electricity requirements of the turnout plant in Poland and is expected to avoid 2,000 metric tons of CO_2e annually (since 2024 and ongoing).
Solar panels on the roofs of Vossloh plants in China, Germany, Sweden, the Netherlands, Malaysia, Mexico and Serbia	Installation of solar cells on the roofs of Vossloh plants in China, Germany, Sweden, the Netherlands, Malaysia, Mexico and Serbia (since 2024 and ongoing).
Measurement of Scope 3	Measurement of the Vossloh Group's Scope 3 emissions. With the exception of category 14 (Franchise), which is not relevant for Vossloh, all other categories of the GHG Protocol are applicable.

Climate change mitigation (by reducing CO_2e emissions)

On this topic, the materiality analysis revealed:
– the following significant negative impacts: Greenhouse gas emissions from direct emissions in the production process and upstream supply chains (Scope 3.1) that contribute to global warming without effective decarbonization measures;
– the following significant positive impacts: Promotion of climate change adaptation by enabling sustainable rail mobility, which could potentially lead to lower emissions from private transport;
– the following significant risk: Stricter regulations to reduce greenhouse gas emissions could lead to potential cost increases due to the adaptation of production facilities, including investments in low-emission technologies and possible penalties for non-compliance (transition risk);
– no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

Particularly against the backdrop of the ambitious climate change mitigation targets of the Paris Agreement to limit global warming to 1.5 degrees on average, rail as a mode of transport is gaining enormously in importance. Moving greater levels of traffic onto the rail network is a core part of sustainable, environmentally and climate-friendly mobility. Vossloh produces durable products for rail infrastructure and provides services to improve the performance, reliability and service life of the rail infrastructure. The Group is continuously working to reduce the consumption of raw materials and minimize emissions, while at the same time ensuring the efficient use of resources and minimizing environmental impact. The continuous optimization of the use of energy, materials and personnel as well as the constant improvement of processes are an integral part of day-to-day business for business management reasons alone. Vossloh is also focusing on its declared general intention to reduce the environmental footprint of its products and services along the entire value chain (ESRS E5, see page 101 et seq.). This is another way in which the company is meeting national and international climate change mitigation targets. The whole Executive Board discusses current developments in the area of climate change mitigation, particularly with regard to greenhouse gas emissions and energy, with the heads of the business divisions and selected heads of the central departments at quarterly management meetings.

Vossloh aims to achieve climate neutrality in its own business operations (Scope 1 and 2) by 2030. This goal was incorporated into Vossloh's sustainability strategy at an early stage, as the climate risk assessment carried out by the Group's Sustainability Committee – involving all relevant stakeholders – confirmed that the technical levers for implementing climate neutrality in Scope 1 and 2 are progressing rapidly. This enabled Vossloh to start mitigating and adapting to physical and transitory risks associated with climate change at an early stage. This goal also enabled Vossloh to keep pace with developments with customers, markets and environmental requirements. The target of climate neutrality in Scope 1 and 2 by 2030 was approved by both the Sustainability Committee and the Executive Board of Vossloh AG.

Although this goal is not formally based on science, the company believes that the climate neutrality target for its own business activities is a contribution to supporting the goals of the Paris Agreement. The Agreement calls for limiting the global temperature rise to well below 2 degrees, ideally to 1.5 degrees, and requires greenhouse gas neutrality in the second half of the century. The planned climate neutrality in our own business operations (Scope 1 and 2) by 2030 is within this time horizon and helps to reduce the risks of climate change. Vossloh mainly uses the Greenhouse Gas Protocol (GHGP) and the international standard for energy management systems ISO 50001 to measure, report and control emissions, including the setting of targets. The determination of the climate neutrality target for 2030 (Scope 1 and 2) is based on assumptions regarding revenue development, which are based on Vossloh's rolling three-year plan and longer-term linear revenue growth. To achieve the goal of climate neutrality, Vossloh has been intensifying its measures to decarbonize the Group since 2021. Extending the calculation of emissions values to the upstream and downstream value chain in the 2024 financial year is a first step towards contributing to climate change mitigation beyond the defined target in the future.

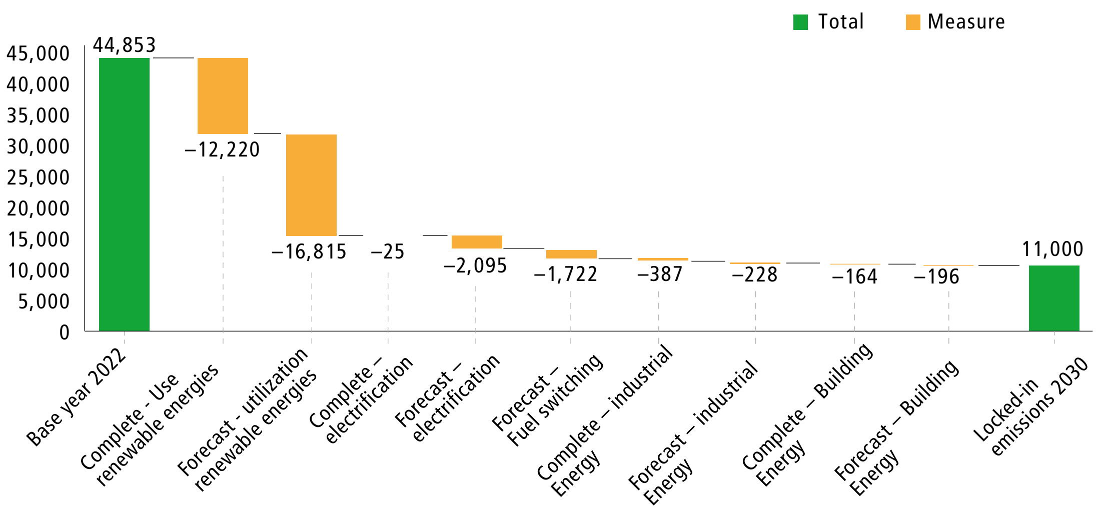
The transition plan for climate change mitigation drawn up in 2024 relates to the Scope 1 and 2 categories. It identifies four decarbonization levers across the Group: Using renewable energies, electrification, switching to less CO_2e-intensive fuels and improving energy efficiency in production. By far the greatest potential for saving CO_2e is the use of renewable energies, especially with the help of purchased green electricity and photovoltaic systems on site. In the Rail Services business unit and, to a lesser extent, in the Tie Technologies business unit, there is also a change in the fuel used. At Vossloh Rail Services, this involves the use of hydrogenated vegetable oils (HVO) instead of diesel for the engines of trains and machines used for maintenance services.

The transition plan for climate change mitigation is part of the budget approved by the Executive and Supervisory Boards for the divisions and Vossloh AG. The budget contains CO_2e intensity targets that are in line with Vossloh's goal of climate neutrality (Scope 1 and 2), as well as measures to achieve these targets. These measures result from the transition plan.

The measures included in the transition plan and budgeted in the company's financial planning to reduce CO_2e emissions for the period from 2025 to 2027 will require capital expenditure (CapEx) of € 8.77 million. A large part of the capital expenditure is attributable to the additional photovoltaic systems planned in the medium term. In addition, operating expenses (OpEx) are planned in the amount of €1.12 million. In 2024, capital expenditure (CapEx) to support Vossloh's 2030 climate neutrality target (Scope 1 and 2) amounted to €1.2 million (see page 24 for the Vossloh Group's total capital expenditure). These investments are relevant for industry 6.14 of the EU taxonomy (see section EU taxonomy on page 108, 6.14. Rail transport infrastructure). In the same year, the Vossloh Group spent €8.4 million (OpEx) on the purchase of electricity and heat from renewable energies (see page 21 for the cost of sales).

With the measures listed in the transition plan, Vossloh plans to save a total of 33,853 metric tons of CO_2e (Scope 1 and 2) by 2030 compared to the base year 2022. 2022 was selected as the base year for determining the reference value. In the selection process, care was taken to ensure that the base year reflected the company's typical activities and that no extraordinary external factors, such as extreme weather events, had a significant influence on the data. To achieve the target, over 86 % of the savings are to be achieved through the use of renewable energies. Progressive electrification accounts for around 6 % and the targeted fuel switch to HVO for a further 5 %. The company currently assumes that the amount of greenhouse gas emissions for which there is no possibility of elimination (locked-in GHG emissions) will amount to 11,000 metric tons of CO_2e in 2030. This takes into account, inter alia, the fact that there are currently no alternative energies available in sufficient quantities and at economic prices for the gas-powered furnaces for the heat treatment of tension clamps in Werdohl. In addition, Vossloh Rail Services' diesel-powered maintenance machines cannot be operated entirely with HVO due to engine limitations. From 2030, the remaining 11,000 metric tons of CO_2e emissions are to be offset annually. At the same time, new technological developments are continuously evaluated to check whether they can contribute to the reduction of locked-in GHG emissions. The aim is not to rely solely on offsetting in the long term, but to achieve an actual reduction in emissions through progressive solutions and therefore reduce the ecological footprint in the long term.

Transition plan



	2022 (base year)	2030 (target)
Greenhouse gas emissions (t CO_2e)	44,853	11,000
Use of renewable energies		**–29,035**
Complete (Scope 1)		–12,220
Forecast		–16,815
Scope 1		–3,203
Scope 2		–13,612
Electrification		**–2,120**
Complete (Scope 1)		–25
Forecast (Scope 1)		–2,095
Fuel switching		**–1,722**
Forecast (Scope 1)		–1,722
Industrial energy efficiency		**–615**
Done		–387
Scope 1		–220
Scope 2		–167
Forecast		–228
Scope 1		–4
Scope 2		–224
Building energy efficiency		**–360**
Done		–164
Scope 1		–104
Scope 2		–60
Forecast		–196
Scope 2		–196

Vossloh's economic activities are covered by the delegated regulations on climate change adaptation or climate change mitigation in accordance with the EU Taxonomy Regulation – see the explanations starting on page 105. Vossloh's sales revenues in the year under review were 100 percent taxonomy-eligible and 67 percent taxonomy-aligned, as the latter measurement essentially only applies to revenues relating to electrified rail lines. Whether and when rail lines will become electrified is not a decision to be made by Vossloh. The company can only react to decisions made by its customers and can therefore neither define targets nor plan capital expenditure for the transition from taxonomy-eligible to taxonomy-aligned activities in the long term.

Since the beginning of 2025, sustainability targets in environmental and climate protection have also been relevant for the remuneration of the Executive Board, after they were taken into account for the first time in the new remuneration system adopted for 2025 (ESRS 2 GOV-3, see page 69).

Environmental and climate protection is an integral part of Vossloh's operational processes. Environmental officers have been appointed at the Group companies' sites and corresponding reporting systems have been implemented. As at the reporting date of December 31, 2024, 79 % (previous year: 84 %) of employees worked for an ISO 14001 certified unit. The proportion of operating companies with corresponding certification was 64 % (previous year: 68 %). The decline is due to the companies acquired in the course of 2024 that have not yet been certified.

With standardized risk analyses that correspond to the hazards influenced by climate change in accordance with Delegated Regulation (EU) 2021/2139, Vossloh has been systematically examining the risks that could result for the company from the physical consequences of climate change, such as the more-frequent occurrence of extreme weather conditions, for the first time since 2024. Starting with the Group headquarters in Werdohl, the company is gradually subjecting all production sites to a risk analysis based on their GPS coordinates in order to assess the probability of natural disasters and their potential impact on the respective site. In the 2024 financial year, the 15 most important sites in the Group were analyzed. For example, the impacts of heat waves on infrastructure and the workforce or the dangers of severe storms and heavy rainfall are taken into consideration.

The risk analyses are based on the Intergovernmental Panel on Climate Change (IPCC). They look at three time periods (the years 2025, 2040, 2060) and three scenarios (limiting global warming to 1.5 degrees according to the Paris Agreement, achieving net zero by 2040, and emissions development without behavioral change). This covers both transitory and physical climate risks. At the same time, the scenarios take into consideration risks from all natural elements, i.e. water (heavy rain, floods, drought), earth (erosion, soil/mud avalanches), air (acute and chronic temperature changes, winds, storms, tornadoes, heat waves) and fire. The data used for the analyses comes from widely recognized national and supra-regional environmental authorities as well as from global meteorological models and seasonal mapping studies by scientific institutions. The CMIP6 data, inter alia, was used as the basis for the climate risks with the greatest influence on our current behavior that can be planned as best as possible. The Coupled Model Intercomparison Project (CMIP) coordinates climate model simulations worldwide as part of the World Climate Research Program (WCRP). The risks considered in 2025 represent acute risks that require immediate action. 2040 was chosen as the date for reaching the median path. 2060 forms the long-term horizon for strategic directions that can be influenced today.

The analyses are evaluated using artificial intelligence. The expert committees at the individual sites compare the gross risks determined in this way with the risk minimization measures already taken there. The results of the resulting resilience analyses are still pending. The first results are expected to be available in the course of 2025. The resulting net risks – taking into account minimizing measures – will be incorporated into strategic investment decisions in future. In addition, site-specific risk analyses and the resulting precautionary measures are to be integrated into the reporting cycle as part of the annual management review in future.

Compared to the physical risks due to the greater impact of global warming, Vossloh considers the transitory risks in the business model to be lower overall. With its products and services, the company supports the shift to a lower-emission transport model, utilizing the broad portfolio of its business units. This focus underlines the resilience of Vossloh's business model to short, medium and long-term climate-related changes. The company expects this positioning to ensure access to funding at an affordable cost of capital as sustainable mobility solutions are increasingly in demand.

In terms of their positive and negative impacts on climate change, greenhouse gas emissions are particularly relevant for Vossloh, measured in the form of CO_2e (CO_2-equivalent) emissions. The fact that the company causes such emissions was assessed negatively in the materiality analysis.
Promoting the transition to environmentally friendly mobility through Vossloh's business model is positive. In general, there is a risk that countries in which Vossloh produces or provides services will tighten the greenhouse gas emissions requirements to be met by companies. This could make it necessary for Vossloh to adapt its production facilities, work processes and equipment accordingly, which would result in financial costs.

The achievement of climate neutrality (Scope 1 and 2) by 2030 is measured using the indicators CO_2e emissions, CO_2e intensity (metric tons of CO_2e/revenue in € million) and energy intensity (energy consumption in MWh/ sales revenues in € million). Energy intensity and CO_2e intensity are the indicators used by Vossloh to measure its progress in terms of energy efficiency and minimizing CO_2e emissions, while also taking the company's growth targets into account.

As part of the group-wide Carbon Neutrality 2030 initiative (Scope 1 and 2), a cross-divisional team led by the Head of Corporate Sustainability with the support of all business units drew up the transition plan described above for reducing energy consumption and CO_2e emissions in 2024. The implementation focused in particular on the most energy-intensive processes and systems and the most CO_2e-intensive energy sources.

At the level of the individual Group companies and sites, packages of measures were budgeted for the years up to 2027 and extrapolated up to 2030, with the help of which climate neutrality (Scope 1 and 2) is to be achieved. This corresponds to an average annual reduction in CO_2e intensity of 11 %, based on the assumption that the total reduction in CO_2e intensity in Scope 1 and 2 over the period from 2022 to 2030 is 100 %, which corresponds to a distribution over nine years. After significant decreases of 15 % (2022) and 19 % (2023), CO_2e intensity was reduced by 10 % in the 2024 financial year. Thanks to the positive development in recent years, the company is still in line with the reduction path to 2030. The most important measures implemented in 2024 related to changing the energy mix and improving energy efficiency. They are explained in more detail under the heading Energy (ESRS E1-5, see page 97). Based on the action plans, Vossloh intends to further reduce direct and indirect CO_2e emissions in relation to Group sales revenues in subsequent years. The main CapEx and OpEx items have already been mentioned in connection with the transition plan described above.

The implementation of the measures in the transition plan to achieve climate neutrality (Scope 1 and 2) in 2030 depends to a large extent on the availability and allocation of resources. Resources are needed, for example, to purchase green and CO_2-free electricity, for which a surcharge is payable in most cases. In addition, capital expenditure is required to install solar panels, insulate buildings or purchase more energy-efficient equipment.

The level of CO_2e and greenhouse gas (GHG) emissions in the Scope 1 and Scope 2 categories was determined by Vossloh, as in previous years, on the basis of the GHG Protocol (Greenhouse Gas Protocol). The quantities of Scope 3 emissions reported for the first time were determined by a specialized team with the help of an external consultancy, also in accordance with the GHG protocol. First, Vossloh's value chain was mapped in detail. This showed that 14 of the 15 categories of the GHG Protocol apply to Vossloh. As Vossloh does not engage in franchising, category 14 was excluded from Scope 3. This was followed by a comprehensive analysis to determine which categories have the greatest impact. To ensure completeness and accuracy, a detailed guideline was drawn up that transposes the requirements of the GHG protocol into the company's existing business processes.

As indicated in the guideline, the annual data for each applicable category was downloaded from internal company databases and converted using the relevant CO_2e emission factors. The resulting CO_2e emissions were then summarized by category and business unit and entered into the company's group-wide reporting system. Business units were instructed to use primary CO_2e emission factors wherever possible. When primary data was unavailable, average values from the Ecoinvent database were applied. If neither was available, spend-based emission factors were used. Due to limited availability of supplier-provided primary data, spend-based CO_2e factors were used in 90% of cases. The remaining 10% relied on either primary data (mainly for business travel and selected purchased goods) or Ecoinvent averages (primarily for category 5 – production waste).

In addition, the company applied system boundary principles to include all relevant activities and harmonized its inventory with the organizational and operational boundaries defined for Scope 1 and Scope 2. Weekly coordination meetings were held to ensure consistency. In addition, two comprehensive reporting test runs were carried out, covering six and nine months of business activity, respectively.

The table below describes the recorded and categorized greenhouse gas emissions of the Vossloh Group, divided into the different emission areas (Scope 1, 2 and 3). The Group does not currently support any projects to reduce greenhouse gas emissions that are financed via CO_2 certificates and does not apply any internal CO_2 pricing systems. The emission factors for Scope 1 emissions were obtained from the Defra database. The emission factors for the location-based Scope 2 emissions were taken from the VDA database and take into account the global warming potential over 100 years (GWP100) and the greenhouse gases CH_4 and N_2O. Market-based Scope 2 emissions use emission factors from energy suppliers or, in their absence, the VDA database. Scope 3 emissions are based on primary data and the Ecoinvent and Carbon Saver databases, whereby GWP100, CH_4 and N_2O are also taken into account.

	Review				Milestones and goals			
Greenhouse gas emissions	Base-year[1]	2023	2024	% 2024 (N)/ 2023 (N-1)	2025	2030	(2050)	Annually % of the target/ base year[4]
Scope 1 GHG emissions								
Gross scope 1 GHG emissions (t CO_2e)	19,319	20,685	21,113	102 %	20,046	11,000	0	104 %
Percentage of Scope 1 GHG emissions from regulated emissions trading systems (%)								
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (t CO_2e)			35,577					
Gross market-based Scope 2 GHG emissions (t CO_2e)	25,534	21,647	16,802	78 %	11,502	0	0	45 %
Scope 3 GHG emissions								
Total gross indirect GHG emissions (Scope 3) (t CO_2e)[2,3]			1,411,302					
1 Purchased goods and services			1,028,313					
2 Capital goods			33,660					
3 Fuel and energy-related activities			10,877					
4 Upstream transportation and distribution			35,508					
5 Waste generated in operations			21,865					
6 Business travel			8,006					
7 Employee commuting			4,634					
8 Upstream leased assets			150					
9 Downstream transportation			10,908					
10 Processing of sold products			17,358					
11 Use of sold products			111,799					
12 End-of-life treatment of sold products			107,439					
13 Downstream leased assets			4,330					
15 Investments			16,455					
Total GHG emissions								
Total GHG emissions (location-related) (t CO_2e)			1,467,994					
Total GHG emissions (market-based) (t CO_2e)	44,853	42,332	1,449,219					

[1] Base year for Scope 1 and Scope 2 is 2022.
[2] Base year for Scope 3 is 2024.
[3] Scope 3 milestones and targets | 2025 | 2030 | 2050 | and annual percentage target/base year are not applicable as Vossloh measured its Scope 3 emissions for the first time in 2024 and has not yet set a Scope 3 reduction target.
[4] The annual target is 2025.

The interim target for 2025 envisages an increase in Scope 1 emissions of 727 t CO_2e compared to the base year 2022, which corresponds to an increase of 3.8 %. The interim target for 2025 envisages a reduction in Scope 2 emissions of 14,032 t CO_2e compared to the base year, which corresponds to a reduction of 55.0 %. For the sum of Scope 1 and Scope 2 emissions, a reduction of 13,305 t CO_2e is expected in 2025 compared to the base year, which corresponds to a decrease of 29.7 %.

As part of Scope 1, Vossloh used 1,287 liters of hydrogenated vegetable oil in the reporting year, which generated 46 kilograms of biogenic emissions (CH_4 and N_2O only).

The market-based CO_2 emission factors provided by the utilities companies to calculate Scope 2 emissions do not specify the percentages of biogenic CO_2 from biomass, CH_4 and N_2O.
This information is therefore not currently available. The CO_2 emission factors used to record Scope 3 emissions (average and spend-based) do not take into account biogenic CO_2 emissions from the upstream and downstream value chain.

In 2024, 58.8 % of the green electricity used by Vossloh was purchased via bundled contracts.

Energy
On the subject of energy, the materiality analysis revealed:
– the following significant negative impacts: Depletion of limited resources through the consumption of non-renewable energies, particularly fossil fuels, in production processes;
– the following significant positive impacts: Promotion of decarbonization by increasing the use of renewable energies in production in order to achieve Scope 1 and Scope 2 climate neutrality by 2030 and significantly reduce the share of non-renewable energies;
– the following significant risk: An increase in operating expenses due to rising energy prices, therefore impairing competitiveness;
– no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

The type of energy consumed (energy mix) and the efficiency of the energy used are factors that strongly influence the level of greenhouse gas emissions. With regard to Vossloh's goal of climate neutrality in the Scope 1 and Scope 2 categories by 2030, the materiality analysis resulted in a negative assessment because the company uses non-renewable energy from fossil sources in its production processes and therefore contributes to the depletion of finite resources. As decarbonization progresses, the use of energy from renewable sources is increasing. Vossloh is exposed to the risk that energy purchased in the future, regardless of its type, may become more expensive and therefore cause higher costs.

In order to increase the share of renewable energies in total energy consumption, Vossloh is equipping more and more of its factory buildings with photovoltaic systems and is purchasing green electricity at more and more sites. Corresponding activities are part of the transition plan drawn up in 2024, which is explained in detail on pages 91 et seq. Measures to improve efficiency include the use of process heat, the installation of modern, energy-efficient systems and better insulation of buildings. The most important lever for improvement in 2024 remained the use of electricity from renewable sources by expanding the company's own solar power generation. This was particularly evident in our foundry in India and in Poland with two new solar farms and in China with the expansion of the existing solar panel installations on the factories' roofs. In addition, the purchase of electricity from renewable sources was further increased.

The table below describes the Vossloh Group's energy consumption and energy mix. It is broken down into energy consumption from fossil fuels, nuclear and renewable energy sources and provides an overview of their share of total energy consumption.

Energy consumption and mix	2024
(1) Fuel consumption from coal and coal products (MWh)	
(2) Fuel consumption of crude oil and petroleum products (MWh)	34,301
(3) Fuel consumption from natural gas (MWh)	71,045
(4) Fuel consumption from other fossil sources (MWh)	
(5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	19,167
(6) Total consumption of fossil energy (MWh) (calculated as the sum of rows 1 to 5)	**124,513**
Share of fossil fuels in total energy consumption (%)	65.9
(7) Consumption from nuclear sources (MWh)	1,314
Share of consumption from nuclear sources in total energy consumption (%)	0.7
(8) Fuel consumption for renewable energy sources including biomass (MWh)	64
(9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	61,268
(10) Consumption of self-generated renewable energy that does not come from fuels (MWh)	1,679
(11) Total consumption of renewable energy (MWh) (calculated as the sum of rows 8 to 10)	**63,012**
Share of renewable energy sources in total energy consumption (%)	33.4
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**188,839**

The following tables show the energy and CO_2e emissions in relation to the Group's total revenue. The sales revenues (€ 1,209.6 million) used to calculate the energy and CO_2e intensities can be found on page 152:

t CO_2 equivalents Scope 1 (Vossloh Group)	2024	2023
Gas consumption	15,028,7	15,130.6
Heating oil consumption	154.8	228.8
Fuel consumption	5,930.2	5,325.9
Scope 1	21,113.6	20,685.3
Scope 1 CO_2e intensity (metric tons CO_2e/€ million)	17.5	17.0

t CO_2 equivalents Scope 2 (Vossloh Group)	2024	2024	2023
	Market-based	Location-based	Market-based
Electricity consumption	15,423,0	33,879.8	20,220.0
District heating consumption	1,379.5	1,676.2	1,426.8
Scope 2	16,802.5	35,556.0	21,646.8
Scope 2 CO_2e intensity (metric tons CO_2e/€ million)	13.9	29.4	17,8

As all of Vossloh's activities are part of the rail infrastructure sector, they are also part of the climate-intensive sector. The disclosed energy intensity and total energy consumption should therefore be understood as part of the climate-intensive sector.

Energy and CO_2 equivalents Scope 1 and 2 (Vossloh Group)	2024	2023
Energy intensity (MWh/€ million)	156.1	155.2
CO_2e intensity (metric tons CO_2e/€ million)	31.3	34.9

Greenhouse gas intensity of Scope 1, 2 and 3 (Vossloh Group)	2024	2023
Total GHG emissions (location-based) CO_2e intensity (metric tons CO_2e/€ million)	1,213.6	–
Total GHG emissions (market-based) CO_2e intensity (metric tons CO_2e/€ million)	1,198.1	–

Water

On the topic of water, the materiality analysis revealed
– the following significant negative impacts: Impairment of local water resources due to consumption of fresh water for surface treatments, cooling processes and the production of concrete ties;
– no significant positive impacts for people and the environment;
– no significant risks for the company;
– no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.). The company has reviewed its assets and business activities with regard to their impact on water resources. Here, water consumption data was analyzed and production processes evaluated. At the relevant sites, the company is in regular contact with local authorities to discuss potential risks in water management. Vossloh strives to optimize its water consumption in order to reduce negative impacts.

Water is a precious commodity, and Vossloh generally aims to use this elementary resource as efficiently as possible. Various measures have been taken at different sites in recent years, but their impact has not yet been centrally documented. In the course of preparing this report, the first step in 2024 was to expand the group-wide standardized and systematic collection of data on water beyond pure consumption data.
In a second step, the development of a group-wide concept on this topic began, which is intended to supplement the existing sustainability guidelines in 2025. The reason for the lack of a specific concept on water is that Vossloh has so far concentrated on other material sustainability matters when drawing up guidelines and concepts. It is planned that measures for more sustainable water use, particularly in areas with an increased risk of drought and high average water consumption, will also be developed as part of the group-wide concept. This will provide Vossloh with a basis for systematically tracking the effectiveness of the concepts and measures in relation to the material impact in the area of water in the future. The effectiveness of the measures taken is evaluated on the basis of the expanded data collection. In the reporting year, the company did not yet have defined targets and it is not yet meaningful to provide a base year for this topic.

In Vossloh's factories, water is mainly used for the surface treatment of products, as a cooling agent in various production processes and for the manufacture of concrete ties. With the exception of the Indian turnout plant which has natural springs, the production units obtain their water from the respective local public water suppliers. In the production areas of the Fastening Systems business unit and the Customized Modules division in particular, used water is therefore recycled in own facilities and fed back into the operating process. Some of the production units here work with closed water circuits. In contrast, the water used in the production of concrete ties in the Tie Technologies business unit remains bound in the products.

To date, none of the Vossloh Group's sites have collected rainwater to any significant extent and reused it in core processes. At the new Vossloh Switch Systems site in Bendigo, Australia, Vossloh will be using this on a large scale for the first time, drawing industrial water from rainwater reservoirs in accordance with the latest findings. Vossloh disposes of wastewater at all sites via the respective public wastewater systems. Industrial water that is heavily contaminated during production is first treated in the company's own wastewater treatment plants so that it at least meets the discharge standards of the public systems.

The following table shows the water consumption within the Vossloh Group, 98.7 % of which is via meters:

Vossloh Group	2024	2023
Water consumption (m^3)	156,108	182,988
Water intensity	129.2	150.7

The following table provides further details on group-wide water consumption in the 2024 financial year:

Water consumption 2024			
	In areas without water risks	In areas with high water risks	Consumption of treated and reused water
Water consumption (m^3)	64,760	86,887	4,460

Water consumption in the 2024 financial year was measured in all production units or verified by utility bills. The Indian turnout plant has its own natural springs. Their use has been approved by the Indian government, which also controls the specified withdrawal quantities. For office complexes, the Vossloh units only pay flat-rate advance payments to the landlords for their low consumption. This consumption corresponded to 1.3 % of the group-wide volume of water used, whereby assumptions about statistical consumption values per employee were used in accordance with EurEau specifications.

As part of the preparation of this declaration using the ESRS, Vossloh examined for the first time which of its sites worldwide are located in areas with high water stress. Such regions are those in which the percentage of water abstraction from the total water supply is high (40 % to 80 %) or extremely high (more than 80 %), as indicated in the Aqueduct Water Risk Atlas of the World Resources Institute (WRI). According to Aqueduct, 43 % of Vossloh's sites are currently located in areas with high water stress.

Resource outflows related to products and services

The materiality analysis of resource outflows in connection with products and services revealed
- the following significant negative impacts: Environmental impact due to the use of insufficiently sustainable materials and inadequate recycling of concrete ties;
- the following significant positive impacts: Promotion of the circular economy through a high proportion of unpackaged, recyclable products and increasing recycling rates;
- no significant risks for the company;
- no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.). Vossloh has reviewed its assets and business activities with regard to resource utilization and the circular economy. Here, material flows were analyzed and production processes evaluated. At the relevant sites, the company is in regular contact with local authorities to discuss, for example, potential impacts on regional resource availability, local waste management capacities and possible synergies in the circular economy. The company aims to optimize its use of materials and increase recycling rates.

Vossloh's main products, such as rail fastening and turnout systems or concrete ties, generally have a long service life (ESRS 2 SBM-1, 40 a) i and ii, see pages 26, 28 and 29). This is also generally characteristic of the rail infrastructure sector. Once installed, they remain in the track for years or decades and are largely maintenance-free during their service life. At the end of their service life, the products are also almost completely recyclable. Depending on the load and maintenance, turnouts and turnout crossings, for example, can be in use for 30 years, rail fastening systems for around 40 years. A service life of 40 to 50 years can be assumed for concrete and composite sleepers. Vossloh's services, such as rail grinding and milling or monitoring services, help to ensure that existing rail infrastructure can be used for longer.

However, raw materials are needed to manufacture the products, such as steel and plastic for rail fastenings and turnouts or concrete for sleepers. Grinding wheels are used for rail maintenance. The materiality analysis negatively assessed the environmental impact caused by the use of insufficiently sustainable materials and the inadequate recycling of concrete ties in particular. Vossloh’s existing approaches to promoting the circular economy, such as dispensing with product packaging, which is at least 100 % recyclable, if absolutely necessary, switching to more and more recyclable products and an overall increase in the recycling rate, were evaluated positively. Vossloh’s products currently consist of over 97 % recyclable materials. For future product lines, this feature is an integral part of the development requirements right from the start.

Vossloh’s Executive Board bears overall responsibility for the careful use of natural resources of all kinds within the company. This is a key aspect of the sustainability strategy pursued by the Executive Board. As part of this strategy, Vossloh has implemented a group-wide sustainability initiative. This initiative aims to reduce the environmental footprint of products and services along the entire value chain. On the one hand, the aim is to use natural resources of all kinds more sparingly. On the other hand, the demand for raw materials is to be reduced through reuse or recycling. Although the company has not yet defined specific, measurable targets for this intention, the determination of uniform group-wide data has been significantly expanded in the course of applying the ESRS in this area, so that local determination is possible. On this basis, and due to the expansion of the determination range of the greenhouse gas emissions volume to include the upstream and downstream value chain (Scope 3), measurable targets are to be defined in future and initiatives developed that can exploit further potential for improvement. This will provide Vossloh with a basis for systematically tracking the effectiveness of the concepts and measures with regard to the material impact in the area of resource outflows in the future. The effectiveness of the measures taken is evaluated on the basis of the expanded data collection. A reference period has not yet been defined.

For economic reasons alone, all Vossloh units strive to use resources as sparingly as possible. Material consumption and disposal volumes are recorded and monitored in the individual units. The documentation was standardized across the Group in 2024. Where technically possible and sensible, closed cycles and reprocessing plants reduce the consumption of valuable new raw materials to a minimum. Sustainability criteria have been incorporated into the development and design of new products and services for years. Since 2021, a group-wide innovation guideline (Innovation Playbook) has been in use, which harmonizes all innovation processes across business units and aligns the existing approaches and criteria for the sustainable design of products and services in the business units and links them to concrete recommendations for action. In particular, the sustainability aspects of low energy consumption (and therefore lower CO_2e emissions) or the non-use of problematic raw materials (see the explanations in the Sustainable supply chains and operations section on pages 135 et seqq.) are of central importance. The entire life cycle of a product, including recycling and/or disposal, is also considered from the outset. The same applies to the long-term impact of a service in the form of life cycle assessments in accordance with international standards such as ISO 14040, ISO 14044 or ISO 14067.

In all three divisions, Vossloh is preparing life cycle assessments (LCAs) for more and more products and services in line with the cradle-to-grave approach. The findings are integrated into the innovation and development process of products and services as EcoDesign principles in order to minimize their impact on the environment. Since December 2023, a group-wide guideline for the ecological design of products and services has supplemented the innovation guideline. When drawing up the EcoDesign guidelines, the interests of the most important stakeholders, in particular customers and suppliers, were taken into account through regular dialog. The guidelines are accessible to all employees via the intranet in order to support implementation in all relevant areas of the company. The focus of the guideline is on the design and construction phase, as these have the greatest influence on the ecological footprint of a product. The life cycle analyses carried out since then have shown that the following ecological design principles have the greatest impact on the ecological footprint of Vossloh’s portfolio: The use of renewable and/or recycled materials, efficient use of materials, energy efficiency and efficient logistics/packaging. The development departments therefore pay particular attention to these four principles. In view of the product strategies of Vossloh’s individual divisions, it is to be expected that these four principles will be confirmed by further LCAs. The views of customers and suppliers and their needs with regard to sustainability aspects are also incorporated into the development process at an early stage in order to achieve a high product-market fit. Through the Fit 4 Future initiative and the Sustainability Awards, Vossloh employees' ideas and suggestions on sustainability are also systematically incorporated into research and development.

Key examples of products developed in-house with a focus on sustainability are the Engineered Polymer Sleeper (EPS), the M-generation tension clamps and the world's first crossing made of recycled manganese steel, with which Vossloh attracted a lot of attention at InnoTrans 2024 industry trade fair. The EPS consists of amalentic, an innovative material mix of secondary raw materials in industrial quality and additives, which is recyclable. Only green electricity is used to manufacture the EPS composite sleepers. One of the features of the M-clamps is their innovative, compact design, which reduces transportation costs. A new micro-steel alloy reduces CO_2 emissions in the manufacture of these clamps by up to 65 %. For the new turnout crossing, a circular economy model was developed together with customers, through which old manganese crossings can be reused. Recycling the material not only reduces CO_2e emissions, but also mitigates the environmental, health and social impacts associated with manganese extraction, therefore meeting Vossloh's sustainability goals. All the products mentioned are also maintenance-free.

Vossloh sees the Engineered Polymer Pads (EPP) presented for the first time at InnoTrans 2024 as a key sustainable product of the future. This is a new type of sleeper pad for heavily used tracks in the ballast bed. As an elastic layer between the concrete sleeper and superstructure, it enables a more even distribution of force and load on the ballast and improves track stability, which means that the ballast wears less quickly. The pads are made almost exclusively from recycled and recyclable plastics. Green electricity from solar energy is used for production in an extrusion process. At the end of their service life, the pads can be separated from the threshold again and completely recycled.

Waste

On the subject of waste, the materiality analysis revealed that

– as a significant negative impact: increased waste intensity for products due to the unavoidable generation of residual waste in the production process;
– no significant positive impacts for people and the environment;
– no significant risks for the company;
– no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

The fact that there are waste-intensive processes in certain areas of Vossloh's production, such as the milling of cast blocks or the grinding and milling of rails, was assessed negatively in the materiality analysis.

By recycling, the company tries to minimize the amount of waste that ultimately has to be disposed of or sent to landfill. Thanks to economically sensible recycling programs and processes, particularly at the production sites, this quantity is falling steadily. To date, the data has not been recorded and documented in a standardized group-wide reporting system. Although Vossloh has not yet defined specific, measurable targets on this topic, data collection was systematically carried out for all sites for the first time in the course of preparing this 2024 report, which will make it possible to measure the recycling rates achieved against comparable targets in the future. The supplement to the sustainability guideline already mentioned under the topic of the environment on page 90 should also contain a group-wide approach to this topic, including the development of targets for a more sustainable handling of residual and waste materials. This will provide Vossloh with a basis for systematically tracking the effectiveness of the concepts and measures in relation to the material impact in the area of waste in the future. The effectiveness of the measures taken is evaluated on the basis of the expanded data collection. A reference period has not yet been defined.

Steel scrap and plastic, the main types of waste from production, are recycled at all Vossloh sites. At several sites, Vossloh Fastening Systems is using reusable transport containers. Vossloh Tie Technologies recycles process water on a large scale. Customized Modules processes the packaging material from the delivered raw materials in France and uses used turnout rib plates into the manufacture of new products. Downcycling, i.e. the reprocessing of materials without preserving their original quality, is another way to extend the lifecycle of a material. At Vossloh Rail Services, for example, residues from grinding wheels that cannot be reprocessed are used as an additive in slag production. This creates new raw materials that can be used for a wide range of applications. Production processes or the approach to services are usually redesigned for such solutions.

Vossloh's production units use separate, safe disposal routes for each type of waste. The selected disposal companies are regularly audited. In 2024, Vossloh recorded waste quantities and types for the first time group-wide according to uniform criteria. The quantities incurred for processing and disposal were documented and verified by invoices from the respective disposal companies and recycling partners. As invoices from waste disposal companies were still outstanding in some cases, provisions were recognized in some cases for the months of November and December, which were evaluated on the basis of the previous reporting periods. Here, the total amount of waste generated is divided into hazardous substances and non-hazardous waste, subsumed into waste that can be reused (recycling and treatment) and waste that must be landfilled or sent for thermal utilization.

The following table shows the waste volumes determined in the Group:

		Hazardous waste (in t)	Non-hazardous waste (in t)
Total amount of waste for recycling 2024			
Preparation for reuse		0	1,266
Recycling		2,348	9,035
Other recovery operations		1,035	12,700
Total	26,384 (70 %)	3,383	23,001
Total amount of waste for disposal 2024			
Combustion		107	947
Landfill		223	9,471
Other disposal		476	30
Total	11,255 (30 %)	807	10,448
Total waste volume 2024			
Total	**37,639 (100 %)**	**4,190**	**33,449**

Vossloh’s foundries in the Customized Modules division use X-ray methods in quality control to check turnout crossings for defects before they leave the factory. This also generates small quantities of radioactive waste – 0.55 metric tons in total – which is disposed of in accordance with the applicable legal requirements.

EU taxonomy and its implementation at Vossloh

As part of the European Green Deal climate action initiative, the EU Commission aims to achieve the transition to a modern, resource-efficient and competitive economy and climate neutrality by 2050. A central component of this is the EU Taxonomy Regulation, a classification system for defining environmentally sustainable economic activities. The Regulation – which went into effect July 12, 2020 – defines six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

According to the EU Taxonomy Regulation, economic activities are environmentally sustainable if they
- make a substantial contribution to achieving one or more of the six environmental objectives listed (Substantial Contribution),
- do no significant harm (DNSH) to the achievement of the five other EU environmental objectives, and
- comply with minimum requirements for occupational safety and human rights (minimum safeguards).

The regulations differentiate between taxonomy-eligible and taxonomy-aligned activities. If activities can be assigned to the taxonomy criteria, they are taxonomy-eligible, regardless of whether the technical screening criteria are met. Activities are taxonomy-aligned if the taxonomy-eligible activities also meet the criteria.

Pursuant to the EU Taxonomy Regulation, Vossloh reports below on the share of sales revenues, capital expenditure (CapEx) and operating expenses (OpEx) of taxonomy-eligible and non-taxonomy-eligible economic activities.

Reporting for the 2024 financial year is carried out in accordance with the Taxonomy Regulation in the version dated June 18, 2020, the technical screening criteria of the delegated act on the Taxonomy Regulation of June 4, 2021 for environmental objectives 1 (climate change mitigation) and 2 (climate change adaptation) and the delegated act of June 27, 2023. The latter adds further sectors and economic activities to the taxonomy that contribute significantly to environmental objectives 3 (the sustainable use and protection of water and marine resources), 4 (the transition to a circular economy), 5 (pollution prevention and control) and 6 (the protection and restoration of biodiversity and ecosystems). When analyzing the activities, Vossloh focused primarily on their material contribution to the environmental goal of “climate change mitigation”. No activities were identified that have a significant impact on environmental objectives 2 to 6.

Multi-stage audit of Vossloh's business activities

The analysis of all activities of the Core Components, Customized Modules and Lifecycle Solutions divisions revealed that all of Vossloh's business activities can be assigned to category "6.14 Rail infrastructure" of the Delegated Regulation. According to the regulation, this category includes the construction, modernization, operation and maintenance of railroad lines as well as the manufacture and installation of track material.

For economic activities to be classified as environmentally sustainable, they must meet the technical screening criteria for being taxonomy-aligned. The taxonomy-eligible activities were analyzed and the shares of taxonomy-aligned sales revenues, CapEx and OpEx were determined as follows:

– Substantial Contribution: Compliance with the technical screening criteria was checked individually for the activities of each business unit.
– Do no significant harm (DNSH): The DNSH criteria mainly relate to compliance with legal requirements and, in the case of the "transition to a circular economy" objective, to fundamental aspects of business activity. Against this background, an assessment of DNSH conformity at business unit level was regularly adequate.
– Minimum safeguards: A group-wide approach to ensuring compliance with the minimum safeguards was implemented here, which enables these requirements to be tracked properly and seamlessly.

Vossloh's business activities are generally considered to make a substantial contribution to climate change mitigation if they meet the technical screening criteria set out in the "Rail transport infrastructure" category. According to the regulation, Vossloh's activities are only considered to make a substantial contribution to climate change mitigation if they are carried out on electrified rail lines or on lines for which there is a plan for electrification, even if the electrification of the rail infrastructure is not within Vossloh's sphere of influence. This does not include rail lines that are only intended for the transportation of fossil fuels.

Next, the activities classified as climate change mitigation had to be assessed to determine whether they had a significant negative impact on one or more of the above-mentioned environmental objectives (DNSH criteria). With regard to the DNSH criteria for the EU environmental objective "climate change adaptation", there is no evidence that Vossloh's economic activities have an adverse effect on climate change adaptation.

The criteria for the EU environmental goal "the sustainable use and protection of water and marine resources" essentially refer to legal and official requirements that Vossloh is obligated to comply with. Many of Vossloh's business activities do not use water as a resource at all, for example, the milling of rails and turnouts, welding services, logistics activities or assembly work. Otherwise, the resource is used in Vossloh's factories primarily for the surface treatment of products, as a coolant in manufacturing processes and for the production of concrete ties. Contaminated wastewater is treated in the company's own wastewater treatment plants so that it at least meets the discharge standards of the public water supply (see also the explanations on page 99 et seq.).

With regard to the environmental goal of “The transition to a circular economy”, Vossloh products meet the requirements for durability and longevity, as most components are designed for a very long service life and are recyclable and recoverable at the end of their useful life. In addition, the service portfolio of the Lifecycle Solutions division contributes to extending the service life of rails and turnouts.

Vossloh also meets the requirements relating to the EU environmental goal of ”pollution prevention and control”. A large number of Vossloh products and services contribute to the reduction of noise and vibrations on the track (see also the ”Noise reduction on tracks” section on page 121 et seq.).

With regard to the EU environmental objective of the protection and restoration of biodiversity and ecosystems: Environmental impact assessments (EIA) and similar assessments are carried out by Vossloh if required. Vossloh is generally not subject to the EIA obligation when manufacturing products. Finally, by boosting track availability and enabling greater traffic through this land use, Vossloh is helping to minimize the land required for the construction of rail infrastructure, thereby contributing to the preservation of biodiversity.

Information on compliance with the minimum requirements regarding occupational safety and human rights can be found on pages 118 et seq., 123 et seqq., 130 and 138 et seq. of this report.

Taxonomy-eligible and -aligned sales revenues, CapEx and OpEx

Based on this approach and the above assumptions and estimates, the Vossloh Group's taxonomy-eligible and taxonomy-aligned sales revenues, CapEx and OpEx are as follows

	2024			2023		
	Total (in € million)	Taxonomy-eligible (in € million / in %)	Taxonomy-aligned (in € million / in %)	Total (in € million)	Taxonomy-eligible (in € million / in %)	Taxonomy-aligned (in € million / in %)
Sales revenues	1,209.6	1,209.6/100	807.5/67	1,214.3	1,214.3/100	762.8/63
CapEx	93.6	64.8/69	43.5/47	74.5	58.2/78	40.2/54
OpEx	74.0	70.9/95	48.2/65	68.2	65.9/97	43.9/65

Sales revenues from taxonomy-aligned business activities exceeded the previous year's figure by 5.9 %. The increase is primarily attributable to the Switch Systems and Rail Services business units. The proportion of taxonomy-aligned sales revenues increased by 4 percentage points.

Capital expenditure (CapEx) for taxonomy-aligned activities was 8.2 % higher than in the previous year. The increase is primarily attributable to the Rail Services and Switch Systems business units. The Tie Technologies business unit also increased its investment expenditure marginally. The proportion of taxonomy-aligned capital expenditure fell by 7 percentage points to 47 %.

Operating expenses (OpEx) for taxonomy-aligned activities increased by 9.8 %. The increase is due in particular to higher maintenance and repair expenses. The proportion of taxonomy-aligned operating expenses remained unchanged at 65 %.

Further information on sales revenues, CapEx and OpEx

Sales revenues are defined as net sales revenues in accordance with IFRS, as reported in the statement of profit or loss, and therefore only relate to fully consolidated subsidiaries. The share of environmentally sustainable sales revenues is calculated by dividing the taxonomy-aligned net sales revenues by the total Group sales revenues. Further information on sales revenues can be found on page 163 of the Annual Report.

Composition of the sales revenues numerator (taxonomy-aligned sales revenues)

€ million	2024	2023
Sales revenues from contracts with customers	807.5	762.8
Total	**807.5**	**762.8**

Capital expenditure (CapEx) comprises investments in non-current intangible or tangible assets, including goods acquired as part of asset or share deals, as shown in the Consolidated Statement of Financial Position. Capital expenditure is calculated on a gross basis, i.e. without taking into account scheduled and unscheduled depreciation. Further information on CapEx can be found on pages 173 et seqq. of the Annual Report.

The numerator used to determine the taxonomy-aligned CapEx is calculated as follows:

Breakdown of the CapEx numerator

€ million	2024	2023
Additions to property, plant and equipment	29.6	35.1
Additions to intangible assets	2.3	2.0
Additions to investment property	0.0	0.0
Additions to rights of use	6.6	3.1
Additions to assets acquired in business combinations	5.0	0.0
Total	**43.5**	**40.2**

Operating expenses (OpEx) take into account non-capitalizable expenses recognized in the statement of profit or loss such as research and development, building renovation measures, short-term leasing, maintenance and repair and all other direct expenses from the maintenance of property, plant and equipment to ensure that the taxonomy-eligible assets are ready for operation.

The numerator used to determine the taxonomy-aligned OpEx is calculated as follows:

Breakdown of the OpEx numerator

€ million	2024	2023
Research and development	9.5	7.8
Maintenance and repair expenses	35.1	32.8
Lease expenses	2.5	2.3
Training expenses	1.1	1.0
Total	**48.2**	**43.9**

EU taxonomy indicators according to Annex II to the Commission Delegated Regulation

Sales revenues

				Substantial contribution criteria					
Economic activities	Code(s)	Absolute sales revenues	Proportion of sales revenues	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Environmental pollution (8)	Circular economy (9)	Biodiversity (10)
		in € million	%	%	%	%	%	%	%
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (taxonomy-aligned)									
6.14. Rail transport infrastructure	6.14	807.5	67	67					
Sales revenues from environmentally sustainable activities (taxonomy-aligned) (A.1)		807.5	67	67					
Of which enabling			67	67					
Of which transitional									
A.2 Taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities)									
6.14. Rail transport infrastructure	6.14	402.1	33						
Sales revenues of taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		402.1	33						
Total (A.1 + A.2)		1.209.6	100						
B. Non-taxonomy-eligible activities									
Sales revenues of Taxonomy-non-eligible (B)		0.0	0						
Total (A + B)		1.209.6	100						

*Y – Yes, taxonomy-eligible activity that is taxonomy-aligned to the relevant environmental objective
N – No, taxonomy-eligible activity, but not taxonomy-aligned with the relevant environmental objective

	DNSH criteria (“Does Not Significantly Harm”)										
	Climate change mitigation (11)	Climate change adaptation (12	Water (13)	Environmental pollution(14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy-aligned proportion of sales revenues, year 2024	Taxonomy-aligned proportion of sales revenues, year 2023	Category (enabling activities)	Category (transitional activities)
	Y/N*	Y/N*	Y/N*	Y/N*	Y/N*	Y/N*	Y/N*	%	%	E	T
		Y	Y	Y	Y	Y	Y	67	63	E	/
								67	63		
		Y	Y	Y	Y	Y	Y	67	63	E	
											/
								67	63		

CapEx

				Substantial contribution criteria					
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Environmental pollu-tion(8)	Circular economy (9)	Biodiversity (10)
		in € million	%	%	%	%	%	%	%
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (taxonomy-aligned)									
6.14. Rail transport infrastructure	6.14	42.0	46	46					
6.5 Transportation with motorcycles, passenger cars and light commercial vehicles	6.5	0.9	1	1					
7.3 Installation, maintenance and repair of energy-efficient appliances	7.3	0.2	0	0					
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking lots belonging to buildings)	7.4	0.1	0	0					
7.5 Installation, maintenance and repair of devices for measuring, regulating and controlling the overall energy performance of buildings	7.5	0.1	0	0					
7.6 Installation, maintenance and repair of technologies for renewable energies	7.6	0.2	0	0					
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		43.5	47	47					
Of which enabling			47	47					
Of which transitional									
A.2 Taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities)									
6.14. Rail transport infrastructure	6.14	20.4	21						
6.5 Transportation with motorcycles, passenger cars and light commercial vehicles	6.5	0.9	1						
CapEx of taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		21.3	22						
Total (A.1 + A.2)		64.8	69						
B. Non-taxonomy-eligible activities									
CapEx of Taxonomy-non-eligible activities (B)		28.8	31						
Total (A + B)		93.6	100						

	DNSH criteria ("Does Not Significantly Harm")										
	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Environmental pollution(14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy-aligned CapEx proportion, year 2024	Taxonomy-aligned CapEx proportion, year 2023	Category (enabling activities)	Category (transitional activities)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
		Y	Y	Y	Y	Y	Y	46	42	E	/
		Y	Y	Y	Y	Y	Y	1	1	/	/
		Y	Y	Y	Y	Y	Y	0	0	E	/
		Y	Y	Y	Y	Y	Y	0	0	E	/
		Y	Y	Y	Y	Y	Y	0	0	E	/
		Y	Y	Y	Y	Y	Y	0	0	E	/
								47	43		
		Y	Y	Y	Y	Y	Y	47	43	E	
											/
								47	43		

OpEx

				Substantial contribution criteria					
Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Environmental pollu-tion(8)	Circular economy (9)	Biodiversity (10)
		in € million	%	%	%	%	%	%	%
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (taxonomy-aligned)									
6.14. Rail transport infrastructure	6.14	48.2	65	65					
6.5 Transportation with motorcycles, passenger cars and light commercial vehicles	6.5	0.0	0	0					
7.3 Installation, maintenance and repair of energy-efficient appliances	7.3	0.0	0	0					
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking lots belonging to buildings)	7.4	0.0	0	0					
7.5 Installation, maintenance and repair of devices for measuring, regulating and controlling the overall energy performance of buildings	7.5	0.0	0	0					
7.6 Installation, maintenance and repair of technologies for renewable energies	7.6	0.0	0	0					
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		48.2	65	65					
Of which enabling			65	65					
Of which transitional									
A.2 Taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities)									
6.14. Rail transport infrastructure	6.14	22.6	30						
6.5 Transportation with motorcycles, passenger cars and light commercial vehicles	6.5	0.1	0						
OpEx of taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		22.7	30						
Total (A.1 + A.2)		70.9	95						
B. Non-taxonomy-eligible activities									
OpEx of Taxonomy-non-eligible activities (B)		3.1	5						
Total (A + B)		74.0	100						

	DNSH criteria ("Does Not Significantly Harm")										
	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Environmental pollution(14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy-aligned OpEx proportion, year 2024	Taxonomy-aligned OpEx proportion, year 2023	Category (enabling activities)	Category (transitional activities)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
		Y	Y	Y	Y	Y	Y	65	65	E	/
		Y	Y	Y	Y	Y	Y	0	0	/	/
		Y	Y	Y	Y	Y	Y	0	0	E	/
		Y	Y	Y	Y	Y	Y	0	0	E	/
		Y	Y	Y	Y	Y	Y	0	0	E	/
		Y	Y	Y	Y	Y	Y	0	0	E	/
								65	65		
		Y	Y	Y	Y	Y	Y	65	65	E	
											/
								65	65		

Activities in the areas of nuclear energy and gas

Activities in the field of nuclear energy	Yes/No
The company is active in the research, development, demonstration and use of innovative power generation plants that generate energy from nuclear processes with minimal waste from the fuel cycle, financing of such activities or holding risk positions in connection with these activities.	No
The company is active in the construction and safe operation of new nuclear facilities for the generation of electricity or process heat – including for district heating or industrial processes such as hydrogen production – as well as improving their safety using the best available technologies, financing of such activities or holding risk positions in connection with these activities.	No
The company is active in the safe operation of existing nuclear facilities for the generation of electricity or process heat – including for district heating supply or industrial processes such as hydrogen production – as well as their safety-related improvement, financing of such activities or holding risk positions in connection with these activities.	No
Activities in the fossil-fuel gas sector	
The company is active in the construction or operation of plants for the generation of electricity from gaseous fossil fuels, financing of such activities or holding risk positions in connection with these activities.	No
The company is active in the construction, modernization and operation of plants for combined heat, power and cooling with gaseous fossil fuels, financing of such activities or holding risk positions in connection with these activities.	No
The company is active in the construction, modernization and operation of plants for heat generation that produce heat/cooling from gaseous fossil fuels, financing of such activities or holding risk positions in connection with these activities.	No

Social

Safe and sustainable mobility

In the area of "Safe and sustainable mobility", Vossloh identified three topics as relevant as part of the double materiality analysis:
– Personal safety of consumers and/or end users
– Track availability and efficiency in rail transport
– Noise reduction on tracks

The main impacts, risks and opportunities are presented in more detail below. Vossloh has not defined any group-wide sustainability targets for these topics.

Personal safety of consumers and/or end users

With regard to the personal safety of consumers and/or end users, the materiality analysis revealed:
– the following significant negative impacts: Inadequate health and safety standards for products or services could endanger the health of users;
– the following significant positive impacts: Development of durable products for rail infrastructure that contribute to the reduction of waste and resource consumption;
– the following significant risk: The risk of quality problems or customer complaints could damage trust in the brand and lead to negative legal and financial consequences;
– as a significant opportunity: The improvement and development of high-quality products offer the opportunity to achieve a higher willingness to pay for products with better quality.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

The company has decided not to set specific targets in the area of personal safety for consumers and end users. This decision is based on the fact that personal safety is already ensured by comprehensive measures. This includes strict internal quality controls, compliance with national and international safety standards and continuous improvement processes. The interests, viewpoints and rights of customers, including respect for their human rights, are a central component of the corporate strategy and business model. The company ensures that the reliability of its products and services has the highest priority and is guaranteed in all phases of the product life cycle – from development to production and use. In addition, feedback from direct customers is collected and integrated into the further development of products and services. As these aspects are firmly anchored in the operational processes, the company currently sees no added value in defining separate targets for this area.

The material impacts, risks and opportunities of Vossloh's business activities and its value chain affect a large part of the overall population and cannot be reduced to specific groups of people or specific age groups. Due to its long history, Vossloh has always been aware that people who use local and long-distance passenger trains can be affected by the negative impacts in the same way as residents living near passenger and freight rail lines, even if Vossloh's products themselves are not harmful to the people affected. Below is a description of how Vossloh counteracts potential safety and health hazards in rail transportation with its products and services.

Vossloh's customers are predominantly public, but also private operators of railroad lines. Vossloh provides these customers with comprehensive and precise product and service-related information, including manuals and technical documentation. This ensures proper use and avoids potentially harmful use of Vossloh products.

The company is only in indirect contact with end users. Vossloh therefore has no influence on the privacy, protection of personal data, freedom of expression or non-discrimination of end users. Therefore, no direct impacts on end users were identified in this context. Similarly, there are no direct customers of the company who would be particularly vulnerable to health or privacy impacts or to marketing and sales strategies, such as children or financially vulnerable people.

The company aims to make the greatest possible contribution to safe rail transportation. It bears great responsibility for the quality of its products and services, as rail infrastructure is highly relevant to safety. The materiality analysis revealed that the main negative and potential impact of Vossloh's activities in this area is that the company's products or services could endanger the health and safety of people. Accordingly, Vossloh's main risk is that quality problems or customer complaints could damage confidence in the brand and lead to negative legal and financial consequences. The company counters this risk with a strong focus on quality and safety at all sites.

In order to prevent, minimize or eliminate potential negative impacts, Vossloh's products and services are subject to detailed technical specifications and standards that must be complied with. All of the company's main production sites have a quality management system in accordance with ISO 9001 or a comparable national standard such as the U.S. AAR M1003, which is subject to regular audits by recognized testing organizations. Newly acquired units are brought up to these standards as quickly as possible. The effectiveness of this action is measured by the proportion of Vossloh's workforce who are employed by a unit certified in this way and by the proportion of operating companies with corresponding certification. As at the reporting date of December 31, 2024, 92 % (previous year: 96 %) of Vossloh's workforce worked for a unit certified in this way. The proportion of operating companies with corresponding certification was 91 % (previous year: 94 %). The slight decline is due to the companies acquired during the course of the year that do not yet have the relevant certification. Compliance with the certification is the responsibility of the operating units. There are currently no additional measures or initiatives that primarily serve to make a positive contribution to better social outcomes for consumers or end users.

Vossloh uses structured risk management and continuous monitoring processes to identify suitable measures to reduce potential negative impacts. This includes regular risk analyses, the systematic recording and evaluation of quality and safety indicators and close communication with customers and operators (also see the information on the CRM tool on the following page). To protect the health and safety of end users, Vossloh adheres to the highest safety standards in product design, which are also subject to strict certification and approval procedures. The question of ensuring effective mitigation measures does not arise for Vossloh, as the company is subject to comprehensive certified quality and safety standards where the compliance with which is regularly monitored. The relevant procedures and processes are an integral part of certification in accordance with international standards. These standards require that measures to identify, assess and eliminate significant negative impacts are in place and effective, and are continuously reviewed.

Respect for human rights is an integral part of Vossloh's corporate policy and culture (ESRS G1, see also pages 140 et seqq.). This also includes the human rights of indirect end customers. Although the company primarily works with railroad line operators as direct customers, its safety-related products and services make a significant contribution to the safe and reliable use of rail infrastructure. In this respect, the company attaches particular importance to the right to health and safety. By developing, producing and supplying high-quality and safety-relevant rail infrastructure products, Vossloh ensures that rail infrastructure meets the highest safety standards. This helps to minimize the risk of accidents or disruption for passengers, railroad staff and other parties involved. End users are involved indirectly through a close exchange with customers. Vossloh's aforementioned quality assurance mechanisms for identifying potential negative impacts at an early stage and taking appropriate measures therefore also relate to human rights.

The concepts for reducing the potentially negative impacts or strengthening the positive impacts in the area of personal safety of consumers or end users are not explicitly based on the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises. No cases of non-compliance with the aforementioned international guiding principles in the downstream value chain affecting consumers or end users were reported to Vossloh during the reporting period.

To minimize possible issues jeopardizing the safety of its products and services, Vossloh is very careful in its choice of suppliers. All partners with whom Vossloh works are assessed at different intervals by the individual operating units according to defined criteria, in particular, with regard to the quality of the goods or services supplied. Contracts are only awarded to companies on the list of approved suppliers. Vossloh suppliers must generally be able to guarantee at all times that their goods and services meet the applicable regulatory and statutory requirements.

The products and services generally undergo thorough testing that often lasts for years before they are applied to the tracks. This is performed on the company's own test benches and in its own testing laboratories, with test usage by the customers and as part of the complex approval process of certified testing organizations. All Vossloh business units have research and development departments in which specialized employees work (ESRS S4-3 20 a). See the Research & Development chapter on page 48.

The business relationships between Vossloh and its customers sometimes last for decades and in some cases also include joint research and development projects. A central element of this cooperation is the structured customer feedback that Vossloh actively obtains from its customers. The rail infrastructure operators are in direct contact with rail users and end users and incorporate their praise and criticism into their feedback to Vossloh (see description of Vossloh's dialog with its most important stakeholders, page 70 et seq.). The Vossloh units therefore attach great importance to structured customer feedback – also in order to learn from any mistakes. To this end, work began in 2024 on setting up a customer satisfaction system as a tool for the standardized customer relationship management (CRM) software that has since been rolled out across the Group. Once installation is complete in the first quarter of 2025, it will be used in all business areas. The reports submitted and received will then be systematically tracked and monitored. This is to be achieved by regularly evaluating the feedback collected. The customer satisfaction system also makes it possible to analyze recurring problems so that targeted measures can be taken and their impacts tracked. However, there is currently no formal procedure for assessing the effectiveness of mitigation measures. To ensure that customers are aware of and trust the existing feedback mechanisms, Vossloh will focus on active, transparent communication and targeted information measures once the CRM system has been rolled out. Vossloh does not consider it necessary to establish specific guidelines to protect customers from consequences. Anonymization of the surveys, for example, does not make sense. Nevertheless, all customer feedback is of course treated confidentially.

The materiality analysis identified the longevity of Vossloh's products as a significant positive impact. The high-quality design of the products is the result of the consistent pursuit of quality. This is supported by the guidelines for the ecological design of products and services already described in the topic of resource outflows related to products and services (ESRS E5-5, page 101 et seq.) and the EcoDesign principles for the development of products derived therefrom. The improvement and development of high-quality products offer the company the opportunity identified in the materiality analysis to achieve a higher willingness to pay for products with better quality.

Track availability and efficiency in rail transport

On the subject of track availability and efficiency in rail transport, the materiality analysis revealed:
– no significant negative impacts for people and the environment;
– as significant positive impacts:
 a) Higher track availability through the increased use of digital technologies could increase efficiency in the rail network, reduce downtimes and optimize operational processes.
 b) Development of innovative products and services that extend the service life of rail infrastructure components and therefore conserve resources.
– no significant risks for the company;
– as a significant opportunity: Optimizing operations through digital technologies could lead to more efficient use of infrastructure and improved customer satisfaction.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

The transportation sector is a major emitter of CO_2 emissions and, according to the EU, is responsible for around 29 % of all CO_2e emissions in the EU. Transporting more people and goods by rail – an environmentally friendly mode of transport – is an important contribution to achieving the EU's goal of climate neutrality by 2050, as agreed in the Paris Agreement. In view of limited investment budgets and long planning and approval times for new railroad lines, the more efficient use of existing railroad lines is becoming increasingly important. This can be achieved, for example, through higher capacity utilization, higher travel speeds or longer trains. However, the higher the load of the rail infrastructure, the greater the wear and tear and the more important its permanent monitoring and maintenance become in order to avoid breakdowns.

As Vossloh has no direct influence on the decisions of rail operators as to which products are installed in the track and how the lines are maintained – as already described in the previous topic – the company cannot define any targets on this topic and does not plan to set such targets in the future. However, it makes significant contributions to increasing the availability of the rail infrastructure, for which the entire Executive Board bears responsibility: on the one hand, through the development and manufacture of increasingly durable and low-maintenance products and, on the other, through more efficient and cost-optimized maintenance of the rail network. In turnout and rail maintenance, Vossloh covers a wide range of requirements from preventive grinding to corrective milling. With High Speed Grinding (HSG), VTM performance, VTM compact and the Flexis system, the company offers tailor-made solutions for every type of railroad line and turnout to extend the service life and usability of the rail infrastructure. Vossloh also offers welding services and logistics expertise ranging from rail and turnout replacement to the complete renewal of track sections.

Even if no targets are defined in this area, Vossloh monitors the effectiveness of this approach with regard to the material sustainability-related impacts, risks and opportunities. One of the ways it does this is by using its innovative maintenance machines in combination with diagnosing the condition of the infrastructure. In Germany in particular, an HSG train is responsible for the preventive maintenance of at least 13,000 kilometers of rail network every year on behalf of a subsidiary of Deutsche Bahn AG. The contract runs until 2027 and offers the possibility of a further extension. In this area in particular, Vossloh's understanding of systems in conjunction with digitalization opens up considerable potential, especially for condition-based and, in the future, predictive maintenance. Trackside condition data from tracks and turnouts is supplemented by the diagnostic data provided by the grinding machines equipped with measuring technology. In this way, the maple application combines measurement, analysis and maintenance in order to suggest suitable measures to prevent or rectify damage. Smart maintenance is based on actual maintenance requirements instead of following fixed intervals, as was previously the case. At the same time, Vossloh's high-speed grinding machines (HSG) are designed to be incorporated into scheduled traffic. This means that routes no longer have to be closed for maintenance.

With the acquisition of RailWatch GmbH's monitoring technology, Vossloh has expanded its expertise in the areas of sensor technology, computer vision and cloud computing. The solutions available via the cloud-based Vossloh connect platform enable real-time monitoring, providing immediate insights into the performance of rail network components and the condition of the assets, as well as relevant information for predictive maintenance. The platform was launched on the market at the end of 2023. Over the course of 2024, further partnerships were established to supplement the offering. A continuous expansion of the solutions available on the platform is planned for the coming years. This is to be achieved both by developing our own products and by involving external partners. The aim is to continuously expand the platform's range of services and adapt it to evolving market requirements. In addition, the platform provides access to analysis and warning systems to reduce the risk of malfunctions (e.g. accidents or material failure). Some of the solutions developed by Vossloh itself, such as Smart Turnout or Smart Point Machine will focus on turnouts – one of the most technically complex and error-prone elements of the rail system – with the aim of preventing point machine failures. Solutions for data-based turnout monitoring, for example, have been used on a large scale in Sweden for several years. As part of a strategic partnership, the Swedish digitalization specialist Predge is also making its analytics expertise available for this purpose.

Vossloh connect is also open to selected partners to offer complementary products and solutions via this platform. Strainlabs, for example, contributes its expertise in the field of smart screws, and Cervello specializes in cybersecurity solutions for the rail industry.

The fact that Vossloh's innovative products and services increase the service life of rail infrastructure and that digital solutions in particular improve track availability are positive impacts of the Group's activities identified in the materiality analysis. At the same time, they should be seen as an opportunity to increase efficiency and enable higher track availability and longer service lives. This enables Vossloh to meet its customers' key needs and position itself as a preferred partner with innovative solutions. The company demonstrated its expertise in this area at the InnoTrans 2024 trade fair for transport technology. Among other things, an AI-driven wayside monitoring system for freight trains in ports and on industrial sites was on display. This enables operators of such infrastructures to optimize operating processes, reduce downtimes and derive loads on the respective infrastructure as input for predictive maintenance.

Some of the solutions are used globally and benefit rail operators, passengers and freight customers. The provision and further development of these solutions is an ongoing process that will continue in the long term in order to contribute to the continuous improvement of rail infrastructure and increase the efficiency of rail transportation worldwide.

Noise reduction on tracks

On the subject of noise reduction on tracks, the materiality analysis revealed:
– no significant negative impacts for people and the environment;
– the following significant positive impacts: Reduction of track-related noise and vibrations through innovative technologies that contribute to improving the quality of life in areas close to railroads;
– no significant risks for the company;
– no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

Quieter rail traffic – in the interests of people who live or work near rail lines – has been a concern of Vossloh for many years. In 2024, the company's research and development work continued to focus on reducing noise in rail traffic and improving rail acoustics (see the Research & development chapter on pages 48 et seqq.). The materiality analysis revealed that the main positive impact of Vossloh's activities is that the reduction of track-related noise and vibrations through innovative technologies contributes to improving the quality of life in areas close to railroads. However, as with the two previous topics, Vossloh has no direct influence on the decisions of rail operators as to which products are installed in the track and how the lines are maintained. Vossloh is therefore unable to define any targets in this area and has no plans to set such targets in the future. Nevertheless, Vossloh uses customer feedback to monitor the effectiveness of this approach in terms of its material sustainability impact. However, there are no defined targets or qualitative or quantitative indicators for assessing progress.

In order to combat noise particularly effectively at its source, Vossloh is optimizing the wheel-rail contact in the track. The company offers suitable products and services in all divisions that can reduce rail noise on a sustainable basis. The scope of application covers the downstream value chain and, in principle, all geographical areas in which Vossloh operates. Responsibility for this lies with the entire Executive Board.

The company is implementing several main measures for noise reduction on tracks. These include, for example, the production of cellentic components and rail fastening systems with a high proportion of plastic, which dampen structure-borne noise, sleeper pads to reduce vibration in the track, the so-called whisper turnout [Flüsterweiche], which significantly minimizes noise when passing over the turnout, and rail processing technologies (grinding, milling) to restore a smooth and therefore quiet surface. Vossloh's rail and turnout processing machines ensure noise reduction, so that noise pollution for residents is limited even during a night shift. The Flexis machines for preventive turnout maintenance are electrically operated. When Vossloh replaces rails or turnouts, the work is carried out efficiently, with the logistics of material replenishment organized according to the just-in-time principle. This approach means that construction sites can often be completed quickly, which can help to reduce noise pollution. These solutions are part of the company's product and service portfolio and are used globally, benefiting rail operators, residents and local authorities. The provision and further development of these products is an ongoing process that will continue in the long term in order to contribute to the steady reduction of noise pollution on railroad lines worldwide.

Working conditions (own workforce)

In the area of "Working conditions (own workforce)", Vossloh identified three topics as relevant as part of the 2024 double materiality analysis:
– Occupational health and safety
– Personnel strategy and personnel management
– Equal treatment and equal opportunities for all (own workforce)

The main impacts, risks and opportunities are presented in more detail below. The group-wide sustainability target defined for this area since 2021 is:
– Reduction in the frequency of accidents at work by 20 % annually

The following table summarizes the most important measures taken in 2024 to achieve this goal:

Measures	Description
Training 'See Something – Say Something"	Interactive safety training for the workforce and temporary workers within the company's own value-adding activities, which illustrates the connection between reducing safety risks and reducing the number of accidents, raises awareness on the different types of safety risks and shows how they can be mitigated.The measure affects all activities worldwide and is to be implemented by the end of 2025.
Group guideline for the investigation of incidents	Alignment of all companies in the Vossloh Group with a uniform and improved incident investigation policy by the end of 2025.
Group guideline for risk assessment	Development and deployment of an improved workplace risk assessment policy in all Group companies by the end of 2026.

Occupational health and safety

With regard to occupational health and safety, the materiality analysis revealed:

– as significant negative impacts:
a) The occurrence of work-related injuries and illnesses despite preventive measures by Vossloh can lead to impairment of employees;
b) significant severity of work-related injuries and illnesses in production facilities that have a long-term impact on the health and quality of life of employees;
c) inadequate workplace safety, which increases the risk of accidents and damage to employees' health;
– the following significant positive impacts: Promoting compliance with labor laws and international standards that contribute to improved working conditions and workers' rights;
– no significant risks for the company;
– no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

The Vossloh Group includes all materially affected members of its own workforce in the disclosure in accordance with ESRS 2. These impacts relate primarily to individual incidents, such as accidents at work, and not to widespread or systemic problems.

For this reason, occupational health and safety is a high priority at Vossloh, alongside the duty of care and applies to the entire workforce and all persons on the company premises. It should be noted that employees in administrative roles (e.g. office workers) are exposed to different risks than employees in operational or manual roles (e.g. production or field staff). While office workers are more likely to be affected by psychological burdens such as stress, production and field staff are more exposed to physical risks such as injuries or work-related illnesses. Vossloh has developed a sound understanding of these risks by introducing two processes that help to identify measures to eliminate or mitigate actual or potential negative impacts on its own workforce.

The first procedure is the risk assessment for occupational safety, which aims to systematically identify hazards in the workplace, evaluate and classify the associated risks and take measures to limit damage. This is in accordance with the generally accepted hierarchy of controls. The second process, which complements the first, is the "ad hoc" reporting of unsafe conditions using the company's own SAFE+ application (see also page 127).

To ensure that Vossloh's practices do not have a significant negative impact on its own workforce, the company complies with the ISO 45001 standard and in particular with the part that requires organizations to assess occupational health and safety risks associated with new or changed hazards before corrective action must be taken. This proactive assessment helps to prevent potential risks when implementing corrective measures. This principle also applies to corrective measures for investigations into incidents within the Group. The company has developed a sound understanding of these risks through regular employee surveys, risk assessments and exchanges with works councils and safety officers. In particular, Vossloh has found that employees engaged in high-risk tasks such as track work, material handling and the use of hand tools are more susceptible to work-related injuries and illnesses. In addition, workforce employees who have been with the company for less than three months are more prone to accidents due to a lack of risk awareness and experience. These findings flow directly into targeted protection and support measures as well as safety training and further education measures to ensure the safety and well-being of all employees.

The corporate policy on occupational health and safety sets out Vossloh's commitment to continuous improvement in this area, the company's zero-accident target, the guiding principles and other binding requirements. In the interests of a structured and sustainable management system for occupational health and safety, the Group aims to have as many companies as possible certified in accordance with the internationally recognized ISO 45001 standard, which has replaced the previously more common OHSAS 18001 standard (Occupational Health and Safety Assessment Series). The proportion of operating companies with corresponding certification at the end of 2024 was 76 % (previous year: 81 %). These units employed 84 % of Vossloh's workforce (previous year: 89 %). The slight decline is due to the companies acquired during the course of the year that do not yet have the relevant certification. Vossloh's fundamental aim is to certify new units that join the Group to ISO 45001 as quickly as possible.

The introduction of an ISO 45001 management system and its certification provide the company with suitable tools and measures to integrate occupational health and safety into its processes. The prescribed audits by independent external auditors ensure that the legal obligations and requirements are being complied with. For the managers of the operating units, attainment of the defined occupational safety performance indicators is an integral part of their pay-related target agreements. Since 2021, an occupational health and safety training module has been available to all employees via the Vossloh Learning Platform (VLP).

There has been a permanent group-wide occupational safety committee within Vossloh since 2012 in the form of the Work Safety Committee (WSC). In recent years, together with the WSC – which is headed by the Head of Corporate Sustainability – and in close consultation with the Group Works Council, important steps have been taken to improve and harmonize occupational health and safety conditions in the various divisions. For example, a uniform occupational health and safety policy has been developed that is binding for all companies worldwide. This policy defines the vision of a zero-accident strategy.
The WSC has also developed and introduced the Group's own SAFE+ app for reporting safety risks and accident prevention. It is in use at numerous Vossloh sites and was recognized as an outstanding initiative by the German Administrative Professional Association [deutschen Verwaltungs-Berufsgenossenschaft, VBG] in 2022.

One of the current Group's sustainability objectives is to reduce the frequency of workplace accidents by 20 % each year. Relevant indicators for goal achievement are the internationally used indicators Lost Time Accidents (LTA), Lost Time Accidents Frequency Rate (LTAFR) and Lost Time Accidents Severity Rate (LTASR) as well as the number of potential accident risks reported and minimized via the SAFE+ app.

The targets for the frequency and severity of accidents with injury-related absence from work are based on the average of the actual performance of the best two of the last three years. In line with Vossloh's goal of improving safety performance by 20 percent annually, this average will be reduced by 20 percent. The value determined in this way is the target for the coming year. There is an exception to this rule if a business area has not achieved its target for the current year. In this case, the target remains unchanged. As achieving the target is part of the bonus package, the business units have an additional monetary incentive to achieve their targets.

The WSC plays a central role in achieving the goal of significantly reducing accidents at work. In addition to various measures and programs to improve occupational safety at Vossloh, the WSC focused on further raising the workforce's awareness, prevention and communication in the 2024 fiscal year. The See Something – Say Something campaign – a 45-minute interactive on-site training session – was developed for this purpose. It consists of ten activities to raise the workforce's risk awareness, clarify the link between risks and accidents and explain why the more safety risks are reported and mitigated, the fewer accidents there are. Live exercises also enable training participants to carry out constructive safety interactions and learn to accept feedback. The training was deployed throughout Vossloh and in all languages spoken in the Group. The Work Safety Committee 2024 also prepared further measures. New processes, tools and training for accident investigation and risk assessment are to be introduced in the course of 2025.

Workplace accidents are documented on the basis of uniform criteria, over and above what is required by law. Occupational accidents that require an ambulance with a doctor on the company's premises are considered serious accidents and are reported directly to the Executive Board. In addition, the Executive Board, the heads of the business units and some central functions, including the Corporate Sustainability department, discuss current developments in the area of occupational safety, the frequency, severity and causes of accidents at work and the preventive and corrective measures taken at quarterly management meetings.

Indicators	2024	2023
Percentage of people in our own workforce covered by a health and safety management system based on legal requirements and/or recognized standards or guidelines	100 %	100 %
Number of fatalities in our own workforce due to work-related injuries and work-related ill health	0	0
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	0	0
Number of reportable work-related accidents in the company's own workforce[1,4]	115	129
Rate of recordable work-related accidents for own workforce[2,4]	12.9	14.9
Number of cases of recordable work-related ill health for employees	Not currently measured	Not currently measured
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees[4]	Lost Time Accident Severity Rate[3]: 2.55. Working hours lost due to work-related accidents: 22,718. Lost workdays due to work-related accidents: 2,840	Lost Time Accident Severity Rate[3]: 2.44. Working hours lost due to work-related accidents: 21,161. Lost workdays due to work-related accidents: 2,645
Number of cases of recordable work-related ill health of non-employees	Not currently measured	Not currently measured
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to non-employees	Not currently measured	Not currently measured
Percentage of own workforce covered by a health and safety management system that is based on legal requirements and/or recognized standards or guidelines and which has been audited internally and/or audited or certified by an external party	At the end of 2024, the proportion of operating companies with ISO 45001 certification was 76 %. These units employ around 84 % of Vossloh's workforce	At the end of 2023, the proportion of operating companies with ISO 45001 certification was 81 %. These units employ around 89 % of Vossloh's workforce
Description of the underlying standards for internal audit or external certification of the health and safety management system	Company policy – Serious Incident Report and Vossloh Health and Safety Policy	Company policy – Serious Incident Report and Vossloh Health and Safety Policy
Number of fatalities in our own workforce due to work-related injuries	0	0
Number of fatalities in own workforce due to work-related ill health	0	0
Number of fatalities as result of work-related injuries of other workers working on undertaking's sites	0	0
Number of fatalities as result of work-related ill health of other workers working on undertaking's sites	Not currently measured	Not currently measured
Number of cases of recordable work-related ill health detected among former own workforce	Not currently measured	Not currently measured

[1] Accidents resulting in injury-related absence of employees or temporary staff involving lost time of at least 1 hour.

[2] Frequency of accidents resulting in injury-related absence of employees or temporary workers with at least 1 hour of absence from work, measured by the number of occupational accidents in relation to cumulative actual working hours, based on 1 million working hours.

[3] Severity of accidents resulting in injury-related absences of workforce or temporary staff with a loss of work of at least 1 hour, measured by the duration of the loss of work in hours in relation to the cumulative actual working time, based on 1,000 working hours.

[4] The companies STG and FAS – which were acquired during the course of the year and have only been included in the scope of consolidation since July and August 2024 respectively – are not yet included in the figures presented.

As in previous years, there were no work-related fatalities in the Vossloh Group in 2024.

Both accidents with and without lost time and near-misses are analyzed at Vossloh in order to learn from them for the future and reduce the number of accidents at all the company's sites. Prevention is a matter of importance to the company in order to stop workplace accidents from happening in the first place. This includes regular behavior-oriented safety inspections to raise employees' safety awareness, regular safety briefings and training for the whole workforce, online training on safety-related topics, the provision of comprehensive protective equipment, safety signs at workstations and awareness campaigns. Instructive videos or safety flashes (anonymized summaries) of accidents are also frequently used. Many Vossloh sites celebrated World Day for Safety and Health at Work with specific campaigns.

The SAFE+ app plays an important role at Vossloh in minimizing potential risks and consequently achieving the goal of reducing the frequency of workplace accidents by 20 % annually across the Group. It was further improved in 2024 and is now available in eight languages (English, French, German, Dutch, Swedish, Serbian, Polish and Chinese). Vossloh employees can and should use the app to report safety risks identified in their day-to-day work in order to systematically reduce hazards at all sites and in all areas. Over the course of 2024, the workforce reported a total of 4,338 safety risks, 2,823 (approx. 65 %) of which were immediately eliminated or mitigated. The SAFE+ app is to be further developed in 2025 and will receive an improved user dashboard in particular.

If employees have to travel internationally for their work for Vossloh, they can make use of the Group's travel safety management system. They will then receive comprehensive support with regard to medical and safety aspects of their trip, as well as precautions for possible emergencies. The company's Travel Security Managers and worldwide Assistance Centers, in addition to a service provider's assistance app, are available for this purpose.

Vossloh's occupational health management aims to provide the whole workforce with opportunities to protect and promote health. This includes the aforementioned occupational safety measures, ergonomics in the workplace, driver safety training and company medical care, as well as a daily fruit offering, nutritional advice, company sports (including running and cycling groups, table tennis, badminton, various ball sports, yoga), support to quit smoking and preventive offerings (including bowel cancer screening, flu vaccinations, vitality screenings, tips for staying healthy). The "Vossloh stays healthy" [Vossloh bleibt gesund] initiative was an important part of Brand Week 2024 in terms of occupational health and safety. The focus was on how the workforce can avoid stress and its physical and mental impacts.

Personnel strategy and personnel management

With regard to personnel strategy and personnel management, the materiality analysis revealed:
– no significant negative impact on the entire Vossloh workforce (including external employees, such as persons provided by third-party companies and self-employed persons);
– as significant positive impacts:
  a) optimal staffing of positions based on skills and motivation, leading to higher productivity and employee satisfaction;
  b) Succession planning and talent mapping promote growth potential by specifically identifying and developing skills and internal motivations;
  c) Promoting a good work-life balance that contributes to improving employee satisfaction and productivity;
  d) Promoting personal and professional development significantly increases employee engagement and retention and drives talent development and innovation;
– as significant risks: A high staff turnover could lead to a loss of knowledge, increased recruitment costs and lower productivity due to more frequent staff changes;
– as significant opportunities:
  a) Better working conditions create the opportunity to attract highly qualified employees in order to increase the company's innovative strength and efficiency;
  b) Improved working conditions offer the opportunity to attract and retain talented employees in the long term in order to promote the stability and productivity of the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.). The company has not currently set any measurable, results-oriented targets for the area of HR strategy and HR management. The definition of such targets has not yet been scheduled, as priorities and resources are currently focused on other strategic initiatives. Nevertheless, the company monitors the effectiveness of its strategies and measures through regular employee surveys on satisfaction and commitment as well as regular reviews of fluctuation rates and training figures, among other things. Progress is evaluated using qualitative indicators such as employee feedback and quantitative indicators such as the development of employee satisfaction and fluctuation rates.

As at December 31, 2024, Vossloh employed a total of 4,509 employees, which corresponds to a total of 4,321 full-time equivalents (FTE) (2023: 4,017 FTE). The following table shows some HR indicators, which should be viewed in the context of Vossloh's status as a global industrial manufacturing Group:

	Number of persons		Full-time equivalent[1]	
Region	12/31/2024	Average 2024	12/31/2024	Average 2024
Rest of Europe	1,549	1,444	1,499	1,411
Germany	1,073	1,041	977	954
France	819	792	784	762
Asia	535	538	530	532
North America	342	334	342	334
Australia	191	204	189	201
Total	**4,509**	**4,353**	**4,321**	**4,194**[2]

The number of employees as at the reporting date of 12/31/2024 is stated in terms of headcount (including apprentices/trainees) and full-time equivalents (excluding apprentices/trainees). The average is calculated over four quarters in each case.
[1] FTE (Full-Time Equivalent) is defined on a site-specific basis. One FTE corresponds to a full working week at the respective site.
[2] Also see the table in the section "Costs of the functional areas" in the Notes to the Consolidated Financial Statements, page 164.

	Full-time and part-time Number of employees 12/31/2024		Gender Number of persons 12/31/2024		Number of persons 12/31/2024
Region	Full-time	Part-time	Male	Female	Total
Germany	949	124	861	212	1,073
France	803	16	683	136	819
Rest of Europe	1,470	79	1,355	194	1,549
Asia	533	2	468	67	535
North America	342	0	291	51	342
Australia	179	12	153	38	191
Total	**4,276**	**233**	**3,811**	**698**	**4,509**

Personnel structure[1] in the Vossloh Group (as of December 31)	2024	2023
Proportion of women in the total workforce (in %)	**15.5**	**15.6**
Age structure		
< 31 years	17.5	15.9
31–50 years	53.6	54.4
> 50 years	28.9	29.7
Length of service		
0–10 years	64.5	62.3
11–20 years	18.6	19.2
> 20 years	16.9	18.5
Distribution by region		
Germany	23.8	23.9
France	18.2	19.3
Rest of Europe	34.3	31.8
Asia	11.9	12.8
North America	7.6	6.3
Australia	4.2	5.9

[1] Number of employees based on the actual headcount (number of persons).

The total fluctuation rate[2] in the reporting year was 15.1 % (657 people), while the voluntary fluctuation rate was 8.0 % (349 people). The company employed additional external staff in 2024. At the end of the year (December 31, 2024), there were 584.6 FTE external employees. Of these, 6 % were self-employed or freelancers and 94 % were employees of personnel service providers, who are often hired for work in production when the order situation is high.

A committed and inspired workforce is the foundation of the company's long-term success. Vossloh puts high emphasis on fair work conditions. Key topics in this regard are equal opportunity, continuing professional development opportunities in all areas, fair remuneration, additional company benefits (beyond the statutory and/or tariffz-based arrangements), and a supportive & motivating working environment. Detailed information on Vossloh's corporate culture (ESRS G1) can be found on page 140 et seq.

[2] Fluctuation rate: Total number of departures in 2024 (in number of employees) divided by the average total number of employees in 2024 (in number of employees).

Vossloh's corporate culture promotes a continuous exchange between management and employee representatives. In this way, potentially negative impacts on the workforce can be identified at an early stage and positive opportunities seized. The employee representatives on the Supervisory Board, the European Works Council as well as Group and site works councils and the HR departments offer opportunities for social dialog at local and international level. In total, 69.3 % of the entire workforce is covered by local collective agreements and 60.5 % is represented by an employee representative body. In the European Economic Area (EEA), 81.6 % of employees are covered by different collective agreements and 73.9 % are represented by an employee representative body. In Germany, 60.4 % of the workforce is represented by a site works council, in France 92.4 % and in Poland 73.9 %. More than 10 % of the total workforce is employed in each of these three countries. In the non-European Economic Area, 35.8 % of employees are covered by different collective agreements. In Asia, 36.4 % of the workforce is covered by collective agreements, in Australia 56.5 %, in North America 0.0 % and in Europe outside the EEA 67.2 %. The company offers comparable working conditions for employees who are not covered by a collective agreement. Employees at Vossloh therefore have a wide range of opportunities to put forward and contribute their interests, also with regard to changes resulting from the transition to more sustainable production. Among other things, the Vossloh Fit 4 Future initiative offers opportunities for direct exchange with the management team on innovative improvement approaches for the company.

The general principles for working at Vossloh are summarized in a Code of Conduct, which all employees acknowledge by signing it when they join the company. The principles defined in the Code of Conduct are a binding guideline and benchmark for the daily work of all employees. The Code explicitly addresses mutual respect and equal opportunities (Section 8) as well as the protection of human and employee rights (Section 10). The company is committed to respecting international human rights and strictly rejects all forms of forced and child labor. In its business activities, Vossloh accepts local legal regulations as well as internationally agreed norms and standards (see Compliance on pages 141 et seqq.). The UN Global Compact principles are an example of international standards. Vossloh has been an active participant of the UN Global Compact since 2020. The global initiative supports companies in dealing responsibly with issues such as human rights, labor standards, environmental protection and corruption in practice. The Code of Conduct is available on the website www.vossloh.com > Investor Relations > Corporate Governance > Compliance. Further information on the Code of Conduct can be found in the Governance chapter (ESRS G1, on pages 140 et seqq.). The fact that the same principles apply and are observed throughout the Vossloh Group was assessed as a significant positive impact in the 2024 materiality analysis.

To minimize the risk of child labor, Vossloh, as a rule, does not employ anyone under the age of 14 or 15 (depending on the legal provisions in the different countries). During the application process, the application documents are checked for this information. In the case of countries where no information is required on the CV, the information is checked before recruitment. In addition, the majority of Vossloh's production facilities are located in Europe. Employees under the age of 18 are usually apprentices/trainees. The instructors responsible for them are duty-bound to observe all the relevant labor law and occupational safety rules and provisions.

The protection of personal data is a matter of importance to Vossloh. In accordance with the European General Data Protection Regulation (GDPR), the company significantly revised its data protection management system in 2018 and has continuously adapted it to the legal requirements since then. It is binding for all Vossloh companies and all the whole workforce worldwide, even outside the European Union. Compliance with the Vossloh Data Protection Policy is monitored by appointed data protection officers and data protection coordinators, as well as a data protection committee at the Vossloh AG level that regularly meets.

Regular training sessions are held to prevent legal violations of all kinds and discrimination. A whistleblower hotline is available in order for possible misconduct to be reported. The process for receiving, processing and documenting whistleblower reports was adopted by the Executive Board of Vossloh AG on February 23, 2022 as a further development of the Vossloh Compliance Management System (CMS) and is therefore a binding component of the CMS (ESRS G1-3, see page 141 et seqq.). In the 2024 financial year, two reports were received by the ombudsperson and two more were reported to the internal whistleblower hotline. The ombudsperson were contacted once in 2023. After the reports were checked and investigated, the possibility of discrimination or harassment was ruled out. The contact details of the independent ombudsperson appointed by Vossloh are provided to the whole workforce together with the Code of Conduct and can be found on the Vossloh intranet and on the company's homepage. In addition, the Code of Conduct contains a description and instructions for the application of this whistleblowing process. The Code of Conduct stipulates that incoming reports to the ombudspersons may be forwarded to the chief compliance officer in anonymized form at the request of the whistleblower. The latter then investigates every complaint. All notes, audit procedures and any consequences are documented (for further information, see page 145, ESRS G1-1).

Another positively assessed impact of the materiality analysis was the opportunity for a work-life balance for employees at Vossloh, i.e. the possibility of combining work and family or private interests. The prerequisite for this is the life-phase-oriented personnel policy practiced at Vossloh. The issue of work-life balance is discussed constructively between employee representatives and management. For example, all French companies in the Vossloh Group have a so-called social pact for a better balance between professional and private concerns, including privileges for parents and employees who care for their relatives at home. The German Vossloh companies are certified in accordance with the "Beruf und Familie" audit. To ensure a good work-life balance, employees at almost all sites have the option of taking family-related leave (e.g., parental leave and special leave days). In 2024, an average of 94.5 % of the workforce was entitled to apply for family-related leave. On average, 17.0 % exercised this right, of which 13.7 % were men and 3.3 % women.

Two further positive impacts from the materiality analysis relate to the comprehensive training and development measures at Vossloh. On the one hand, they open up growth potential for the company and, on the other, they give employees the opportunity for personal development. The training courses raise the overall level of qualifications in the Group. Skills development trains leaders who already know the company well. Together with the Vossloh management principle *We are close to people* (ESRS G1-1, see page 140) as an expression of the appreciation of the workforce as the most important asset in the company, it also offers the opportunity to strengthen employee loyalty to the company.

Vossloh places great emphasis on providing development opportunities for employees. The company specifically promotes talent by striving to offer employees attractive jobs. Among other things, employees are given the opportunity to work internationally, project-based and digitally. In annual review meetings, various measures are agreed upon to provide employees with customized training while taking operational needs into account. Proper implementation of these measures is closely monitored and evaluated by the HR departments. In addition, managers and employees sit down for bi-annual reviews to discuss the level of attainment for the agreed goals, development items and to make any necessary adjustments.

As part of the People Review Process (PRP) for managers and nontariff employees, not only individual targets and development measures are agreed, but also how these measures and targets are to be achieved in line with the corporate values and management principles. In the course of 2024, 91.5 % of all managers and nontariff employees went through this process (previous year: 91.0 %). With this key figure, it should be taken into account that employees join and leave the company during the year, which is why these employees did not take part in a People Review Process. Managers and employees are supported by a blended learning approach consisting of e-learning, training and case studies as part of an experience exchange. Annual follow-ups using the People Review Process and the roundtables explained in the following paragraph are used to check whether both topics are achieving the intended effect. In the course of 2024, a total of 110 managers were trained on the PRP in a total of 483.5 hours.

Training sessions for the Group’s top management on the aligned group-wide talent and succession process in place since 2021 were also completed in the reporting year. Round tables were held in all units in which the members of the top two management levels carried out evaluations of the workforce in accordance with the new requirements. Over the course of 2024, a total of 50 managers were trained to successfully implement the global talent and succession process.

The wide range of training measures for Vossloh employees in all areas of expertise includes external and internal training measures, such as workshops, participation in projects and coaching, and increasingly digital learning opportunities. Vossloh also promotes its own employee qualification initiatives, such as part-time studies. In addition, there are cross-divisional development programs that prepare high-potential employees and technical experts for more advanced tasks.

Since 2022, Vossloh has been constantly working on the development of global talent programs. There are also local initiatives to develop talent and high-potential employees. The spectrum ranges from initial orientation to training for experienced managers and executives. In addition, the Vossloh Online Academy (VOA) provides the digital environment for continuous learning (“Learn”), sharing (“Share”) and growth (“Grow”) within the company. The platform is designed to create an inspiring and motivating learning culture that all employees can contribute to and benefit from. The VOA is an example of how learning takes place every day and in many different ways. The VOA is available to the whole workforce worldwide in a variety of languages. In 2024, a total of 3,245 employees took part in online training courses and face-to-face training events. The number of participants increased by 25.5 % compared to the previous year.

	Women	Men	Total
Number of employees participating in training in 2024 (in number of people)	696	2,548	**3,244**
Average training participation of the entire workforce (in hours)	9.89	6.97	**7.62**

Ageing societies in industrialized countries, a shortage of skilled workers in many parts of the world, increasingly digital working environments, global competition for well-trained engineers, changing expectations of employers among the younger generation: These are just some of the challenges in the area of human resources that Vossloh has to face. The company empathizes to offer employees a supportive & motivating working environment. Being a sustainably oriented company in a crisis-proof industry is an important component of employer branding activities. Modern IT equipment, canteen facilities, daily fruit offerings, free mineral water, surprise gifts on special occasions (such as Christmas, Easter, and Thanksgiving in the USA), team events, gym facilities or joint employee sports groups are all standard additional offerings for all employees at Vossloh.

Vossloh Group companies assess employee satisfaction by means of regular surveys regarding various focal issues. The results are used to derive measures that contribute to the further development of the company. As part of the InnoFact brand survey, employees were asked about the company's values in 2024. 475 people took part in this survey. The survey results show that 84 % of respondents can identify with the company and its values.

In the 2024 fiscal year, Vossloh received recertification in Germany and certification from the Top Employers Institute in France. The certification demonstrates our commitment as an organization for a better working world. The Top Employers Institute program evaluates organizations on the basis of participation and the results of an HR best practice survey. This survey covers six HR areas (Steer, Shape, Attract, Develop, Engage & Unite) with 20 topics including people strategy, work environment, talent acquisition, learning, diversity, equity and inclusion, wellbeing and more.

Equal treatment and equal opportunities for all (own workforce)

With regard to equal treatment and equal opportunities for all (own workforce), the materiality analysis revealed:
– no significant negative impact on the entire Vossloh workforce (including external employees);
– as significant positive impacts:
  a) Competitive remuneration and additional benefits compared to the industry directly influence employee satisfaction and loyalty and attract qualified employees;
  b) Attractive remuneration helps to ensure a decent standard of living and supports the well-being of employees;
  c) Ensuring comprehensive social security benefits that contribute to the social security of employees;
  d) Promoting diversity in the workforce, for example, in terms of gender and nationality, which contributes to an inclusive working environment and greater innovative strength;
– the following significant risk: Higher salaries and additional benefits for employees could increase operating costs and put a strain on the company's financial flexibility;
– as a significant opportunity: Gaining highly qualified employees, which strengthens the company's innovative capability and competitiveness.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

Vossloh promotes employees regardless of gender, age, ethnicity, skin color, religion, ideology, gender orientation or disability. Cultural, ethnic or national origin as well as political and philosophical convictions also have no influence on decisions. These principles of conduct and the handling of cases of discrimination, harassment and insult are set out in the Code of Conduct and anchored in the Diversity, Equality and Inclusion Policy. Vossloh sees a diverse workforce as one of the most important pillars of a sustainable corporate culture. It is the multitude of experiences and expertise resulting from different cultures, different age groups, different genders and different backgrounds that gives the company the opportunity to optimize products and work processes. This diversity was rated just as positively in the materiality analysis as the social security and salary levels at Vossloh. Although this entails the risk that the Group will have to invest more money in its workforce than comparable companies, it also opens up the opportunity for Vossloh to be perceived as a potential employer by qualified leaders.

Vossloh employees are covered in the event of a loss of income or a reduction in income due to illness, accidents at work and the resulting possible incapacity to work, retirement, parental leave or unemployment. This social protection can be regulated by government requirements or by the company's internal programs. At all Vossloh companies, the six reasons mentioned are covered for the entire workforce. Only in Malaysia is social protection not guaranteed in the event of loss of income due to sudden unemployment. Vossloh also offers additional support in the form of social measures in the event of sudden and tragic loss, for example, in the event of the death of employees, particularly in countries where social protection is not guaranteed.

As a supplement to the Code of Conduct, the Diversity, Equality and Inclusion Policy forms the group-wide framework for various initiatives in this area, for example, in raising awareness among managers, in selecting employees for high-potential programs, in filling vacancies or in the context of life-phase-oriented personnel policy. Diversity officers have been appointed for each business unit since 2022. They not only act as a point of contact, but are also tasked with initiating or implementing corresponding projects such as training measures in their respective business units.

Vossloh pays fundamental attention to gender equality. The "All on track" initiative launched in 2019 is having an impact in the Customized Modules division. This initiative is a network for diversity and inclusion. The initiative was promoted by the fact that in France, companies with more than 50 employees are obligated to publish annual indicators relating to professional equality between men and women. Vossloh Cogifer S.A. is also a partner of the French organization Elles bougent, which encourages women to choose scientific and technical courses of study and to pursue a career in this field. In Germany, the Rail Services business unit is a corporate sponsor of protechnicale e.V. – an association that specifically promotes young women in the technical field. In addition, the Diversity and Inclusion Policy, together with the network of diversity officers, promotes global exchange for further initiatives and collaborations.

At the end of 2024, the proportion of women at the first management level (below the Executive Board) at Vossloh AG was 30.8 percent (four people) and the proportion of men was 69.2 percent (nine people). At the second management level, the proportion of women was 40.0 % (two people) and the proportion of men was 60.0 % (three people). The target of 25 % women at the first and second management levels was therefore achieved again in 2024.

In the reporting year, Vossloh employed women and men from different nations, qualifications, educational backgrounds and training paths as well as different professional experience and length of service across all hierarchical levels. The diversity guideline does not stipulate any quotas. Applicants are always selected who are best suited to the advertised positions. Factors such as skin color, gender, age, religion or origin have no influence on the decision. A structured interview is conducted in order to objectively assess which candidate is the most suitable. In this interview, the necessary skills for the position will be assessed.

All employees in the Vossloh Group are remunerated appropriately and in accordance with the applicable reference values. Annual salary reviews ensure that remuneration remains competitive and that employees' performance is recognized. There is also a strong awareness of the need to avoid gender pay gaps. In 2024, there was an unadjusted gender pay gap of 9.90 % at Vossloh. This means: On average, men earn 9.90 % more than women. In order to be able to make well-founded disclosures about the adjusted gender pay gap in the future, the group-wide job grading initiative was launched. In future, a global job evaluation system will be used to determine gender pay gaps for equivalent positions.

The ratio of remuneration between the highest-paid individual and the median remuneration of employees at Vossloh was 25.0 in 2024. This figure is based on data from three countries (Germany, France and Poland), which account for the largest proportion of employees and together represent more than 50 % of the total workforce. Awareness of fair pay is supported by the requirements of the Code of Conduct, existing collective agreements and, in some cases, local job evaluation systems.

The Vossloh sites in France are participating in the nationwide TREMPLIN initiative (translation: Springboard; abbreviation for TRansport EMPLoi INnovation). It aims to reduce the shortage of skilled workers in the transport and logistics industry by encouraging and supporting people with disabilities to apply for jobs. In 2024, the proportion of employees with a disability status across the Group averaged 1 %. However, it should be noted that the information on disability status is voluntarily provided by the employee and that the definitions of disability grade may vary from country to country. In countries such as Germany or the Netherlands, the degree of disability status is often declared by employees, as there are legal advantages such as additional vacation days (Germany) or a wage cost subsidy for the employer (Netherlands). In other countries (e.g. Sweden and Australia) there is no meaningful data as this information is not collected. Vossloh Rail Services offers internships and apprenticeships for socially disadvantaged young people as part of a young talent campus. There are also several refugees among the business unit's apprentices/trainees.

Sustainable supply chains and operations

In the area of "Sustainable supply chains and operations', Vossloh identified two topics as relevant as part of the materiality analysis:
– Working conditions (workers in the value chain)
– Other labor-related rights (workers in the value chain)
The main impacts, risks and opportunities are presented in more detail below.
Vossloh is pursuing the group-wide sustainability goal in this area
– 90 % sustainable strategic purchasing volume by 2025

The following table summarizes the most important measures taken in 2024 to achieve this goal:

Measures	Description
Improving the quality of ESG input from suppliers	Standardization and improvement of the review and qualification of ESG information from strategic suppliers (upstream value creation). Using the knowledge of procurement managers to advise suppliers to improve their disclosures on the supplier's ESG systems and policies. The measure affects all strategic suppliers worldwide and is to be implemented in 2025.
Improvement of ESG data processing	Improving the correspondence between in-house procurement databases and external ESG input for fully automated ESG data qualification and evaluation. The measure affects all strategic suppliers worldwide and is to be implemented in 2025.

Vossloh has made a voluntary commitment to responsible procurement as part of the sustainability initiatives mentioned above and in line with the assumptions and objectives of its sustainability strategy. Specifically, the following principles have been integrated into the procurement processes: Protection of the environment and natural resources, respect for human rights, compliance with recognized labor standards, conduct as a law-abiding participant in the global market and as a good corporate citizen. Since 2021, the goal of expanding sustainability in the supply chain and increasing the proportion of sustainably purchased strategic purchasing volume to 90 % by 2025 has been defined with the involvement of the heads of procurement/purchasing of the Business Units as internal representatives and knowledge carriers with insight into the working and social conditions at the respective suppliers. The Executive Board of Vossloh AG is committed to the basic principle of the highest environmental, social and governance standards in procurement decisions. In December 2022, it published the Responsible Sourcing Commitment on the website www.vossloh.com (Investor Relations > Sustainability > Sustainable supply chains and operations).

To manage sustainable procurement, the Vossloh Group has set up a corresponding management system, which is described in the Responsible Sourcing Guideline adopted by the Executive Board in December 2022. In preparation for this, an ESG criteria-based (environment, social, governance) risk assessment of suppliers was carried out in cooperation with an independent auditing company at 15 Group companies that manage suppliers identified as strategic. For the activities in India, a market-related widespread, increased risk was identified of child labor in the downstream value chain for workers in the area of material disposal and for the activities in China a market-related systemic increased risk of forced labor in the area of the upstream value chain for production employees or unskilled workers in the area of material and component supply from the local market. Other possible negative impacts on workers in the value chain were also the subject of this risk assessment. The Responsible Sourcing Management System implemented in 2023 is intended to ensure that sustainability criteria are given significant consideration when commissioning and working with strategic suppliers. Implementation is monitored by the Responsible Sourcing Team in charge the entire Group, which is headed by the expert responsible for that voluntary sustainability initiative. The team includes the heads of procurement/purchasing of the individual Business Units, the Head of Corporate Sustainability, the Corporate Senior Compliance Officer and the General Counsel of Vossloh AG. If necessary, the team can involve other specialists. The team discusses developments and progress towards the target of achieving 90 % sustainable strategic purchasing volume, including improvements in working and social conditions at strategic suppliers, at least every six months and reports the results to the Executive Board.

In order to achieve this goal, Vossloh maintains an intensive dialog with its suppliers at global and local level that goes beyond the legal requirements. The company evaluates and assesses the sustainability performance of its suppliers in a transparent and cooperative process, including through direct discussion of the self-disclosure on sustainability issues between the responsible purchasing department and the suppliers. The focus here is on so-called strategic suppliers. Vossloh defines suppliers as such if they play a key role in the market success and competitiveness of Vossloh's products and services due to their technical expertise, the duration of the cooperation, the irreplaceability of their products and services or due to the high delivery volume. Vossloh has been working with many of its strategic suppliers for a long time, in some cases carrying out joint research and development projects.

In 2024, a total of 216 suppliers were identified as strategic and are the subject of the ESG assessment. With €375.4 million, they represent around 48 % of the Vossloh Group's purchasing volume in the 2024 fiscal year. Since 2023, Vossloh has required strategic suppliers to provide information on relevant KPIs and existing regulations, measures and processes to ensure environmental, social and governance standards, with a particular focus on safeguarding the rights of workers in the value chain. The purchasing departments create sustainability profiles for these suppliers based on this self-disclosure and the corresponding evidence. The employees responsible for this in the Vossloh units were trained accordingly. A tool is available throughout the Group for this assessment process, which is used to query and document key measures relating to ESG criteria at suppliers. The assessment criteria include, inter alia, the level of GHG emissions as well as energy and water consumption, compliance with fair working conditions and health and safety regulations for employees, the existence of an effective compliance management system and compliance with export control law. To this end, the Responsible Sourcing Team has developed a standardized format with a uniform list of questions which, in addition to a general section of questions, contains six questions on the environment, eight questions on working conditions and social issues, four questions on governance as well as a supplementary question on ensuring ESG requirements in the supplier's own supply chain. In the assessment, a maximum of 37 points can be achieved for the environment sub-section, 41 points for the working conditions and social sub-section and 14 points for the governance sub-section. There is no additional weighting of these points. A total score of 50 % of the maximum achievable points was set as the ESG minimum standard. Suppliers with at least 66 % of the maximum achievable score qualify as sustainable. Every year, Vossloh subjects at least three strategic suppliers to an on-site audit according to a uniform audit plan with queries on the three sub-sections mentioned. If strategic suppliers violate Vossloh’s ESG requirements, the responsible purchasing department can respond with graduated mitigation and sanction measures: from warning notices and requests for training to blacklisting.

Vossloh’s contracts with non-strategic suppliers also contain ESG criteria through reference to the Code of Conduct for Business Partners. These supplier relationships are also continuously monitored for compliance with these criteria. Vossloh reviews compliance with obligations recognized by suppliers as part of regular audits on the basis of a risk profile that takes ESG criteria into account. In the future, country-specific risks of the supplying production site will be given increasingly greater weighting in the selection of suppliers to be audited. If a business partner does not meet the expectations placed on it, Vossloh aims at working towards improvements, in particular through internal training and the creation of binding internal guidelines and standards in the areas concerned. In the event of serious violations of the obligations under the Vossloh Code of Conduct for Business Partners or repeated unwillingness to demonstrate appropriate mitigation measures, the business relationship may be terminated. After four audits in the 2023 financial year, five audits were carried out in the 2024 financial year, in which compliance with ESG criteria was part of the audit scope. There were no material negative ESG-related findings in any of the audits.

Another aspect of sustainable procurement is the ban on the purchase of so-called conflict minerals (3TG, after the names tin, tantalum, tungsten and gold). The company published a statement to this effect on its website www.vossloh.com in 2022 (Investor Relations > Sustainability > Sustainable supply chains and operations). Vossloh itself does not knowingly use any 3TG minerals originating from conflict-affected and high-risk areas (CAHRAs) for the manufacture of its products or the provision of its services, where the acquisition of which could directly or indirectly finance or otherwise facilitate armed conflicts. Ensuring the prohibition of the procurement of such raw materials is part of the supplier selection process at Vossloh and part of the obligations of suppliers in the Code of Conduct for Business Partners.

Working conditions (workers in the value chain)

On this topic, the materiality analysis revealed:

– the following significant negative impacts: Incidents of misconduct among the workforce, but also along the value chain, could jeopardize the well-being of employees;
– no significant positive impacts for people and the environment;
– no significant risks for the company;
– no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

Vossloh expects its suppliers to also attach great importance to sustainability as part of their business activities and to establish internal measures to ensure this. Furthermore, in order to supply Vossloh, suppliers must generally meet a minimum level of sustainability defined in a uniform points system as part of the ESG assessment, as shown on page 137. In its cooperation with suppliers, Vossloh also works towards the continuous improvement of environmental and social conditions, in particular labor standards. Significant recent cooperation agreements, at least since 2019, such as joint venture agreements, generally include the Vossloh Code of Conduct as binding. The same applies to contracts with intermediaries (e.g. commercial agents and distributors). Incidents of misconduct among the workforce, but also along the value chain (suppliers, cooperation partners, intermediaries) could jeopardize the well-being of employees. This resulted from the materiality analysis as a negative impact of Vossloh's activities.

The Group also requires strategic suppliers to recognize the Vossloh Code of Conduct for Business Partners. It has been available in a revised form since 2023 and, taking into account the requirements of the UN Global Compact, the UN Charter on Human Rights and the requirements of the International Labour Organization (ILO), includes key obligations to protect employee rights. It defines binding rules for sustainable operation for Vossloh's business partners, to which the company itself is also committed: Compliance with applicable laws, in particular compliance with global labor rights, health and safety standards, environmental protection, transparency in the supply chain and the responsible procurement of minerals. The Code of Conduct for Business Partners is publicly available on the company's website at www.vossloh.com > Investor Relations > Sustainability > Sustainable supply chains and operations. The contacts for whistleblower reports in the event of misconduct are also linked on the same page.

Employees, business partners and third parties can report possible violations of the Code of Conduct for Business Partners to the responsible internal departments at Vossloh or (anonymously, if desired) to the Compliance ombudspersons (ESRS G1-3, see the Governance section on pages 140 et seqq.). In the 2024 financial year, there were no whistleblower reports regarding a violation of the Code of Conduct for Business Partners. If violations of the Code of Conduct for Business Partners are reported via the whistleblower channels, Vossloh will ensure that any whistleblowers are protected from sanctions by an employer by maintaining confidentiality to the greatest extent possible. Vossloh does not maintain any structures or procedures to verify that employees in the value chain are aware of Vossloh's whistleblower channels and are assured of confidentiality and protection from sanctions. Beyond the contact options mentioned, there are currently no exchange formats with workers in the value chain or their representatives.

As part of the further development of the sustainable procurement system, the inclusion of the interests of workers in the value chain or their representatives should be taken into account and suitable formats considered.

Other labor-related rights (workers in the value chain)

The materiality analysis of other labor-related rights (workers in the value chain) revealed
– the following significant negative impacts: Potential violations of fundamental human rights in the supply chain, such as child labor or forced labor, which pose ethical and legal risks;
– no significant positive impacts for people and the environment;
– no significant risks for the company;
– no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

In its collaboration with suppliers, cooperation partners and intermediaries, Vossloh also works towards continuous improvements in the area of good corporate governance. The binding rules defined in the Vossloh Code of Conduct for Business Partners also include compliance with human rights, the prohibition of child and forced labor, the prohibition of corruption and bribery and compliance with laws to ensure fair competition. Vossloh's regular audits include these aspects. Whistleblowers can also contact the responsible internal departments at Vossloh or (anonymously, if desired) the Compliance ombudspersons (ESRS G1-3, see the Governance section on pages 140 et seqq.). In the 2024 financial year, there were no whistleblower reports regarding a violation of the Code of Conduct for Business Partners.

Although such a case has not yet occurred with Vossloh's business partners, possible violations by suppliers, cooperation partners or intermediaries were identified as a potential negative impact in the materiality analysis. However, changes can occur quickly in the complex supply chains of procurement around the world, which Vossloh cannot immediately recognize as the ordering company.

Governance

In the area of governance, Vossloh identified four topics as relevant as part of the materiality analysis:
– corporate culture;
– corruption and bribery;
– protection of whistleblowers,
– cybersecurity.
Vossloh took relevant criteria into account in the analysis such as sites, activities, sector-specific aspects and transaction structures such as supplier and customer contracts. The main impacts, risks and opportunities as well as the measures to strengthen the governance structures are presented in more detail below. Vossloh has not defined a group-wide sustainability target for this area.

The company's management and supervisory bodies play a decisive role in shaping and monitoring Vossloh's corporate policy. They consist of experienced specialists and managers. They are responsible for setting and maintaining ethical standards, ensuring compliance with relevant laws and regulations and promoting a culture of integrity, trust and mutual respect within the company. More information on the professional backgrounds of the members of the Group's Executive Board can be found in the Corporate Governance Report (page 32 et seqq.). The Supervisory Board of Vossloh AG consists of employee representatives and elected shareholder representatives, who contribute a wide range of experience from other Supervisory Board mandates (ESRS 2 GOV-1, see page 209 in the Notes to the Consolidated Financial Statements). The general basis for conduct and cooperation at Vossloh are various guidelines adopted by the Executive Board, which are discussed in more detail in the following individual topics.

Corporate culture

On the topic of corporate culture, the materiality analysis revealed
– no significant negative impacts for people and the environment;
– the following significant positive impacts: Clear roles and responsibilities and a proper segregation of duties promote efficiency, reduce risks and strengthen employees' confidence in the work processes;
– no significant risks for the company;
– no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

As part of the materiality analysis, Vossloh identified the clear definition of roles and responsibilities and the consistent separation of tasks as having a positive impact on corporate culture. This promotes transparent and efficient collaboration, which strengthens the trust and motivation of employees. The consistent definition and disclosure of responsibilities help to minimize risks and create a corporate culture characterized by responsibility and integrity.

Since 2021, Vossloh has been continuously working on a new self-image for internal and external communication that reflects the changes of recent years. Under the guiding principle of One Vossloh, the company has established three management principles: *We create value for Vossloh, We promote continuous improvement* and *We are close to people*. These value-based guidelines apply not only to management, but to all employees at Vossloh. Defined indicators can be used to transparently check whether decisions are in line with these management principles.

In addition to the annual Leaders Lounge event, the People Review Process (PRP) and the talent and succession process are two important components for establishing the corporate values in practice. With these components of Vossloh Leadership Excellence, the company is driving cultural change and investing in its employees to strengthen them for the future. This provides all managers and employees with clear orientation. It also ensures that all those involved receive comprehensive training in order to guarantee a high level of competence and efficiency in implementing the initiatives. The group-wide training on corporate values that began in 2022 was systematically continued in the reporting year, with the result that all members of the top three management levels had completed training on the leadership principles by the end of 2024.

Corruption and bribery

On the subject of corruption and bribery, the materiality analysis revealed

- the following significant negative impacts: Weak regulations and controls in the area of corruption and bribery could lead to illegal practices and jeopardize trust in the company and the integrity of the business;
- no significant positive impacts for people and the environment;
- no significant risks for the company;
- no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

As a global enterprise with a 140-year history, Vossloh has a social responsibility toward its customers, employees, partners, investors and the public. From this responsibility, Vossloh derives the requirement that the company and its employees adhere to the laws as applicable, respect basic ethical values and act in an exemplary fashion at all times and in all scenarios. This requirement is set out in writing in the Vossloh Code of Conduct. The Code of Conduct – which all employees sign when they join the company – is designed to help them living up to this responsibility.

The prevention of violations of the law of all kinds, in particular corruption in accordance with the United Nations Convention against Corruption and anti-competitive behavior in accordance with the antitrust regulations of the European Union and the United States in particular, is a central concern for the Vossloh Group's Executive Board. The Executive Board has also summarized this unequivocally in its Compliance Commitment, which states, among other things: "Compliance with the law has absolute priority over closing a deal or achieving internal targets. We would rather forgo a business opportunity than violate the law. We will not tolerate any violation of the law or of our internal guidelines and policies and will sanction any such behavior (zero tolerance policy)." The Code of Conduct is publicly accessible via www.vossloh.com > Investor Relations > Corporate Governance > Compliance. The area of Compliance is overseen within the Executive Board by the Chief Executive Officer (CEO).

The Executive Board has set up a Compliance Organization to implement and monitor compliance regulations. Its structure, the responsibilities and tasks of the individual compliance functions as well as the reporting channels are set out in the "Rules of Procedure of the Compliance Organization". The Vossloh Compliance Organization consists of the Chief Compliance Officer (supported by a Compliance Office), who has been appointed for an indefinite period to strengthen their independence, and the Group Compliance Committee at the level of Vossloh AG, Compliance Officers and Compliance Committees in the Business Units as well as Local Compliance Officers (LCO) in the operating companies. Vossloh's Compliance Management System is designed to identify risks arising from compliance violations and to minimize these risks through appropriate measures, in order to prevent damage to Vossloh and its employees. Any indication of misconduct is investigated immediately, independently and objectively by the Compliance Organization. The prevention of corruption and strict compliance with competition law regulations are a particular focus.

Vossloh's Compliance Management System has been based on the Vossloh Code of Conduct since 2007, which specifies the value of integrity and is binding for the entire Group and all company employees. It is currently available in 15 languages. There are also guidelines on the prevention of corruption, conduct in compliance with antitrust law and the involvement of intermediaries, as well as a data protection guideline, an export control guideline and an insider guideline. In addition to the Code of Conduct, each individual employee also receives the Guideline on the Prevention of Corruption and the Guideline on Compliance with Antitrust Law when they join the company , which they acknowledge by signing it. Compliance as part of business activities constitutes part of regular classroom trainings held at all Vossloh companies. The training requirements and participants – including those from the high-risk areas of Sales and Purchasing – are determined and defined by the Compliance Officers of the Business Units and the Local Compliance Officers on the basis of the Vossloh compliance training concept. The Compliance Office headed by the Chief Compliance Officer keeps a record of the classroom training sessions held. In 2024, Vossloh conducted compliance trainings around the world with a total of 804 participants (2023: 653 participants).

Compliance training is also given in the form of e-Learning, which was revised from the ground up in 2021. The "Code of Conduct – Compliance Basics" module is aimed at all employees who work at a computer workstation. In addition, there are two modules focusing on competition law and corruption prevention for all managers and employees with external contact, particularly those from the high-risk areas of Sales and Purchasing. Around 50 % of all participants in the basic module completed each of these focus modules. The refresher module on corruption prevention, competition law and foreign trade law is aimed at the same target group. All new employees are gradually taken through the e-Learning program. The Local Compliance Officers systematically record the employees' attendance and send them reminders to attend, if required. The training rate was 96.8 % as of December 31, 2024 (2023: 97.1 %).

The following table describes the compliance training concept in the Vossloh Group:

	Measure	Cycle	Target group	Responsible (concept, implementation, documentation)
I.	Classroom training (alternatively video conference)			
1	Standard/refresher training Compliance (Vossloh Compliance Program and Principles)	Every 3 years	Managing directors, salaried employees and blue collar supervisors	Compliance Office (concept); LCO (implementation, documentation)
2	Basic compliance training	Optional	Regular blue collar workers	LCO in cooperation with Compliance Office (concept); LCO (implementation, documentation)
3	Focus training on antitrust law (focus: Guideline on Compliance with Antitrust Law with extensive case studies for exposed employees)	Every 3 years	Managing directors, senior executives, employees in sales and purchasing	Compliance Office, if necessary, external experts (concept); LCO (implementation, documentation)
4	Focus training on sales (focus on anti-corruption and use of sales representatives)	As required	Managing directors, senior executives, sales employees	Compliance Office (concept); LCO (implementation, documentation)
5	Risk-oriented focus training on local law (specific local topics, e.g. export control, local legislative changes)	As required	Local managers and employees	LCO in cooperation with Compliance Office, external experts, if necessary (concept); LCO (implementation, documentation)
II.	E-learning (online)			
6	Code of Conduct and compliance basics module	One-off, at the start of employment	Employees with a computer workstation	Compliance Office (concept) responsible HR department
7	Focus module on corruption prevention	One-off, at the start of employment	Employees with external contact	Compliance Office (concept) responsible HR department
8	Focus module competition law	One-off, at the start of employment	Employees with external contact	Compliance Office (concept) responsible HR department
9	Compliance refresher course	Once, 1 year after initial enrollment	Employees with external contact	Compliance Office (concept) responsible HR department
III.	Other training measures (conference, workshop)			
10	Presentations/workshops at internal events (e.g. sales meetings)	As required	Depending on the event	Compliance Office (concept) Organizer of the event (implementation)

Compliance audits are performed – usually with the assistance of external audit firms – in order to verify that the Compliance Management System rules are being adhered to within the individual operating units. These audits are carried out incident-related and incident-unrelated. In 2024, three incident-unrelated and four incident-related compliance audits were carried out. Compliance issues are also audited as part of the internal audit process. The company also has its Compliance Management System regularly reviewed by external experts and receives recommendations for further development and improvement. The last comprehensive effectiveness review took place in 2017; the audit report is published on the website www.vossloh.com > Investor Relations > Corporate Governance > Compliance. Where findings and recommendations for compliance work were made, they have been and will be implemented as part of the continuous development and improvement of the Compliance Management System. A review of compliance risks carried out in the 2023 financial year with external support, including a survey on the effectiveness and acceptance of the Compliance Management System with 128 representatively selected managers and employees, primarily from management, sales and purchasing, once again confirmed the previous risk assessment and the high effectiveness and acceptance of the Compliance Management System. The subject of this risk inventory was the group-wide determination of the Vossloh Group's compliance risks in the areas of antitrust law, anti-corruption and export control, taking into account existing compliance rules and measures (also see the section on "Legal risks and opportunities" on page 59). The adequacy and high level of acceptance of the existing Compliance Management System continued to be confirmed overall.

In the 2024 financial year, the Executive Board decided to subject the Compliance Management System to another external review – in relation to the sub-sections of antitrust law and anti-corruption – in accordance with IDW PS 980 (new version; 09/2022) and once again commissioned KPMG AG Wirtschaftsprüfungsgesellschaft to do so. This audit was started in the 2024 fiscal year with the Readiness Check and will be completed in 2025 with the Adequacy and Effectiveness Audit.

The Compliance Office and Corporate Controlling also conduct annual risk dialogs with selected Vossloh Group companies in order to review the effectiveness of the Compliance Management System with a view to identifying material risks. In 2024, two risk dialogs took place (2023: one dialog). At the end of 2024, the Group Compliance Committee decided to discontinue these risk dialogs in future, as their content has been replaced by a software-based risk assessment in all Group companies. This query was first initiated at the end of 2024.

Vossloh has also taken special precautions to ensure compliance with foreign trade regulations, notably export control and embargo legislation. Beyond the obvious need to comply with applicable legal provisions, Vossloh shares the security objectives pursued by foreign trade legislation, especially the strengthening of international peace efforts and the non-proliferation of weapons of mass destruction. An export control policy for the entire Group which is based on applicable law creates a binding framework for the entire Vossloh Group and all its employees to ensure compliance with the respective legal requirements. The framework requirements of this policy are supplemented by more extensive regulations in the form of work and organizational instructions or process descriptions. The policy states that each operational unit must appoint an Export Officer and a Trade Compliance Officer (TCO). In cooperation with the respective HR departments, the TCOs develop training concepts and ensure that all employees working in areas relevant to foreign trade receive the appropriate training. Vossloh's central compliance e-learning tool also includes the module Foreign Trade Law.

The Vossloh Group also expects its suppliers and service providers to act and behave in a way that complies with the law. This is verified and controlled in specific cases as well as on an ad hoc basis. The group-wide "Guideline on the Engagement of Intermediaries" applies to business dealings with commercial agents, agencies, distributors and consultants in the sales area. Its aim is to prevent the risk of unfair practices by commissioned third parties and to minimize the risks for the company and its employees.

Vossloh maintains a group-wide register of associations as part of its Compliance Management System, in which all company and private memberships in industry associations are recorded. Vossloh AG's primary association memberships are as follows:
- Verband der Bahnindustrie in Deutschland e.V. (German railway industry association, VDB)
- Association of the European Rail Industry (UNIFE)
- Deutsches Verkehrsforum (German transport forum, DVF)
- Institut fur Bahntechnik GmbH (German institute for railway technology, IfB)
- Allianz pro Schiene e.V. (German railways association)
- Verband Deutscher Verkehrsunternehmen e.V. (association of German transport companies, VDV)

Vossloh does not make any donations to political parties or similar institutions.

Protection of whistleblowers

On the subject of whistleblower protection, the materiality analysis revealed
- the following significant negative impacts: Insufficient protection for whistleblowers – which makes it more difficult to uncover wrongdoing and jeopardizes ethical conduct – could undermine trust in the company;
- no significant positive impacts for people and the environment;
- no significant risks for the company;
- no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

Vossloh has set up a whistleblower hotline together with an international law firm. In addition to the option of contacting the Compliance Office directly, this allows company employees and external whistleblowers to report possible misconduct to an independent external contact (ombudsperson) in their native language. The whistleblower hotline has so far been set up for 24 countries. As such, the main regions and the languages spoken within the Vossloh Group are essentially covered. The Process for Recording, Processing and Documenting Whistleblower Notifications was adopted by the Executive Board of Vossloh AG on February 23, 2022 as a further development of the Compliance Management System. The process is a binding component of the Compliance Management System. The contact details of the independent ombudspersons appointed by Vossloh are provided to all employees together with the Code of Conduct and can be found on the Vossloh intranet and on the company's homepage. In addition, the Code of Conduct contains a description and application notes on this whistleblowing process.

In 2024, the ombudspersons were contacted twice (2023: once); a further two whistleblower reports were submitted via internal whistleblower channels (2023: two, not disclosed in 2023). All resulting investigations into possible compliance violations were completed. None of the notifications investigated involved a confirmed allegation of bribery or corruption or a violation of relevant laws that would have resulted in fines or individual penalties.

Where internal whistleblowers were involved, the Compliance Organization ensured that the whistleblowers were protected from measures under employment law during the ongoing investigation in accordance with the provisions of the EU Whistleblower Directive.

Cybersecurity

On the topic of cybersecurity, the materiality analysis revealed:
- the following significant negative impacts: Inadequate protection of IT systems could lead to cyberattacks that jeopardize business continuity and the security of company data;
- no significant positive impacts for people and the environment;
- as significant risks:
  a) Business interruptions and financial losses due to targeted cyber attacks on critical systems;
  b) financial burdens due to ransom payments or costs for restoring data and systems after an attack;
- no significant opportunities for the company.

The process for identifying material impacts, risks and opportunities (ESRS 2 IRO-1) is described in the section entitled Material sustainability matters at Vossloh (page 71 et seqq.).

Vossloh manages its operational and strategic business processes with the help of powerful information technology. The data network includes customers and suppliers as well as the company's own sites and covers the entire globe. The demands on IT are constantly increasing due to the ongoing digitalization of the company. At the same time, a continuous increase in cyber security threats can be observed. The manufacturing industry is the most frequently attacked sector in Europe, accounting for 28 % of all cybercrime incidents. In the materiality analysis carried out in the 2024 financial year, insufficient protection of IT systems was therefore identified as a negative impact. The risks for Vossloh are that production could be shut down due to hacks and/or that the hackers could demand a ransom for the data they have encrypted.

In the course of optimizing its IT security, Vossloh has set up an information security management system (ISMS) against digital threats, with which experts monitor Vossloh's entire IT infrastructure around the clock. The Group information security officer reports directly to the Executive Board on a regular basis; in operational terms, the division reports to the Chief Executive Officer (CEO). In the organizational matrix, the Group information security officer manages the area of information security at Vossloh AG and coordinates the measures with the business units. Local information security managers are active in the business areas and discuss current developments on a weekly basis.

Vossloh's specialized employees are supported by external specialists, for example, in so-called Purple Teaming. The performance of the system and the emergency plans are continuously tested and improved through simulated hacks. A comprehensive annual training program for all employees in the Group raises their awareness of digital risks and teaches them how to use IT safely. The ISMS is to be certified in accordance with ISO 27001. Currently, 13 out of 16 ISMS guidelines and standards are active; the outstanding guidelines will be rolled out company-wide in the 2025 financial year. Specific details of the measures and protocols are not disclosed. This information is confidential so as not to jeopardize the effectiveness of the security measures.

Assurance report of the independent German Public Auditor on a limited assurance Engagement in relation to the group sustainability statement

To Vossloh Aktiengesellschaft, Werdohl/Germany

Assurance Conclusion
We have conducted a limited assurance engagement on the Group Sustainability Statement of Vossloh Aktiengesellschaft, Werdohl/Germany, for the financial year from 1 January to 31 December 2024, included in section "Group sustainability statement" of the combined management report. The Group Sustainability Statement was prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 and Sections 315b and 315c German Commercial Code (HGB) for a consolidated nonfinancial statement.

References to information of the Company outside of the combined management report and external sources of documentation or expert opinions mentioned in the Group Sustainability Statement were not subject to our assurance engagement:

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Group Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Sections 315b and 315c HGB for a consolidated nonfinancial statement, and the specifying criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe

– that the accompanying Group Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the Group Sustainability Statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section "Material sustainability matters at Vossloh" of the Group Sustainability Statement, or

– that the disclosures in section "EU taxonomy and its implementation at Vossloh" in the Group Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

We do not express an assurance conclusion on the above-mentioned parts of the Group Sustainability Statement that were not covered by our assurance engagement.

Basis for the Assurance Conclusion
We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in section "German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement".

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements of the IDW Quality Management Standards and of the International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the Executive Directors and the Supervisory Board for the Group Sustainability Statement

The executive directors are responsible for the preparation of the Group Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the specifying criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control as they have considered necessary to enable the preparation of a group sustainability statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e. fraudulent reporting in the Group Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Group Sustainability Statement as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Group Sustainability Statement.

Inherent Limitations in Preparing the Group Sustainability Statement
The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. The executive directors have disclosed interpretations of such wording and terms in the Group Sustainability Statement. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of the sustainability matters based on these interpretations is uncertain. The quantification of nonfinancial performance indicators disclosed in the Group Sustainability Statement is also subject to inherent uncertainties.

These inherent limitations also affect the assurance engagement on the Group Sustainability Statement.

German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement
Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Group Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the specifying criteria presented by the executive directors of the Company and to issue an assurance report that includes our assurance conclusion on the Group Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgement and maintain professional scepticism. We also

– obtain an understanding of the process used to prepare the Group Sustainability Statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Group Sustainability Statement.

- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.

- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor
EA limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In performing our limited assurance engagement, we

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Group Sustainability Statement.

- inquired of the executive directors and relevant employees involved in the preparation of the Group Sustainability Statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Group Sustainability Statement, and about the internal controls relating to this process.

- evaluated the reporting policies used by the executive directors to prepare the Group Sustainability Statement.

- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.

- performed analytical procedures or tests of details and made inquiries in relation to selected information in the Group Sustainability Statement.

- considered the presentation of the information in the Group Sustainability Statement.

- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Group Sustainability Statement.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" dated 1 January 2024 of the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties as a basis for making (financial) decisions.

Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

Düsseldorf/Germany, 7 March 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Nicole Meyer	Daniel Oehlmann
(German Public Auditor)	(German Public Auditor)

Consolidated financial statements of Vossloh AG as of December 31, 2024

Income statement

€ mill.	Notes	2024	2023
Sales revenues	(1)	1,209.6	1,214.3
Cost of sales	(2.1)	(880.4)	(898.3)
General administrative and selling expenses	(2.2)	(230.0)	(214.4)
Allowances and write-ups of financial assets		0.5	(2.3)
Research and development costs	(2.3)	(14.3)	(10.4)
Other operating income	(3.1)	25.3	17.7
Other operating expense	(3.2)	(11.0)	(10.9)
Operating result		**99.7**	**95.7**
Result from investments in companies accounted for using the equity method		6.0	8.1
Other financial income	(4.1)	0.4	0.6
Other financial expense	(4.2)	(0.9)	(5.9)
Earnings before interest and taxes (EBIT)		**105.2**	**98.5**
Interest income	(5.1)	4.8	4.7
Interest and similar expense	(5.2)	(19.4)	(20.7)
Earnings before taxes (EBT)		**90.6**	**82.5**
Income taxes	(6)	(14.1)	(28.2)
Result from continuing operations		**76.5**	**54.3**
Result from discontinued operations	(7)	–	1.0
Net income		**76.5**	**55.3**
thereof attributable to shareholders of Vossloh AG		**63.2**	**38.7**
thereof attributable to hybrid capital investors		6.0	6.0
thereof attributable to minority interests	(8)	7.3	10.6
Earnings per share			
Basic/diluted earnings per share (in €)	(9)	3.56	2.21
thereof attributable to continuing operations		3.56	2.15
thereof attributable to discontinued operations		–	0.06

Statement of comprehensive income

€ mill.	Notes	2024	2023
Net income		**76.5**	**55.3**
Changes in fair value of hedging instruments (cash flow hedges)		0.7	(4.2)
Currency translation differences	(23)	(0.4)	(6.0)
Income taxes	(6)	(0.2)	1.2
Amounts that will potentially be transferred to profit or loss in future periods		**0.1**	**(9.0)**
Remeasurement of defined benefit plans	(24)	0.3	(1.7)
Income taxes	(6)	(0.1)	0.5
Amounts that will not be transferred to profit or loss in future periods		**0.2**	**(1.2)**
Income and expenses recognized directly in equity		**0.3**	**(10.2)**
Total comprehensive income		**76.8**	**45.1**
thereof attributable to shareholders of Vossloh AG		62.2	30.5
thereof attributable to hybrid capital investors		6.0	6.0
thereof attributable to noncontrolling interests		8.6	8.6

Cash flow statement

€ mill.	2024	2023
Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	105.2	98.5
EBIT from discontinued operations	–	1.0
Depreciation/amortization/impairment losses/reversal of impairment losses of noncurrent assets	55.2	59.0
Change in noncurrent provisions	5.6	4.9
Gross cash flow	**166.0**	**163.4**
Noncash change in investments in companies accounted for using the equity method	(6.0)	(8.1)
Other noncash expenses and income	(4.0)	2.6
Result from the disposal of noncurrent assets	0.7	0.6
Income taxes paid	(26.6)	(26.4)
Change in working capital	21.0	(5.5)
Changes in other assets and liabilities	(14.7)	10.7
Cash flow from operating activities	**136.4**	**137.3**
Cash flow from investing activities		
Investments in intangible assets and property, plant and equipment	(55.7)	(67.4)
Proceeds from profit distributions from companies accounted for using the equity method	5.3	1.0
Free cash flow	**86.0**	**70.9**
Investments in noncurrent financial instruments	(0.3)	(0.5)
Proceeds from the disposal of intangible assets and property, plant and equipment	0.1	1.6
Disbursements/proceeds from the purchase/sale of short-term securities	0.7	1.3
Proceeds from the disposal of noncurrent financial instruments	0.4	0.2
Proceeds from the sale of consolidated companies	10.0	–
Payments from the acquisition of consolidated companies	(10.2)	(1.6)
Cash flow from investing activities	**(49.7)**	**(65.4)**
Cash flow from financing activities		
Net cash inflows from additions to equity	71.3	–
Disbursements to company owners and minority shareholders	(28.2)	(25.3)
Payments to hybrid capital investors	(6.0)	(6.0)
Proceeds from short-term loans	22.0	0.8
Payments from short-term loans	(132.2)	(40.0)
Proceeds from medium and long-term loans	18.8	64.8
Payments from medium and long-term loans	(4.3)	(9.0)
Repayments from leasing	(11.8)	(12.2)
Interest received and payments from hedges of Group financing	3.9	4.7
Interest paid and similar expenses	(17.4)	(17.2)
Cash flow from financing activities	**(83.9)**	**(39.4)**
Net cash inflow/outflow	2.8	32.5
Change in cash and cash equivalents from first-time consolidation	0.5	0.0
Exchange rate effects	(1.1)	1.0
Cash and cash equivalents at the beginning of the period	**62.4**	**28.9**
Cash and cash equivalents at the end of the period	**64.6**	**62.4**

For further information on the cash flow statement, see pages 169 et seq.

Balance sheet

Assets in € mill.	Notes	12/31/2024	12/31/2023
Intangible assets	(10)	360.4	347.5
Property, plant and equipment	(11)	373.6	339.8
Investment properties	(12)	0.9	1.0
Investments in companies accounted for using the equity method	(13)	51.2	51.1
Other noncurrent financial instruments	(14)	9.2	8.6
Other noncurrent assets	(15)	2.5	1.7
Deferred tax assets	(16)	26.1	12.4
Noncurrent assets		**823.9**	**762.1**
Inventories	(17)	246.9	262.9
Trade receivables	(18)	251.8	201.0
Contract assets	(18)	3.2	0.5
Income tax assets	(19)	12.2	8.2
Other current financial instruments	(20)	13.4	11.1
Other current assets	(20)	44.4	31.8
Short-term securities	(21)	0.3	1.1
Cash and cash equivalents	(22)	94.7	99.4
Current assets		**666.9**	**616.0**
Assets held for sale	(7)	–	14.6
Assets		**1,490.8**	**1,392.7**

Equity and liabilities in € mill.	Notes	12/31/2024	12/31/2023
Capital stock	(23.1)	54.8	49.9
Additional paid-in capital	(23.2)	256.8	190.4
Retained earnings and net income	(23.3)	272.6	228.4
Hybrid capital	(23.4)	148.3	148.3
Accumulated other comprehensive income	(23.5)	(6.4)	(6.6)
Equity excluding noncontrolling interests		**726.1**	**610.4**
Noncontrolling interests	(23.6)	25.8	28.1
Equity		**751.9**	**638.5**
Pension provisions/provisions for other post-employment benefits	(24)	23.1	22.9
Other noncurrent provisions	(25)	21.1	21.3
Noncurrent financial liabilities	(26.1)	170.5	121.6
Noncurrent trade payables	(26.2)	0.5	0.5
Other noncurrent liabilities	(26.4)	4.8	5.9
Deferred tax liabilities	(16)	5.4	2.1
Noncurrent liabilities		**225.4**	**174.3**
Other current provisions	(25)	55.4	67.4
Current financial liabilities	(26.1)	62.2	198.4
Current trade payables	(26.2)	203.4	171.4
Current liabilities from reverse factoring	(26.2)	29.1	–
Current income tax liabilities	(26.3)	14.9	12.0
Other current liabilities	(26.4)	148.5	122.9
Current liabilities		**513.5**	**572.1**
Liabilities related to assets held for sale	(7)	–	7.8
Equity and liabilities		**1,490.8**	**1,392.7**

Statement of changes in equity

					Accumulated other comprehensive income					
€ mill.	Capital stock	Additional paid-in capital	Retained earnings and net income	Hybrid capital	Reserve from currency translation	Reserve from hedging transactions	Reserves for the remeasurement of defined benefit plans	Equity excluding noncontrolling interests	Noncon-trolling interests	Total
As of 12/31/2022	**49.9**	**190.4**	**199.0**	**148.3**	**(1.1)**	**2.6**	**8.8**	**597.9**	**27.2**	**625.1**
Transfer to retained earnings			8.8				(8.8)	–		–
Other effects			(0.5)			0.0		(0.5)	0.0	(0.5)
Net income			38.7	6.0				44.7	10.6	55.3
Income and expenses recognized directly in equity after taxes					(4.1)	(2.9)	(1.1)	(8.1)	(2.1)	(10.2)
Dividend payments			(17.6)					(17.6)	(7.6)	(25.2)
Remuneration to hyb-rid capital investors				(6.0)				(6.0)		(6.0)
As of 12/31/2023	**49.9**	**190.4**	**228.4**	**148.3**	**(5.2)**	**(0.3)**	**(1.1)**	**610.4**	**28.1**	**638.5**
Transfer to Retained earnings			(1.1)				1.1	–		–
Capital increase	4.9	66.4						71.3		71.3
Other effects*			0.5		0.1			0.6		0.6
Net income			63.2	6.0				69.2	7.3	76.5
Income and expenses recognized directly in equity after taxes					(1.7)	0.5	0.2	(1.0)	1.3	0.3
Dividend payments			(18.4)					(18.4)	(10.9)	(29.3)
Remuneration to hyb-rid capital investors				(6.0)				(6.0)		(6.0)
As of 12/31/2024	**54.8**	**256.8**	**272.6**	**148.3**	**(6.8)**	**0.2**	**0.2**	**726.1**	**25.8**	**751.9**

*The other effects are mainly the result of prior-year effects from the recognition of property, plant and equipment.
For further information on changes in equity items, see the notes to items (23.1) to (23.5) on pages 183 et seq.

Notes to the consolidated financial statements of Vossloh AG as of December 31, 2024

Segment information by division and business units

€ mill.		Vossloh Fastening Systems	Vossloh Tie Technologies	Consolidation
Value added	2024	32.1	5.4	(0.2)
	2023	43.8	(1.5)	(0.5)
Information on the income statement				
External sales revenues	2024	281.8	172.0	–
	2023	304.1	222.7	–
Internal sales revenues	2024	27.9	0.8	(19.1)
	2023	45.3	1.4	(26.8)
Cost of materials	2024	175.1	87.4	(21.7)
	2023	200.2	109.6	(24.7)
Depreciation and amortization	2024	10.6	10.4	–
	2023	10.4	11.6	–
Result from investments in companies accounted for using the equity method	2024	–	–	–
	2023	0.5	–	–
Result from discontinued operations	2024	–	–	–
	2023	–	–	–
Other material noncash segment expenses	2024	1.5	1.5	–
	2023	3.7	7.3	–
Impairment losses	2024	0.9	0.0	–
	2023	1.7	1.8	–
Annual average headcount[1]	2024	608	415	–
	2023	586	431	–

[1] The average number of employees is calculated on the basis of quarterly figures.

	Core Components	Customized Modules (Vossloh Switch Systems)	Lifecycle Solutions (Vossloh Rail Services)	Holding companies	Consolidation	Group
	37.3	**16.8**	**(3.0)**	0.8	(38.8)	**13.1**
	41.8	**10.4**	**(7.1)**	15.0	(41.2)	**18.9**
	453.8	**557.5**	**197.9**	0.4	–	**1,209.6**
	526.8	**530.7**	**156.6**	0.1	–	**1,214.2**
	9.6	**3.7**	**6.4**	0.0	(19.7)	**0.0**
	19.9	**6.7**	**6.9**	0.0	(33.4)	**0.1**
	240.8	**262.4**	**74.5**	0.1	(19.5)	**558.3**
	285.1	**264.1**	**70.5**	0.1	(31.3)	**588.5**
	21.0	**16.7**	**15.9**	0.6	–	**54.2**
	22.0	**15.7**	**14.2**	0.6	–	**52.5**
	0.0	**4.4**	**1.6**	–	–	**6.0**
	0.5	**5.8**	**1.8**	–	–	**8.1**
	–	**–**	**–**	–	–	**–**
	–	**–**	**–**	1.0	–	**1.0**
	3.0	**16.1**	**2.4**	0.9	(0.2)	**22.2**
	11.0	**23.6**	**1.3**	1.3	0.0	**37.2**
	0.9	**0.0**	**–**	–	–	**0.9**
	3.5	**3.5**	**–**	–	–	**7.0**
	1,023	**2,319**	**739**	113	–	**4,194**
	1,017	**2,290**	**609**	83	–	**3,999**

General principles

Vossloh AG is a listed stock corporation headquartered in Werdohl, Germany. The company is registered in the Commercial Register of the Iserlohn District Court under HRB 5292 and has its registered office at Vosslohstrasse 4, 58791 Werdohl. The Vossloh Group's main business activities are the development, manufacture and sale of products and the provision of services of all kinds for the rail technology sector, particularly for rail infrastructure.

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS® Accounting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB). All standards whose application was mandatory as at the balance sheet date were taken into account.

The Executive Board of Vossloh AG approved the consolidated financial statements for submission to the Audit Committee of the Supervisory Board on February 28, 2025.

New accounting standards

The following standards and interpretations were published by the International Accounting Standards Board (IASB) but were not yet mandatory in the 2024 fiscal year in accordance with EU endorsement regulations or had not yet been adopted into European law. In the case of standards and interpretations not yet adopted by the EU, first-time application is stated in accordance with the IASB. Early applications of these standards are not planned.

New or amended standards	Publication	Initial application in Fiscal year	Adoption by the EU	Material content or expected impact on the consolidated financial statements of Vossloh AG
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	August 2023	2025	2024	No impacts are expected as a result
IFRS 18 Presentation and Disclosure in Financial Statements	April 2024	2027	./.	No material impacts on the structure of the group statements are expected, more precise analysis still pending
IFRS 19 Subsidiaries without Public Accountability: Disclosures	May 2024	2027	./.	No impacts are expected as a result
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	May 2024	2026	./.	No material impacts are expected as a result
Annual Improvements Volume 11	July 2024	2026	./.	No material impacts are expected as a result
Contracts referencing nature-dependend electricity (Amendments to IFRS 9 and IFRS 7)	December 2024	2026	./.	No impacts are expected as a result

First-time application of standards and interpretations

The amendments to standards and interpretations listed in the following table were applied for the first time in the 2024 fiscal year:

Standard/interpretation	Publication	Adoption by the EU
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	May 2023	May 2024
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (amendments to IAS 1)	January and July 2020 and October 2022	December 2023
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	September 2022	November 2023

Overall, the standards and interpretations applied for the first time had no material impact on the consolidated financial statements. The amendments to IAS 7 and IFRS 7 on supplier finance arrangements (hereinafter referred to as "reverse factoring") relate to contracts with financial institutions or external agents that lead to an extension of payment terms for certain trade payables. The application of the amended standards has led to further disclosures, which are listed under Note (26.2) in the notes to the consolidated financial statements. In addition, the obligations entered into in connection with such arrangements are reported in a separate line in the consolidated balance sheet.

Principles of preparation of the consolidated financial statements

The financial statements of the companies included in the consolidated financial statements are prepared as of Vossloh AG's balance sheet date (December 31) using uniform accounting policies. The financial statements included are predominantly audited or reviewed by independent auditors.

The consolidated financial statements are prepared in Euro (€), the functional currency of Vossloh AG. Figures are mostly presented in millions of euros.

The income statement is structured according to the cost-of-sales method. The consolidated financial statements were prepared on a going concern basis.

The preparation of the consolidated financial statements requires management to make certain discretionary decisions, assumptions and estimates. These estimates involve a certain level of uncertainty. They affect the valuation of recognized assets, liabilities and contingent liabilities as of the balance sheet date, as well as the recognition of income and expenses in the reporting period.

Due to the uncertainties, the actual values subsequently determined may differ from those estimates and hence from the amounts disclosed in the consolidated financial statements. The estimates and underlying assumptions are subject to ongoing review. Adjustments are made in the period of the change or in future periods, for example, in the case of changes to the useful lives of property, plant and equipment.

Estimation-related uncertainty with a significant impact on the consolidated financial statements is particularly prevalent when accounting for goodwill (see Note 10 to the consolidated financial statements), recognizing deferred taxes (see Note 16 to the consolidated financial statements) and recognizing and measuring other provisions (see Note 25 to the consolidated financial statements).

Discretionary decisions with a material impact on the consolidated financial statements relate in particular to the term of leases in the event of extension or termination options (see the section on leasing under Other information on page 200).

The accounting and valuation principles applied in the consolidated financial statements of Vossloh AG are explained in the respective notes.

Consolidation

Vossloh's consolidated financial statements comprise the financial statements of Vossloh AG and in principle all of its subsidiaries. Subsidiaries, over which Vossloh AG generally exercises control due to directly or indirectly holding the majority of voting rights, are fully consolidated.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control is obtained until such control ceases to exist. The equity of the subsidiaries is eliminated in the context of the capital consolidation using the acquisition method. This involves offsetting the cost of the acquired shares against the Group's holding in the equity of the subsidiaries.

To determine the equity of the acquired subsidiaries on initial consolidation, all identifiable assets, liabilities and contingent liabilities of the acquired subsidiary are recognized at their respective fair value at the acquisition date.

Any remaining positive differences between the purchase price and the fair value of the acquired assets and liabilities are recognized as goodwill in accordance with IFRS 3 and are tested for impairment annually at the level of the relevant business unit. Negative goodwill is directly recognized in the income statement after the fair values of assets and liabilities have been reassessed.

At the acquisition date, noncontrolling interests are measured with their corresponding share in the identifiable net assets of the respective company acquired.

Changes in the Group’s interest in subsidiaries that do not lead to an acquisition or loss of control over these subsidiaries are treated as equity transactions.

Receivables and liabilities, as well as expenses and income between the consolidated Group companies, are eliminated as part of the consolidation of debt, expenses and income. Where write-downs have been recognized in the separate financial statements of consolidated subsidiaries on shares in consolidated subsidiaries or intragroup receivables, such write-downs are reversed in consolidation. Interim profits and losses from intragroup transactions are eliminated.

In accordance with IFRS 11, joint ventures are generally accounted for using the equity method insofar as the Group company holding the interest has typical shareholder rights applicable to the net assets of the joint venture.

As far as the rights of the Group company holding the interest apply to individual assets or liabilities, or the companies participating in the joint venture have entered into specific agreements regarding the division of the goods produced or services rendered by the joint venture, such a joint venture is deemed jointly operated and assets and liabilities, or expense and income, are accounted for using proportionate consolidation.

Where material, other companies in which Vossloh owns an equity interest of between 20 % and 50 % and where Vossloh can exercise a significant influence on their business and financial policies (associated companies) are accounted for using the equity method.

All other investments are measured at fair value and recognized in other noncurrent financial instruments.

There were minor changes to the scope of consolidation in the 2024 fiscal year:

On July 1, 2024, Vossloh Rail Services Scandinavia AB acquired all shares in Scandinavian Track Group AB (STG), which itself holds shares in four other companies in Sweden, Norway and Denmark. The business activities of the new Group companies consist of various maintenance services for the rail track, such as the installation or maintenance of turnouts, as well as inspection consulting services. The acquisition has significantly expanded the areas of application for service activities in Scandinavia. The potential synergy effects of the acquisition with the company already operating in Sweden in the Rail Services business unit were the reason for the goodwill, which is not deductible for tax purposes. The purchase price for the acquired assets amounted to €7.1 million and was paid in cash. The following table shows the fair values acquired, the purchase price and the resulting goodwill:

€ mill.	Fair values
Noncurrent assets	11.7
Current assets	10.7
Assets	**22.4**
Noncurrent liabilities	5.2
Current liabilities	13.3
Debts	**18.5**
Acquired net assets	**3.9**
Purchase price	7.1
Goodwill	**3.2**

The fair values are provisional, but Vossloh does not expect these fair values to be adjusted. The company generated sales revenues of €11.6 million in the 2024 fiscal year; the contribution to net income amounted to €(1.6) million. In a hypothetical acquisition at the beginning of the fiscal year, the contributions would have amounted to €26.7 million (sales revenues) and €0.0 million (net income). Only insignificant transaction costs were associated with the acquisition, which are reported under general administrative expenses.

In addition, all shares in France Aiguillages Services S.A.R.L. (FAS) were acquired on July 19, 2024. The business activities of FAS and its subsidiary consist of various services relating to turnouts and turnout signal systems, such as technical inspections and maintenance services. The purchase price for the acquired assets amounted to €3.0 million and was paid in cash. Expected synergies with Vossloh Services France SAS resulted in non-tax-deductible goodwill of €0.6 million. The following table shows the fair values acquired, the purchase price and the resulting goodwill:

€ mill.	Fair values
Noncurrent assets	2.8
Current assets	3.2
Assets	**6.0**
Noncurrent and current liabilities	3.6
Debts	**3.6**
Net assets included in the consolidated financial statements	**2.4**
Purchase price	3.0
Goodwill	**0.6**

The fair values are provisional, but Vossloh does not expect these fair values to be adjusted. In the fiscal year 2024, the acquired companies realized sales revenues of €3.3 million; the contribution to the Group net income amounted to €0.3 million. In a hypothetical acquisition at the beginning of the fiscal year, the contributions would have amounted to €6.7 million (sales revenues) and €0.2 million (net income). Only insignificant transaction costs were associated with the acquisition, which are reported under general administrative expenses.

The company founded in Australia in the previous year was included in the consolidated financial statements from the beginning of the fiscal year.

At the end of the fiscal year, 60 companies (previous year: 53) were fully included in the consolidated financial statements, of which, as in the previous year, ten companies were based in Germany. Six companies based abroad and one company in Germany were accounted for using the equity method, both unchanged from the previous year.

Due to their minor significance for the net assets, financial position and results of operations, eight companies (previous year: ten) in which Vossloh AG directly or indirectly held the majority of voting rights or which it otherwise controlled as of the balance sheet date were not included in the consolidated financial statements.

Currency translation

Non-euro financial statements of subsidiaries are translated into euros as the Group currency according to the concept of functional currency. Since these subsidiaries are nearly all economically independent entities, their functional currencies correspond to their local currencies.

For balance sheet items, the current rate (mean exchange rate as of the reporting date) is used, while for the translation of income statement items, the annual average exchange rate is applied, which serves as an approximation of the respective rates on the transaction dates. Compared with the translation of the previous year, currency translation differences in assets and liabilities, and between income statement and balance sheet, are recognized directly in the equity and presented in the line item "Accumulated other comprehensive income".

In the case of a foreign company, the euro rather than the local currency is to be regarded as the functional currency due to the economic environment. The financial statements of the company in question, which is prepared in the local currency, are converted using the temporal method. Accordingly, so-called non-monetary items (essentially property, plant and equipment in the case of the company concerned) and the corresponding depreciation/amortization are translated at the historical exchange rate at the date of the change in functional currency. The other items in the balance sheet are translated at the current rate, and expenses and income – with the exception of depreciation/ amortization – are translated at the annual average exchange rate.

In the separate financial statements, foreign currency transactions are translated using the exchange rate at the time of the recognition of the transaction. Gains or losses arising up to the end of the reporting period from the re-measurement of financial instruments or cash and cash equivalents are recognized in profit or loss.

The exchange rates of countries outside of the eurozone in which Vossloh transacts major business through consolidated subsidiaries are listed below:

Exchange rates

Country	Currency	€	2024	2023	2024	2023
			Closing rate		Average rate	
Australia	AUD	1 €	1.67	1.62	1.64	1.63
China	CNY	1 €	7.56	7.84	7.80	7.67
United Kingdom	GBP	1 €	0.83	0.87	0.85	0.87
India	INR	1 €	88.63	91.89	90.54	89.34
Canada	CAD	1 €	1.49	1.46	1.48	1.46
Malaysia	MYR	1 €	4.63	5.07	4.95	4.89
Mexico	MXN	1 €	21.55	18.69	19.83	19.20
Poland	PLN	1 €	4.28	4.34	4.31	4.54
Sweden	SEK	1 €	11.45	11.10	11.43	11.47
Serbia	RSD	1 €	116.95	117.13	117.09	117.25
Türkiye	TRY	1 €	36.61	32.65	35.57	25.75
USA	USD	1 €	1.04	1.11	1.08	1.08

Notes to the income statement

(1) Sales revenues

Breakdown of sales revenues

€ mill.	2024	2023
Sales of products		
Vossloh Fastening Systems	309.7	349.4
Vossloh Tie Technologies	172.8	224.1
Consolidation	(19.1)	(26.8)
Core Components	463.4	546.7
Customized Modules	560.5	537.4
Lifecycle Solutions	36.9	59.0
Consolidation	(19.7)	(33.4)
Group	**1,041.1**	**1,109.7**
Sales revenues from rendering services		
Lifecycle Solutions	167.4	100.9
Consolidation	0.4	0.1
Group	**167.8**	**101.0**
Sales revenues from customer-specific manufacturing		
Customized Modules	0.7	0.0
Lifecycle Solutions	0.0	3.6
Group	**0.7**	**3.6**
Total Group sales across all activities	**1,209.6**	**1,214.3**
Sales revenues by division and business unit		
Vossloh Fastening Systems	309.7	349.4
Vossloh Tie Technologies	172.8	224.1
Consolidation	(19.1)	(26.8)
Core Components	463.4	546.7
Customized Modules	561.2	537.4
Lifecycle Solutions	204.3	163.5
Consolidation	(19.3)	(33.3)
Group	**1,209.6**	**1,214.3**

The performance obligations of the Group companies largely consist of the delivery of typical products or the provision of services, which are listed in the description of the business activities of the divisions and business units in the notes to the segment reporting on page 191. The “Consolidation” line also includes the sales revenues of companies not allocated to a business unit.

Sales revenues are recognized net of sales deductions and price reductions in the form of rebates, bonuses or discounts, as well as returned payments or returns.

In accordance with IFRS 15, the transfer of control of the products to be delivered is generally recognized on the basis of the respective contractual agreements, in particular, the Incoterms. In most cases of sales revenues recognition at a point in time, this occurs when control is transferred to the acquirer. “Bill-and-hold” arrangements have been agreed with some Group companies, as customers control the delivery of products on the basis of their own planning of construction projects for new or overhauled rail lines. In these cases, the products have already been accepted by the customer in advance and are also stored separately as the customer’s property. If partial invoicing has been contractually agreed in advance, revenue is recognized after binding acceptance of the partial services by the customer. In the vast majority of customer orders, the terms of payment do not include any financing components. For some orders, there are de facto take-back obligations for individual components in the event that the previous components have to be replaced by suitable ones due to certain effects. In addition, standard market warranties are contractually agreed.

In the case of individual orders for the delivery of products and services in general, the performance owed and thus the recognition of revenue takes place over a period of time. The proportionate contribution to earnings realized up to the balance sheet date is also recognized in the income statement along with sales revenues. The percentage of completion of orders is calculated using the percentage-of-completion method (PoC) from the ratio of costs already incurred to the estimated total costs of the order (cost-to-cost method). Costs due to inefficiencies or similar are deducted when calculating the percentage of completion. Proportional profits from the PoC method are only realized for those customer orders for which the result can be reliably determined. If this requirement is not met, the pro rata profit is not recognized. If there is a risk of a loss on a customer order, this is taken into account in full.

The segment reporting presented on pages 156 et seq. and explained on pages 191 et seq. contains a breakdown of external sales revenues by division, business unit and region. A further presentation of total sales by region can also be found in the combined management report on page 20 of this annual report.

The (partially) unfulfilled performance obligations, i.e. the order backlog as of the balance sheet date, amounted to €836.2 million (previous year: €761.2 million). These figures generally only include performance obligations from framework agreements to the extent that specific call-offs have been made. The fulfillment of performance is expected to extend over the periods shown in the table:

Expected realization of (partially) unfulfilled performance obligations

€ mill.	2024	2023
Within the following year	623.9	603.9
In subsequent years	212.3	157.3
Total	**836.2**	**761.2**

(2) Costs of the functional divisions

Under the cost of sales method, expenses are allocated to functional areas in the income statement. The cost of sales, selling, administrative and research and development costs include the following cost types in the following amounts:

Breakdown of expense types

€ mill.	2024	2023
Cost of raw materials, consumables and supplies	466.4	504.2
Cost of services purchased	91.9	84.3
Cost of materials	**558.3**	**588.5**
Wages and salaries	227.5	206.4
Social security expenses and charges	48.8	42.6
Pension expenses	7.2	6.2
Personnel expenses	**283.5**	**255.2**
Depreciation and amortization	**55.1**	**59.5**

Based on the quarterly numbers, the average annual workforce structure was as follows:

	2024	2023
Executive Board/Management Board	29	28
Other managers/executives	108	98
Nontariff employees	1,074	959
Tariff employees	3,064	2,984
Apprentices/trainees	56	55
Interns and working students	22	21
Total	**4,353**	**4,145**

The number of employees in the Vossloh Group in accordance with Section 314 (1) No. 4 German Commercial Code (HGB) amounted to 4,246 (previous year: 4,041). The figures reflect the number of employees; the figures for the average number of employees in the segment information on pages 156 et seq. are based on a conversion to full-time equivalents.

(2.1) Cost of sales

Cost of sales includes the cost of products and services sold in the respective period. In addition to directly attributable costs such as material, personnel and energy costs, they also include overheads including depreciation and amortization, which are mainly attributable to property, plant and equipment and, to a lesser extent, intangible assets. The cost of sales also includes the write-downs on inventories made in the respective period.

(2.2) General administrative and selling expenses

Breakdown of general administrative and selling expenses

€ mill.	2024	2023
Selling expenses	94.0	87.4
General administrative expenses	136.0	127.0
General administrative and selling expenses	**230.0**	**214.4**

In addition to personnel costs, selling expenses mainly include outgoing freight, insofar as logistics and freight costs are not incurred within the overall performance process and are reported in the cost of sales, as well as commissions.

General administrative expenses comprise the personnel and material costs of administration, including depreciation on related assets.

(2.3) Research and development costs

All research costs are recognized directly as expenses and reported under research and development costs in the income statement.

Development costs for a marketable product are capitalized provided that the criteria formulated in IAS 38 are met. Development costs that cannot be capitalized are also reported under this item in the income statement.

Research and development expenses before own work capitalized amounted to €14.7 million in the past fiscal year (previous year: €11.6 million). Of these expenses, which were incurred in development departments, €0.4 million (previous year: €1.2 million) were capitalized in the balance sheet.

(3.1) Other operating income

Breakdown of other operating income

€ mill.	2024	2023
Currency exchange gains	8.4	8.3
Insurance reimbursements	5.5	0.4
Income from government grants	2.0	2.3
Income from qualified tax credits	0.8	0.0
Rental income	0.7	0.6
Income from the disposal of intangible assets and property, plant and equipment	0.2	0.2
Other income	7.7	5.9
Other operating income	**25.3**	**17.7**

Currency exchange gains and losses also include changes in the fair value of freestanding derivatives used to hedge currency risks.

Income from government grants mainly relates to grants for research and development projects.

Payments received to subsidize expenses are recorded as deferred income under other liabilities and recognized pro rata temporis under other operating income.

Investment grants and subsidies are deducted from the cost of the property, plant and equipment concerned. There are no unfulfilled conditions that would lead to repayment in the event of non-fulfilment or other contingent liabilities in this context.

Other income includes a gain on disposal of €2.5 million from the sale of an activity in the Switch Systems business unit, which was the subject of a sales project that had already begun in 2022.

(3.2) Other operating expense

Breakdown of other operating expense

€ mill.	2024	2023
Currency exchange losses	(8.8)	(8.1)
Losses from the disposal of intangible assets and property, plant and equipment	(1.6)	(0.8)
Expenses for buildings	(0.3)	(0.4)
Impairment of intangible assets and property, plant and equipment	0.0	(0.7)
Other expenses	(0.3)	(0.9)
Other operating expense	**(11.0)**	**(10.9)**

(4.1) Other financial income

Breakdown of other financial income

€ mill.	2024	2023
Income from investments	0.4	0.6
Other financial income	**0.4**	**0.6**

Income from investments is largely attributable to the Fastening Systems business unit.

(4.2) Other financial expense

Breakdown of other financial expense

€ mill.	2024	2023
Write-down of financial instruments	(0.9)	(5.9)
Other financial expense	**(0.9)**	**(5.9)**

Expenses resulted primarily from the impairment of a joint venture accounted for using the equity method in the Fastening Systems business unit (previous year: Fastening Systems and Switch Systems business units). In addition, an investment in a Hungarian company not included in the consolidated financial statements was impaired in the Fastening Systems business unit.

(5.1) Interest income

Currency exchange gains from intragroup financing in the amount of €3.3 million (previous year: €3.7 million) represent the main component of interest income in the income statement in the amount of €4.8 million (previous year: €4.7 million).

(5.2)) Interest and similar expense

Breakdown of interest and similar expense

€ mill.	2024	2023
Interest from bank debt	(9.6)	(9.0)
Interest from leasing	(1.5)	(1.2)
Guarantee commissions	(0.6)	(0.8)
Other interest expenses	(7.7)	(9.7)
Interest and similar expense	**(19.4)**	**(20.7)**

Other interest expenses mainly include currency exchange losses from intragroup financing.

(6) Income taxes

Breakdown of income taxes

€ mill.	2024	2023
Current income taxes	25.5	29.1
Deferred taxes	(11.4)	(0.9)
Income taxes	**14.1**	**28.2**

Of the current income taxes, €1.3 million (previous year: €0.6 million) related to items from previous years. This applied to deferred taxes in the amount of €(4.1) million (previous year: €2.1 million). Deferred tax income of €7.2 million resulted from the reversal of temporary differences and from tax loss and interest carryforwards (previous year: tax income of €0.9 million). The re-measurement of temporary differences resulted in deferred tax income of €0.7 million (previous year: expense of €0.7 million). Income taxes from global minimum taxation were not included in current tax expenses in either the reporting year or the previous year. The Group applies the exemption from accounting for deferred taxes resulting from the introduction of global minimum taxation and recognizes these taxes as actual tax expense/income when they arise.

In Germany, the statutory corporation tax of 15 % plus solidarity surcharge (5.5 % of corporation tax) is levied on taxable profits. There is also trade tax, the rate of which is determined by the respective municipalities. On average, a tax rate of 32.1 percent (previous year: 32.1 percent) is expected for Vossloh AG as the tax group parent.

The Vossloh Group's actual tax expense of €14.1 million (previous year: €28.2 million) was €15.0 million lower than the expected tax expense (previous year: €1.7 million higher actual tax expense), which would result from applying the tax rate applicable to the Group holding company to earnings before taxes.

The reconciliation of the expected tax expense to the tax expense actually recognized in the income statement is shown below:

Reconciliation to the recognized tax expense

		2024	2023
Earnings before taxes	€ mill.	90.6	82.5
Income tax rate including trade taxes	%	32.1	32.1
Expected tax expense when applying a uniform tax rate	€ mill.	29.1	26.5
Tax reduction/increase due to divergent foreign income tax rates	€ mill.	(7.7)	(7.4)
Tax reduction due to tax-exempt income	€ mill.	(0.9)	(2.1)
Tax increase due to nondeductible expenses	€ mill.	8.4	7.1
Taxes for previous years	€ mill.	(2.9)	3.8
Tax effect from write-ups/write-downs of deferred tax assets	€ mill.	(11.7)	0.6
Withholding tax effects and double-taxation	€ mill.	1.5	1.5
Effect from the remeasurement of deferred taxes	€ mill.	(0.7)	0.7
Effects from the valuation of investments in companies accounted for using the equity method	€ mill.	(1.6)	(2.5)
Other differences	€ mill.	0.6	0.0
Recognized income tax expense	€ mill.	14.1	28.2
Effective income tax rate	%	15.5	34.1

The total amount of deferred taxes recognized in other comprehensive income was €(0.3) million (previous year: €1.7 million). Deferred taxes resulted from the remeasurement of defined benefit plans to be taken into account in the fiscal year amounting to €(0.1) million (previous year: €0.5 million), as well as from changes in the valuation of hedging instruments from cash flow hedging amounting to €(0.2) million (previous year: €1.2 million).

The valuation of investments results in valuation differences between the tax values in the respective parent companies and the net assets in the consolidated balance sheet (so-called outside basis differences) in the amount of €371,3 million (previous year: €222.1 million). The resulting deferred tax liabilities would amount to €5.1 million (previous year: €2.9 million). As the Group can control the reversal of the temporary differences and this reversal is not likely in the foreseeable future, no deferred tax liabilities are recognized.

The Group is subject to global minimum taxation in accordance with statutory regulations. The global minimum tax (Pillar 2) is intended to ensure that an effective tax burden of at least 15 % applies per country. If the effective tax rate in individual countries is less than 15 % under the rules of the Minimum Tax Act, an additional minimum tax is levied.

The OECD Pillar 2 model regulations have been implemented in most of the jurisdictions in which the Group operates. In the main jurisdictions in which the minimum tax regulations have not been implemented, the effective tax rate of the Group companies is more than 15 % in each case. The main countries in the Group that have not implemented the Pillar 2 model regulations include China and the USA.

(7) Result from discontinued operations/assets and liabilities held for sale

In the previous year, the result from discontinued operations resulted from subsequent effects of earlier disposals of business units.

The following table shows a breakdown of the result from discontinued operations included in the income statement:

Breakdown of the result from discontinued operations

€ mill.	2024	2023
Subsequent effects from former business units	–	1.0
Result from discontinued operations	**–**	**1.0**
thereof attributable to shareholders of Vossloh AG	–	1.0
thereof attributable to noncontrolling interests	–	–

The assets and liabilities held for sale reported in the previous year's balance sheet were almost entirely attributable to an activity in the Switch Systems business unit, which was the subject of a sales project initiated in the 2022 fiscal year and completed in the reporting year. In the previous year, this item also included a noncurrent asset held for sale from the Tie Technologies business unit, which was also sold in the reporting year.

The following table shows the main groups of assets held for sale and the associated liabilities:

Assets and liabilities related to disposal groups

€ mill.	12/31/2024	12/31/2023
Goodwill	–	2.9
Intangible assets (excl. goodwill)	–	1.7
Property, plant and equipment	–	0.6
Other noncurrent assets	–	0.0
Noncurrent assets	**–**	**5.2**
Inventories	–	4.7
Trade receivables	–	1.2
Receivables from construction contracts	–	3.2
Other current assets	–	0.1
Cash and cash equivalents	–	0.2
Current assets	**–**	**9.4**
Assets	**–**	**14.6**
Provisions	–	0.7
Trade payables	–	2.0
Liabilities from leases	–	0.2
Other liabilities	–	4.9
Debts	**–**	**7.8**

(8) Noncontrolling interests

Earnings after income taxes include profit shares attributable to noncontrolling interests in the amount of €7.3 million (previous year: €10.8 million). There were no losses to be shared in the reporting year (previous year: €0.2 million).

(9) Earnings per share

		2024	2023
Weighted average of shares outstanding	Number	17,770,535	17,564,180
Net income attributable to the shareholders of Vossloh AG	€ mill.	63.2	38.7
Basic/diluted earnings per share	€	3.56	2.21
thereof attributable to continuing operations	€	3.56	2.15
thereof attributable to discontinued operations	€	–	0.06

Notes to the cash flow statement

The cash flow statement shows the change in cash and cash equivalents and bank overdrafts in the Vossloh Group. Cash and cash equivalents comprise cash on hand and bank balances. Cash equivalents comprise financial instruments with a maximum remaining term of three months from the date of acquisition that can be converted into cash at any time. Bank overdrafts arise from debit balances of short-term bank balances and from sub-lines of credit under the loan agreement, which generally matures in February 2029, and are included in cash and cash equivalents. In the balance sheet, these sub-lines are reported as part of the drawdown from the loan agreement in question as at the 2024 balance sheet date due to the stated maturity under noncurrent financial liabilities.

Thus, the financial resources fund includes not only the cash and cash equivalents of €94.7 million recognized in the balance sheet (previous year: €99.4 million), but also bank overdrafts of €30.2 million (previous year: €37.1 million). In addition, cash and cash equivalents amounting to €0.2 million were included in disposal groups in the previous year and were reported under „Assets held for sale“ in accordance with IFRS 5.

The cash flow statement was prepared in accordance with IAS 7 and breaks down the changes in cash and cash equivalents and bank overdrafts into cash flows from operating, investing and financing activities. The cash flow from operating activities is presented using the indirect method.

Other noncash expenses and income mainly include currency translation effects, changes in deferred taxes and write-downs on inventories and trade receivables. Cash inflows and outflows from the acquisition or sale of consolidated companies and other units are netted against cash inflows and outflows. The sale of the Signaling Systems activities was completed at the beginning of March and the associated assets and liabilities were sold to the purchaser. The proceeds generated amounted to €10.0 million. In the previous year, an earn-out payment of €1.1 million was made from the acquisition of a consolidated company.

The lines "Proceeds from short-term loans" and "Payments from short-term loans" for the reporting year include repayments of a Schuldschein loan in the amount of €90 million, drawdowns under the syndicated loan in the amount of €20 million, a bilateral loan in the amount of €20 million and a new loan in the amount of around €19 million.

The lines "Proceeds from medium and long-term loans" and "Payments from medium and long-term loans" include a new bilateral loan of €20 million for the reporting year. For further information, please refer to our comments on financial liabilities in Note 26.1 to the consolidated financial statements.

The figures in the cash flow statement on page 153 relate to the entire Group, including the effects of discontinued operations. Of the total gross cash flow, €0.0 million (previous year: €1.0 million) was attributable to discontinued operations. In the reporting year and the previous year, the figures in cash flow from operating activities and free cash flow were fully attributable to continuing operations.

The following table shows the breakdown of changes in financial liabilities (excluding bank overdrafts) and derivatives from hedging relationships included in cash flow from financing activities into cash and noncash items:

€ mill.	Long-term and medium-term credit liabilities, liabilities from dividends and hybrid capital and other interest payables	Short-term credit liabilities, liabilities from dividends and hybrid capital and other interest payables	Liabilities from leases	Derivatives in hedging relationships	Total
As of December 31, 2022	**209.4**	**19.0**	**39.9**	**(5.5)**	**262.8**
Payments for the period	55.8	(39.2)	(12.2)	0.0	4.4
Noncash changes					
Reclassification	(170.0)	170.0	–	–	0.0
Change due to disposal groups already sold or still available for sale	0.0	0.0	(0.1)	0.0	(0.1)
New lease agreements	0.0	0.0	9.0	0.0	9.0
Changes in fair value	0.0	0.0	(0.6)	3.7	3.1
Currency effects	(0.1)	1.3	(0.6)	(0.1)	0.5
Other	0.0	0.0	1.2	0.0	1.2
As of December 31, 2023	**95.1**	**151.1**	**36.6**	**(1.9)**	**280.9**
Payments for the period	14.5	(110.2)	(11.8)	0.0	(107.5)
Noncash changes					
Change from company acquisition	0.0	1.0	0.0	0.0	1.0
New lease agreements	0.0	0.0	23.1	0.0	23.1
Changes in fair value	0.0	0.0	(0.4)	(0.7)	(1.1)
Currency effects	0.0	2.1	(0.1)	0.0	2.0
Other	0.0	0.0	1.5	1.9	3.4
As of December 31, 2024	**109.6**	**44.0**	**48.9**	**(0.7)**	**201.8**

Notes to the balance sheet

Principle of classification of the balance sheet

The balance sheet is structured into noncurrent and current assets and liabilities. Assets and liabilities maturing or due within one year are deemed current.

Regardless of their maturity, trade receivables and trade payables are always considered current, even if due after one year but within the normal business cycle.

Deferred taxes are recognized as noncurrent assets or liabilities.

(10) Intangible assets

Breakdown of intangible assets

€ mill.	2024	2023
Goodwill	301.2	294.2
Development costs	6.9	6.2
Concessions, licenses and property rights	31.0	29.9
Advance payments	21.3	17.2
Intangible assets	**360.4**	**347.5**

Intangible assets, which, with the exception of goodwill, exclusively comprise assets with a definite useful life, are recognized at the cost of acquisition or cost of sales.

Goodwill is recognized in the respective functional currency of the Group companies from whose acquisition it originates.

Pursuant to IFRS 3 in conjunction with IAS 36, goodwill from company acquisitions is not amortized but is tested annually for impairment as of the balance sheet date or upon the occurrence of triggering events. This involves comparing the recoverable amount, calculated as value in use, to the respective carrying amount of a group of cash-generating units (CGUs). Within the Vossloh Group, goodwill is assigned to the business units, which represent groups of CGUs. The impairment test is performed at this level. The value in use is calculated based on the medium-term budget for the respective units, and is derived from the expected discounted cash flows. In this respect, key assumptions are the anticipated orders resulting from sales planning, the corresponding expected sales revenues and the full earnings and balance sheet planning based on this.

When measuring the value in use by discounting anticipated cash flows (after taxes), a discount rate after taxes specific to the business unit is applied. When determining the respective discount rate, weighted specific country risks, inflation/currency adjustments and tax rates are taken into account, while the weightings for the country risks as well as the inflation effects were derived from the regional distribution of sales from both the year under review and over the budget periods. In contrast, the tax rates are determined based on the relative earnings contributions of the companies within the business units. The regional distribution of sales as a weight in determining the discount rate for the terminal value is based solely on sales revenues in the last planning year. Especially for the purpose of differentiated consideration of the current and long-term inflation/currency adjustment of the cost of capital, various after-tax discount rates are determined for the planning period and the terminal value, which primarily differ with regard to the inflation/currency adjustment they include. Furthermore, uniform pre-tax discount rates specific to the business units are calculated whereby the same value in use arises based on the pre-tax cash flows that results from discounting the after-tax cash flows with the differentiated after-tax discount rates. The pre-tax discount rates for the individual business units are indicated in the table below.

The planning is based on empirical data and expected future market trends and encompasses a detailed planning period of three years. The expected sales growth of the business units is based on the planned projects and projects which are already included in the order backlog to various extents. The business units' average annual sales growth rate, which is anticipated for this period in line with the medium-term budget, is reported in the table below. The growth rate of the terminal value is set at 50 % of the business unit-specific inflation rate resulting from the discount factor calculation for the terminal value described above.

For periods further in the future, the terminal value is accounted for by using extrapolated cash flows and the growth rate described above to determine the value in use. This takes into account the financing of working capital and property, plant and equipment to the same extent in the cash flow. If the values in use determined in this way exceed the carrying amounts of the respective business units (including the allocated goodwill), no impairment losses are recognized on goodwill. Various scenarios are examined as part of sensitivity analyses: an increase in the after-tax discount rates of 50 basis points and a general reduction in cash flows of 7.5 %. There was no need to recognize an impairment of goodwill in any scenario.

Breakdown of goodwill by business unit

	2024	2023	2024	2023	2024	2023	2024	2023
	Discount rate before taxes (in %)		Growth rate of the perpetual annuity (in %)		Average sales growth p.a. (in %)		Total value (in € mill.)*	
Vossloh Switch Systems	11.76	12.79	1.25	1.37	6.8	2.0	180.4	180.3
Vossloh Rail Services	9.94	10.48	1.02	1.02	10.7	12.4	69.2	64.0
Vossloh Tie Technologies	13.07	10.90	1.13	1.10	13.4	2.6	60.0	58.7
Vossloh Fastening Systems	13.73	14.76	1.32	1.35	9.5	4.2	25.8	24.9
							335.4	**327.9**

*Carrying amount plus calculated noncontrolling interests

For the purposes of the impairment test, the goodwill of the Switch Systems business unit includes €22.1 million (previous year: €22.1 million) and that of the Fastening Systems business unit includes €12.1 million (previous year: €11.6 million) in notional noncontrolling interests.

The changes in goodwill in the fiscal year resulted on the one hand from changes in exchange rates and on the other hand from additions of €5.2 million due to the company acquisitions in the Rail Services business unit.

Development costs are recognized at cost of sales wherever it can be clearly assigned, the technical feasibility and future marketability can be expected with sufficient certainty, and the development work is reasonably certain to produce future cash inflows.

Cost of sales includes all costs directly or indirectly assignable to the development process. Intangible assets are amortized on a straight-line basis over their expected useful lives, which in most cases are between three and 15 years.

Amortization of intangible assets is included in the income statement in the amount of €2.4 million (previous year: €2.0 million) under cost of sales, in the amount of €2.5 million (previous year: €3.1 million) under general administrative and selling expenses and in the amount of €1.1 million (previous year: €0.8 million) under research and development costs.

No impairment losses were recognized in the reporting year, while impairment losses of €0.6 million in the previous year were largely attributable to a disposal group in the Switch Systems business unit.

Development of intangible assets

€ mill.	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Goodwill		Development costs		Concessions, licenses and property rights		Advance payments		Intangible assets	
Net carrying amount as of December 31	**301.2**	**294.2**	**6.9**	**6.2**	**31.0**	**29.9**	**21.3**	**17.2**	**360.4**	**347.5**
Cost										
As of January 1	**348.0**	**349.6**	**13.9**	**12.9**	**79.8**	**73.7**	**17.6**	**15.1**	**459.3**	**451.3**
Changes from first-time consolidation/company acquisitions	5.2	0.0	0.0	0.0	4.9	0.1	0.0	0.0	10.1	0.1
Additions/ongoing investments	0.0	0.0	1.3	1.0	1.1	1.8	4.3	7.7	6.7	10.5
Disposals	0.0	0.0	0.0	0.0	(0.4)	(0.6)	0.0	0.0	(0.4)	(0.6)
Transfers	0.0	0.0	0.3	0.0	0.3	5.3	(0.2)	(5.2)	0.4	0.1
Reclassifications in accordance with IFRS 5	0.0	0.2	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.6
Currency translation differences	1.8	(1.8)	0.0	0.0	0.7	(0.9)	0.0	0.0	2.5	(2.7)
As of December 31	**355.0**	**348.0**	**15.5**	**13.9**	**86.4**	**79.8**	**21.7**	**17.6**	**478.6**	**459.3**
Accumulated amortization and impairment losses										
As of January 1	**53.8**	**53.8**	**7.7**	**7.0**	**49.9**	**45.1**	**0.4**	**0.4**	**111.8**	**106.3**
Amortization and impairment losses in the fiscal year	0.0	0.0	0.9	0.6	5.1	5.4	0.0	0.0	6.0	6.0
Disposals	0.0	0.0	0.0	0.0	(0.2)	(0.6)	0.0	0.0	(0.2)	(0.6)
Reclassifications in accordance with IFRS 5	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	–	0.4
Currency translation differences	0.0	0.0	0.0	0.1	0.6	(0.4)	0.0	0.0	0.6	(0.3)
As of December 31	**53.8**	**53.8**	**8.6**	**7.7**	**55.4**	**49.9**	**0.4**	**0.4**	**118.2**	**111.8**

Of the additions to advance payments on intangible assets, €3.2 million (previous year: €7.1 million) stem from the multi-year project to introduce a uniform group-wide ERP system (one.ERP). This includes €0.7 million (previous year: €0.2 million) in capitalized interest incurred for the financing of this qualifying asset.

(11) Property, plant and equipment

Breakdown of property, plant and equipment

€ mill.	2024	2023
Land, land rights and buildings, including buildings on nonowned land	100.1	100.5
Rights of use to land, land rights and buildings including buildings on nonowned land	30.9	19.6
Technical equipment and machinery	131.3	130.7
Rights of use to technical equipment and machinery	12.9	12.4
Other plant, factory and office equipment	22.2	18.5
Rights of use to other plant, factory and office equipment	9.8	7.3
Advance payments and assets under construction	66.4	50.8
Property, plant and equipment	**373.6**	**339.8**

Property, plant and equipment are capitalized at acquisition or cost of sales and depreciated on a straight-line basis over the expected useful life. In addition to the purchase price, acquisition costs also include incidental acquisition costs. Purchase price reductions reduce the acquisition costs.

In the case of qualifying assets in accordance with IAS 23, the borrowing costs attributable to the production period are also capitalized.

In the reporting year, the Fastening Systems business unit capitalized €0.9 million (previous year: €0.3 million) in borrowing costs for technical equipment and machinery using an average financing cost rate of 5.09 % (previous year: 4.5 %).

In accordance with IFRS 16, right-of-use assets from leased property, plant and equipment are recognized at the time of acquisition with the sum of the lease liability, payments before or at the beginning of use, incidental costs of concluding the contract and estimated costs of dismantling or similar obligations at the end of the useful life. The initial measurement of the lease liability is based on the present value of the expected lease payments. The interest rate used to calculate the present value is generally the marginal financing rate that results for financing an asset in the respective currency area and for a comparable term. The terms of the respective contracts and thus the total expected lease payments are determined taking into account the contractual circumstances and, in the case of extension or termination options, on the basis of the expectations of the respective managements. Adjustments to expectations over the term and other changes in estimates lead to a revaluation of the respective contracts. The resulting changes in value are shown in the "Revaluations and modifications" line in the statement of changes in carrying amounts. In this respect, the respective management has discretionary powers, which are documented in the case of significant leases. As a rule, fixed payments are agreed; contractually agreed residual value guarantees are taken into account at the expected value. In the Rail Services business unit, there are hire-purchase agreements for a number of assets, for which the purchase price at the end of the basic rental period was taken into account in the valuation. The capitalized rights of use are mainly amortized over the assumed term of the lease.

In the event of a subsequent transfer of ownership, depreciation is based on the expected total useful life of the asset concerned.

Development of property, plant and equipment including right-of-use assets capitalized in accordance with IFRS 16

€ mill.	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Land, land rights and buildings, including buildings on nonowned land		Technical equipment and machinery		Other plant, factory and office equipment		Advance payments and assets under construction		Property, plant and equipment	
Net carrying amount as of December 31	**131.0**	**120.1**	**144.2**	**143.1**	**32.0**	**25.8**	**66.4**	**50.8**	**373.6**	**339.8**
Cost										
As of January 1	**233.1**	**226.0**	**441.5**	**418.4**	**78.2**	**70.3**	**57.2**	**42.0**	**810.0**	**756.7**
Changes from first-time consolidation/ acquisition of companies	0.1	0.0	1.4	0.3	3.4	0.1	0.0	0.0	4.9	0.4
Changes from the transition and deconsolidation	0.0	0.0	0.0	0.0	0.0	0.0	(0.3)	0.0	(0.3)	0.0
Additions/ongoing investments	22.5	6.9	12.1	15.4	8.6	11.0	33.9	30.7	77.1	64.0
Disposals	(13.9)	(2.9)	(6.9)	(4.9)	(2.0)	(3.1)	(1.0)	(0.1)	(23.8)	(11.0)
Transfers	0.5	1.7	12.2	13.9	2.7	0.5	(17.9)	(16.2)	(2.5)	(0.1)
Reclassifications in accordance with IFRS 5	0.0	2.9	0.0	0.0	0.0	0.1	0.0	0.0	0.0	3.0
Currency translation differences	1.5	(1.5)	2.3	(1.6)	0.5	(0.7)	0.1	0.8	4.4	(3.0)
As of December 31	**243.8**	**233.1**	**462.6**	**441.5**	**91.4**	**78.2**	**72.0**	**57.2**	**869.8**	**810.0**
Accumulated depreciation and impairment losses										
As of January 1	**113.0**	**97.5**	**298.4**	**278.5**	**52.4**	**48.0**	**6.4**	**6.3**	**470.2**	**430.3**
Changes from initial consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation and impairment losses in the fiscal year	14.7	14.7	24.9	24.4	8.4	7.4	0.0	0.0	48.0	46.5
Disposals	(13.9)	(1.1)	(6.8)	(3.5)	(1.8)	(2.7)	(0.8)	0.0	(23.3)	(7.3)
Transfers	(1.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.9)	0.0
Reclassifications in accordance with IFRS 5	0.0	2.6	–	0.0	0.0	0.1	–	0.0	–	2.7
Currency translation differences	0.9	(0.7)	1.9	(1.0)	0.4	(0.4)	0.0	0.1	3.2	(2.0)
As of December 31	**112.8**	**113.0**	**318.4**	**298.4**	**59.4**	**52.4**	**5.6**	**6.4**	**496.2**	**470.2**

The following rights of use are capitalized under property, plant and equipment:

Development of capitalized right-of-use assets in accordance with IFRS 16

€ mill.	2024	2023	2024	2023	2024	2023
	Land, land rights and buildings, including buildings on nonowned land		Technical equipment and machinery		Other plant, factory and office equipment	
Net carrying amount as of December 31	**30.9**	**19.6**	**12.9**	**12.4**	**9.8**	**7.3**
Cost						
As of January 1	**51.3**	**49.3**	**18.1**	**15.8**	**15.2**	**12.1**
Additions/ongoing investments	19.2	4.7	0.6	0.4	3.3	3.8
Changes from first-time consolidations	0.0	0.0	0.2	0.0	2.3	0.0
Disposals	(9.7)	(2.3)	0.0	0.0	(0.7)	(0.7)
Transfers	0.0	0.0	1.6	1.8	0.0	0.0
Reclassifications in accordance with IFRS 5	–	0.0	–	0.0	–	0.0
Currency translation differences	(0.1)	(0.4)	0.0	0.1	(0.1)	0.0
As of December 31	**60.7**	**51.3**	**20.5**	**18.1**	**20.0**	**15.2**
Accumulated depreciation and impairment losses						
As of January 1	**31.7**	**25.9**	**5.7**	**4.0**	**7.9**	**6.0**
Changes from first-time consolidation/company acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation and impairment losses in the fiscal year	7.2	7.2	1.9	1.7	3.0	2.6
Disposals	(9.2)	(1.0)	0.0	0.0	(0.7)	(0.7)
Transfers	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications in accordance with IFRS 5	–	0.0	–	0.0	–	0.0
Currency translation differences	0.1	(0.4)	0.0	0.0	0.0	0.0
As of December 31	**29.8**	**31.7**	**7.6**	**5.7**	**10.2**	**7.9**

Depreciation is mainly based on the following useful lives:

Useful lives of property, plant and equipment

Buildings	5 to 50 years
Technical equipment and machinery	2 to 30 years
Other plant, factory and office equipment	2 to 30 years

Changes from initial consolidation in the reporting year related to additions from the acquisition of the assets of Scandinavian Track Group AB, France Aiguillages Services and their respective subsidiaries.

Significant additions to land, technical equipment and machinery, as well as other plant, factory and office equipment were made in the year under review in the Switch Systems, Rail Services and Tie Technologies business units. The additions to advance payments and assets under construction mainly related to expenses in connection with the construction of new turnout plants in Sweden and Australia in the Switch Systems business unit, as well as the acquisition of new machines in the welding plants of Vossloh Rail Services. Further investments were also made in the high-performance VTM-performance milling machine and the modernization of the HSG grinding trains. In the Fastening Systems business unit, initial payments were made for the construction of a production facility for sleeper pads (engineered polymer pads).

In the reporting year, impairment losses of €0.0 million (previous year: €0.1 million) were recognized on property, plant and equipment in excess of the scheduled distribution of acquisition costs.

Depreciation of property, plant and equipment is included in the income statement in the amount of €41.2 million (previous year: €39.6 million) under cost of sales, in the amount of €6.7 million (previous year: €6.7 million) under general administrative and selling expenses and in the amount of €0.1 million (previous year: €0.1 million) under research and development costs.

(12) Investment properties

Development of investment properties

€ mill.	2024	2023
Net carrying amounts	**0.9**	**1.0**
Cost		
As of January 1	**4.9**	**5.1**
Additions	0.0	0.0
Disposals	0.0	0.0
Transfers	2.1	0.0
Currency translation differences	0.1	(0.2)
As of December 31	**7.1**	**4.9**
Accumulated depreciation and impairment losses		
As of January 1	**3.9**	**3.8**
Depreciation in the fiscal year	0.3	0.2
Disposals	0.0	0.0
Transfers	1.9	0.0
Currency translation differences	0.1	(0.1)
As of December 31	**6.2**	**3.9**

Investment properties comprises land and buildings that are fully or partially leased to third parties and not used for operational purposes.

Buildings not used for operational purposes are measured at amortized cost in accordance with IAS 40. The useful lives on which straight-line depreciation is based are 20 to 25 years.

Rental income in the reporting year amounted to €0.4 million (previous year: €0.5 million).

Rental properties, including depreciation, maintenance and ancillary costs, accounted for expenses of €0.3 million (previous year: €0.4 million); as in the previous year, there were no unrented properties.

As in the previous year, the expenses in connection with rented properties do not include any impairment losses.

The fair value of investment property, including buildings, is €2.2 million (previous year: €2.4 million). The fair values were determined by recognized appraisers.

(13) Investments in companies accounted for using the equity method

Information on investments in companies accounted for using the equity method

€ mill.	2024	2023
Profit or loss from continuing operations	6.0	8.1
Income and expenses recognized directly in equity	1.2	(2.6)
Total comprehensive income	**7.2**	**5.5**

Significant disclosures of Wuhu China Railway Cogifer Track Co., Ltd., Wuhu, China, Amurrio Ferrocarril y Equipos SA, Amurrio, Spain, and Beijing CRM-Vossloh Track Maintenance Technology Co., Ltd., Beijing, China, which are accounted for using the equity method

€ mill.	2024			2023		
	Wuhu	Amurrio	Beijing	Wuhu	Amurrio	Beijing
Noncurrent assets	10.5	10.6	4.6	11.0	11.1	5.0
Current assets	34.0	37.1	24.4	32.1	47.4	22.4
thereof cash and cash equivalents	12.8	3.5	5.8	11.9	7.0	6.8
Noncurrent liabilities	0.0	2.8	0.0	0.0	12.8	0.0
thereof noncurrent financial liabilities	0.0	0.1	0.0	0.0	0.2	0.0
Current liabilities	9.8	10.2	1.2	10.8	10.3	0.7
thereof current financial liabilities	0.4	0.2	0.3	2.0	0.4	0.0
Sales revenues	26.0	47.8	16.1	26.6	69.8	14.3
Result from continuing operations	5.3	3.3	3.0	5.1	7.0	3.1
Depreciation and amortization	1.1	1.4	0.9	1.1	1.4	0.8
Interest income	0.1	0.3	0.0	0.1	0.5	0.0
Interest expenses	0.0	0.1	0.0	0.0	0.1	0.0
Tax expense	0.9	0.8	0.4	0.6	2.2	0.1
Total comprehensive income	**6.7**	**3.3**	**4.1**	**3.5**	**7.0**	**1.7**

Reconciliation of the financial information to the at-equity carrying amount

€ mill.	2024			2023		
	Wuhu	Amurrio	Beijing	Wuhu	Amurrio	Beijing
Net assets January 1	**32.3**	**35.4**	**26.7**	**28.9**	**29.2**	**25.0**
Profit or loss	5.3	3.3	3.0	5.1	6.9	3.1
Income and expenses recognized directly in equity	1.4	0.0	1.1	(1.7)	0.0	(1.4)
Dividends	(4.3)	(4.0)	(3.0)	–	(0.7)	0.0
Net assets December 31	**34.7**	**34.7**	**27.8**	**32.3**	**35.4**	**26.7**
Proportional equity	17.4	17.4	13.1	16.2	17.7	12.5
Consolidations	0.1	0.0	(0.4)	0.1	0.1	0.4
Carrying amount	17.5	17.4	12.7	16.3	17.8	12.9

Shares in companies accounted for using the equity method are recognized in accordance with the equity method. The carrying amounts of the companies are increased or decreased by the pro rata after-tax earnings, distributed dividends or other changes in equity.

As in the previous year, this relates to shares in six foreign and one domestic company, most of which are under the joint control of a Group company and usually an external partner or over which a significant influence is exercised. Apart from the three joint ventures explained in the tables above, the carrying amounts of the remaining joint ventures and associates are not material for the Group. Detailed information on the scope of consolidation can be found on pages 206 et seq. of this annual report.

(14) Other noncurrent financial instruments

Breakdown of other noncurrent financial instruments

€ mill.	2024	2023
Derivative financial instruments from hedging relationships	2.4	1.8
Other investments	2.0	1.7
Shares in nonconsolidated affiliated companies	0.2	0.3
Loans	0.1	0.0
Securities	0.1	0.1
Other noncurrent financial assets	4.4	4.7
Other noncurrent financial instruments	**9.2**	**8.6**

Shares in nonconsolidated affiliated companies where the criterion of control is met but which are not included due to immateriality are generally recognized at fair value. Such equity instruments are immaterial for the presentation of the Group's net assets and results of operations. The assessment is based on the company's key financial indicators such as EBIT, sales, total assets and equity. Due to the lack of materiality, no further disclosures are made on these equity instruments in accordance with IFRS 9.

Loans not traded on an active market and other noncurrent financial assets are measured at fair value on initial recognition on the basis of the business model pursued for such financial instruments (cash flows result exclusively from interest payments and the repayment amount on maturity), which generally corresponds to the nominal value of the receivable or the loan amount granted. Non-interest-bearing and low-interest-bearing noncurrent loans and receivables are recognized at present value. Subsequent measurement is at amortized cost using the effective interest method.

Noncurrent securities with fixed or determinable payments and fixed maturity that are listed on an active market and for which the business model described above also applies are measured at amortized cost using the effective interest method.

Other noncurrent securities are recognized at fair value. Changes in fair value are recognized directly in equity (accumulated other comprehensive income) and recognized in profit or loss upon disposal.

Other financial instruments are measured depending on their classification in accordance with IFRS 9. A reconciliation to the measurement categories of IFRS 9 can be found in the section "Additional disclosures on financial instruments" on pages 192 et seqq.

The value of the derivative financial instruments from hedging relationships is primarily attributable to two forward-payer swaps that were concluded in 2022 to hedge the interest rate level for the follow-up financing of the Schuldschein loans maturing in 2024 and were extended by a further year in mid-2024.

Other noncurrent financial assets mainly include a financial receivable.

(15) Other noncurrent assets

Other noncurrent assets mainly comprise prepaid expenses and deferred income.

(16) Deferred taxes

Deferred taxes are recognized in accordance with IAS 12 on temporary differences between the tax base and the carrying amounts in the IFRS balance sheet, on tax loss and interest carryforwards and on consolidation processes affecting profit or loss. Deferred taxes are calculated using the tax rates that are expected to apply at the time of realization in accordance with the statutory regulations in force on the balance sheet date.

Deferred taxes due to recognition and measurement differences as well as tax loss and interest carryforwards arose for the following balance sheet items:

Deferred taxes

€ mill.	2024		2023	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets and property, plant and equipment	6.9	27.5	2.7	30.9
Inventories	4.6	0.1	8.8	0.0
Receivables	1.2	1.4	0.8	2.1
Other assets	3.2	4.1	4.6	0.4
Pension provisions	4.1	0.0	4.6	0.0
Other provisions	7.6	0.0	7.4	0.0
Liabilities	4.0	1.3	3.0	0.8
Other liabilities	4.8	5.4	2.4	4.0
Loss and interest carryforwards	24.1	–	14.2	–
Total	**60.5**	**39.8**	**48.5**	**38.2**
Netting	(34.4)	(34.4)	(36.1)	(36.1)
Deferred taxes according to the balance sheet	**26.1**	**5.4**	**12.4**	**2.1**

As in the previous year, the changes in deferred tax assets and liabilities were mainly recognized in the income statement in the reporting year, and to a lesser extent in the statement of total comprehensive income.

As at December 31, 2024, there were corporation tax loss carryforwards in Germany of €397.2 million (previous year: €410.2 million) and trade tax loss carryforwards of €366.0 million (previous year: €382.6 million). No deferred taxes were recognized for corporation tax losses of €367.8 million (previous year: €394.9 million) and for trade tax losses of €335.7 million (previous year: € 366.8 million). In contrast to previous periods, the three-year period of detailed planning is used to determine the deferred tax assets on loss or interest carryforwards and the expected taxable income is estimated. To date, a period of five years has been considered, insofar as the conditions for such an analysis were met.

In addition, the foreign companies had loss carryforwards in relation to comparable income taxes totaling €48.1 million (previous year: €76.2 million), of which €18.6 million (previous year: €17.0 million) resulted in deferred tax assets. In the reporting year, deferred tax assets in the amount of €10.0 million (previous year: €2.3 million) were impaired or not recognized due to unfulfilled conditions. At the same time, deferred tax assets in the amount of €21.7 million (previous year: €1.7 million) were recognized that had been impaired or could not previously be recognized. According to the current legal situation, tax loss carryforwards can be carried forward in Germany and predominantly abroad without restriction. Loss carryforwards of €8.2 million for foreign income taxes (previous year: €13.8 million) will expire in the future, of which €8.2 million (previous year: €13.8 million) will expire after more than five years.

(17) Inventories

Breakdown of inventories

€ mill.	2024	2023
Raw materials and supplies	130.0	130.7
Work in progress	53.5	49.2
Merchandise	20.4	26.7
Finished products	41.4	53.1
Advance payments	1.6	3.2
Total	**246.9**	**262.9**

Inventories are carried at the lower of cost of sales or net realizable value. Cost of sales includes all production-related full costs. These include the directly attributable direct costs, the special direct costs of production and all fixed and variable overheads systematically attributable in the context of production.

Borrowing costs are capitalized as part of the cost of acquisition or cost of sales if they are qualifying assets within the meaning of IAS 23.

If inventories are subject to group valuation, the average cost method is applied. Inventory risks resulting from the storage period or reduced usability are taken into account by means of corresponding write-downs.

Write-downs on inventories amounted to €23.4 million as at the reporting date (previous year: €22.2 million) and mainly resulted from overreaching. Of this, €0.2 million (previous year: €3.1 million) was recognized in profit or loss in the reporting year.

The carrying amount of inventories recognized at net realizable value was €10.0 million (previous year: €24.1 million). As the reasons for impairment losses no longer applied, inventories were written up by €0.9 million in 2024 (previous year: €0.2 million).

(18) Trade receivables and contract assets

Trade receivables are recognized at nominal value due to their short remaining term. The simplified method for calculating expected credit losses (ECL) is used for value adjustments. Possible changes in credit risk are taken into account at each reporting date by analyzing the risk on the basis of the entire term of the receivables using a provision matrix based on the actual receivables defaults per business unit. Past experience is then supplemented with forward-looking information such as macroeconomic conditions and the expectations of the business units. Depending on the age of the trade receivables, valuation allowances are recognized at a loss rate based on the number of days overdue. Trade receivables from certain customers are treated as a separate class based on past experience despite being more than 360 days overdue and are impaired to a lesser extent. The following table shows the provision matrix:

	2024				2023			
Risk class	Gross carrying amounts (€ mill.)	Net carrying amounts (after consideration of individual risks without refundable VAT) (€ mill.)	Allowance (€ mill.)	Average loss rate Vossloh Group (in %)	Gross carrying amounts (€ mill.)	Net carrying amounts (after consideration of individual risks without refundable VAT) (€ mill.)	Allowance (€ mill.)	Average loss rate Vossloh Group (in %)
Assets not due	195.8	163.3	0.0	0.00	161.7	129.1	0.1	0.03
Overdue by 1 to 30 days	34.1	30.3	0.0	0.00	22.7	20.0	0.0	0.04
Overdue by 31 to 90 days	16.1	14.3	0.0	0.00	12.6	11.1	0.0	0.05
Overdue by 91 to 180 days	5.8	5.1	0.0	0.00	5.1	4.6	0.0	0.17
Overdue by 181 to 360 days	4.6	4.0	0.0	0.00	5.5	4.8	0.0	0.17
Overdue by more than 360 days	3.2	2.8	0.0	0.00	2.1	1.9	0.0	0.82
Overdue by more than 360 days with individual allowance	2.9	2.6	0.0	0.02	5.7	5.1	0.1	1.44
	262.5	**222.4**	**0.0**		**215.4**	**176.6**	**0.2**	

Individual risks are taken into account through appropriate valuation allowances. If there are indications of a probable impairment, such as the filing of insolvency, an appropriate valuation allowance is recognized. Derecognition only takes place when the realization of the respective receivable is virtually impossible due to legal or factual reasons (for example, after the termination of insolvency proceedings).

The balance and changes in the allowances for trade receivables are presented below:

Development of allowances (including consideration of individual risks) on trade receivables

€ mill.	2024	2023
Balance as of January 1	**16.0**	**9.6**
Additions	3.0	7.9
Releases	(3.5)	(1.5)
Utilization	(4.0)	0.0
Currency translation differences	0.0	0.0
Balance as of December 31	**11.5**	**16.0**

Contract assets and contract liabilities result from the recognition of customer orders for which revenue is recognized over the period in which the performance obligation is fulfilled. For each relevant contract, the contract costs incurred, including a profit share corresponding to the percentage of completion less any fully recognized losses, are recognized as a contract asset or contract liability. They are recognized as contract assets if the cumulative performance exceeds the advance payments received from customers or agreed partial settlements. In the opposite case, the advance payments are recognized as contract liabilities on the liabilities side of the balance sheet after offsetting against the accumulated services. As a rule, only small advance payments are made, so that the orders recognized in this way usually result in a credit balance in the period in which the performance obligations are fulfilled.

Contract assets and liabilities

€ mill.	2024		2023	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Contract costs	3.1	–	0.2	–
Proportional profits	0.1	–	0.3	–
Cumulative output from construction contracts	3.2	–	0.5	–
Balance sheet presentation	**3.2**	**–**	**0.5**	**–**

(19) Income tax assets

Of the reimbursement claims, €0.1 million (previous year: €0.1 million) is attributable to companies in the Fastening Systems business unit, €4.6 million (previous year: €7.1 million) to Vossloh Switch Systems, €0.7 million (previous year: €0.4 million) to companies in the Rail Services business unit, €1.0 million (previous year: €0.3 million) to the Tie Technologies business unit and €5.8 million (previous year: €0.3 million) to companies at Group level.

(20) Other current financial instruments and other current assets

Breakdown of other current financial instruments and other current assets

€ mill.	2024	2023
Receivables from reimbursement	6.0	6.1
Other financial receivables	3.6	0.1
Security and similar deposits	2.3	1.5
Creditors with debit balances	0.7	0.7
Receivables from employees	0.4	0.2
Interest receivable	0.2	0.0
Derivative financial instruments	0.1	2.4
Receivables from affiliated companies	0.1	0.1
Receivables from investees	0.0	0.0
Other current financial instruments	**13.4**	**11.1**
Other tax receivables (excluding income taxes)	18.8	11.8
Sundry current assets	14.8	10.9
Deferred income	10.8	9.1
Other current assets	**44.4**	**31.8**

The receivables reported under other current financial instruments are measured at fair value with changes in value recognized in profit or loss. Individual risks are taken into account through appropriate value adjustments. The receivables from reimbursements do not relate to reimbursements by shareholders. The other financial receivables mainly result from retained amounts in connection with factoring agreements in the Switch Systems business unit in the amount of €1.5 million (previous year: €0.1 million) and Rail Services in the amount of €2.1 million (previous year: €0.0 million). The receivables represent claims against the factoring banks; the nominal value corresponds to the fair value due to the short maturity of the transferred receivables. No impairment losses were recognized on other financial receivables.

The status and development of allowances are shown below:

Development of allowances

€ mill.	2024	2023
Balance as of January 1	**0.4**	**0.0**
Additions	0.2	0.4
Releases	(0.1)	0.0
Currency translation differences	0.0	0.0
Balance as of December 31	**0.5**	**0.4**

A reconciliation to the measurement categories of IFRS 9 can be found in the section “Additional disclosures on financial instruments” on pages 192 et seqq.

Other tax receivables and other assets are measured at amortized cost.

(21) Short-term securities

This item includes investments in short-term fixed-income securities that result in both interest payments and sales.

They are reported at fair value; changes in value are recognized directly in other equity.
A reconciliation to the measurement categories of IFRS 9 can be found in the section “Additional disclosures on financial instruments” on pages 192 et seqq.

(22) Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank balances. Cash equivalents comprise financial instruments including checks with a maximum remaining term of three months from the date of acquisition, which can be converted into cash at any time. They are recognized at nominal value.

(23) Equity/capital management

The development of equity is shown on page 155. Vossloh's capital management primarily pursues the goal of achieving a sustainable increase in enterprise value through a positive value added. Positive value added contributions generally support growth in equity.

As ancillary conditions, liquidity must be ensured at all times and the Vossloh Group's equity ratio must be at an appropriate level to ensure the Group's long-term ability to continue as a going concern.

The optimization of the capital structure contributes to this, as does the efficient management of cash inflows and outflows from financing activities and effective risk management.

As part of its capital management, Vossloh AG complies with the statutory provisions on capital maintenance. It is not subject to any statutory capital requirements. Special capital terms are not used. As part of the Vossloh Group's dividend policy, the aim is to distribute dividends on a sustainable basis, provided that the economic situation permits this. A decision on the amount of the annual dividend is made from year to year.

(23.1) Capital stock

Vossloh AG's capital stock amounts to €54,843,447.62 (previous year: €49,857,682.23) and is divided into 19,320,597 no-par bearer shares (previous year: 17,564,180 shares). Only ordinary shares have been issued. The no-par value shares have a notional interest of €2.84 per share in the capital stock.

The share capital was increased on November 12, 2024 by issuing 1,756,417 new no-par value bearer shares by means of an accelerated placement procedure. The issue price was €41.00.

(23.2) Additional paid-in capital

The additional paid-in capital includes the premium over the nominal amount from the issue of shares by Vossloh AG. In addition, differences arising from the purchase and sale prices of treasury shares from previous share buy-back programs are recognized in the capital reserve.

Employee stock option program

As part of the 2024 employee stock option program, Vossloh Group employees in Germany were given the option of either receiving three Vossloh AG shares free of charge or acquiring twelve shares at a preferential price of 50 % of the issue price of €44.35 per share – determined on the basis of the stock market price at the time of transfer. The conditions had been basically identical in the previous year, with an issue price of €38.75. In the reporting year, employees of the Vossloh Group were granted a total of 3,282 shares free of charge (previous year: 2,868 shares) from both implementation options as a result of using this program. The expense from the granting of shares amounted to €160.8 thousand (previous year: €113.3 thousand) and was calculated on the basis of the share price of €49.00 (previous year: €39.50) per share on the last trading day of the participation period.

The shares granted are each subject to a three-year holding period. The shares granted were acquired via the capital market; there are no further obligations from the program.

(23.3) Retained earnings and net income

Retained earnings include past earnings of the companies included in the consolidated financial statements that have not been distributed from a Group perspective.

In the reporting year, a dividend of €1.05 per share was distributed (previous year: €1.00).

(23.4) Hybrid capital

A hybrid bond with an issue volume of €150 million was placed in February 2021. Due to the terms of the bond, this financial instrument is classified as equity in accordance with IAS 32 and reported accordingly. Vossloh AG has a sole right of termination, which can be exercised for the first time on February 23, 2026. The transaction costs incurred in connection with the issue were recognized directly as a reduction in equity. The hybrid bond bears interest at 4.0 %, whereby interest payments can be suspended and postponed to the future under certain conditions at the company's discretion.

Change in other comprehensive income

€ mill.	Reserve from currency translation	Reserve from hedging transactions (cash flow hedges)	Reserve from the remeasurement of defined benefit plans	Other comprehensive income not including noncontrolling interests	Noncont-rolling interests	Other compre-hensive income
	2024					
Reclassification of actuarial gains/losses from the previous year from defined benefit plans to retained earnings			1.1	**1.1**		**1.1**
Foreign subsidiaries – Currency translation differences	(1.7)			**(1.7)**	1.3	**(0.4)**
Cash flow hedges		0.5		**0.5**		**0.5**
Actuarial gains/losses from defined benefit plans			0.2	**0.2**	0.0	**0.2**
Other effects	0.1			**0.1**		**0.1**
Total	**(1.6)**	**0.5**	**1.3**	**0.2**	**1.3**	**1.5**

€ mill.	2023					
Reclassification of actuarial gains/losses from the previous year from defined benefit plans to retained earnings			(8.8)	**(8.8)**		**(8.8)**
Foreign subsidiaries – Currency translation differences	(4.1)			**(4.1)**	(2.0)	**(6.1)**
Cash flow hedges		(2.9)		**(2.9)**		**(2.9)**
Actuarial gains/losses from defined benefit plans			(1.1)	**(1.1)**	(0.1)	**(1.2)**
Total	**(4.1)**	**(2.9)**	**(9.9)**	**(16.9)**	**(2.1)**	**(19.0)**

(23.5) Accumulated other comprehensive income

Accumulated other comprehensive income includes the changes in equity not recognized in profit or loss from the currency translation of the financial statements of foreign subsidiaries, from the measurement of derivative financial instruments in connection with hedging transactions (cash flow hedges) and financial instruments classified at fair value through other comprehensive income, as well as from the actuarial gains and losses from employee benefits recognized in the fiscal year.

In the reporting year, actuarial losses of €1.1 million (previous year: gains of €8.8 million) were reclassified from the reserves for the remeasurement of defined benefit plans.

(23.6) Noncontrolling interests

Noncontrolling interests of €18.8 million (previous year: €22.0 million) mainly concerned minority shareholders of the Fastening Systems business unit, as well as €7.0 million (previous year: €6.1 million) to those in the Switch Systems business unit.

(24) Pension provisions/provisions for other post-employment benefits

Development of pension provisions/provisions for other post-employment benefits

€ mill.	Present value of the obligation	Fair value of plan assets	Total
As of January 1, 2023	**32.9**	**(11.0)**	**21.9**
Service cost	0.7		0.7
Net interest expense/income	1.3	(0.4)	0.9
Remeasurements			
Income from plan assets excluding the amounts recognized in net interest expense		0.0	0.0
Gains/losses from changes in actuarial assumptions	1.1		1.1
Experience-related assumptions	0.3		0.3
Benefits paid	(1.6)	0.8	(0.8)
Allocation to plan assets		(1.2)	(1.2)
Currency translation differences	0.0		0.0
As of December 31, 2023	**34.7**	**(11.8)**	**22.9**
Service cost	0.8		0.8
Net interest expense/income	1.2	(0.4)	0.8
Remeasurements			
Income from plan assets excluding the amounts recognized in net interest expense		0.0	0.0
Gains/losses from changes in actuarial assumptions	(0.9)		(0.9)
Experience-related assumptions	0.6		0.6
Benefits paid	(1.8)	0.6	(1.2)
Currency translation differences	0.1		0.1
As of December 31, 2024	**34.7**	**(11.6)**	**23.1**

Vossloh AG and some subsidiaries have entered into pension obligations to former and current employees. The resulting payments are generally made until the end of the beneficiary's life if the relevant conditions are met. The pension benefits vary depending on the economic circumstances and are generally based on the length of service, salary and position held in the company. The obligation to pay pensions in the future lies with the subsidiaries concerned (defined benefit plan). Pension provisions are recognized in accordance with IAS 19 on the basis of the projected unit credit method. Current capital market interest rates, probable future salary and pension increases and expected fluctuation rates are taken into account. The balance sheet risks of defined benefit plans result in particular from the development of current capital market interest rates, as fluctuations in interest rates make the present value of obligations volatile and the Group's equity is therefore also subject to corresponding adjustments.

At the same time, this results in the risk that the fair values of the assets within the plan assets do not increase to the same extent. Both effects could lead to a reduction in equity due to actuarial losses.

The plan assets offset against the present value of entitlements to defined retirement benefits are reinsurance policies that cover the majority of the respective personal entitlements to defined retirement benefits. The reinsurance policies are pledged individually to the beneficiaries and are offset against the present value of the obligations at fair value. The plan assets were allocated with €1.2 million in the previous year; no further allocation was made in the reporting year.

The reported pension provisions are based on actuarial reports by independent actuaries. The 2018 G mortality tables from Klaus Heubeck were used.

The pension provisions recognized in the balance sheet and the provision for other post employment benefits are derived as follows:

Calculation of the recognized pension provisions/provisions for other post-employment benefits

€ mill.	2024		2023	
	Pension provision	Provision for other post-employement benefits	Pension provision	Provision for other post-employment benefits
Present value of pension commitments covered by plan assets	14.3	7.6	12.4	6.5
Fair value of plan assets	(10.6)	(1.0)	(10.8)	(1.0)
Provision for pension benefits covered by plan assets	**3.7**	**6.6**	**1.6**	**5.5**
Present value of pension commitments not covered by plan assets	11.5	1.3	14.6	1.2
Provision for pension benefits not covered by plan assets	**11.5**	**1.3**	**14.6**	**1.2**
Recognized provision	**15.2**	**7.9**	**16.2**	**6.7**

Current service costs are part of personnel expenses, which are included in the functional costs. Interest expenses are reported under other interest expenses.

The actual return on plan assets amounted to 3.5 % in the reporting year (previous year: 3.1 %). The discount rate used in the reporting year was mainly 3.5 % (previous year: 3.3 %). This parameter is considered to be material, so a sensitivity analysis was carried out on the basis of possible changes. A decrease or increase in the discount rate by 25 basis points in each case would have increased or decreased the defined benefit obligation (DBO) and thus the provision by €0.9 million (previous year: €1.0 million) or €1.0 million (previous year: €1.1 million) respectively. The average duration of the defined benefit pension plans is eleven years (previous year: twelve years). Other parameters relate to the expected fluctuation of 6.0 %, the income trend of 3.0 % and the pension trend of 2.0 % (all values p. a.; while the fluctuation and income trend were assumed to be unchanged from the previous year, the pension trend in the previous year was 2.2 %).

In addition, some Group companies have voluntary or statutory defined contribution plans. As a rule, these Group companies have no further obligations apart from the payment of contributions to external bodies. The expense from the allocation to such defined contribution plans amounted to €11.2 million in the fiscal year (previous year: €9,8 million).

The provision for other post-employment benefits include payments of one-off amounts that are required by law at several Group companies for employees leaving the company (both on retirement and in other cases). These provisions are to be treated as employee benefits within the meaning of IAS 19 and are to be classified as a defined benefit plan due to their structure.

To finance the expected payments, some assets were transferred to external plan assets. The recognized provision in the balance sheet are, therefore, the balance of the present value of the obligation and the fair value of these plan assets.

A discount rate of 3.08 % to 3.21 % (previous year: 3.25 % to 3.84 %) and an expected increase in wage and salary payments of 2.5 % and 4.5 % (previous year: 3.0 % and 4.0 %) were assumed when calculating the provision.

(25) Other provisions

Breakdown of other provisions

€ mill.	2024	2023
Personnel-related provisions	2.2	2.0
Warranty obligations and follow-up costs	7.7	3.5
Litigation risks and impending losses	3.1	2.9
Risks from M&A transactions	0.0	–
Sundry provisions	8.1	12.9
Other noncurrent provisions	**21.1**	**21.3**
Personnel-related provisions	0.0	0.0
Warranty obligations and follow-up costs	16.9	26.3
Litigation risks and impending losses	12.5	12.5
Risks from M&A transactions	4.9	2.9
Sundry provisions	21.1	25.7
Other current provisions	**55.4**	**67.4**
Other provisions	**76.5**	**88.7**

For all provisions reported as current, we expect resource outflows within one year; for provisions reported as noncurrent, we expect an outflow of resources after one year. The timing of utilization is subject to significant uncertainties, particularly in the case of risks from guarantee obligations or litigation risks. Other provisions take into account all recognizable obligations on the balance sheet date that are based on past events and whose amount or remaining term are uncertain. The provisions were recognized in the amount of their probable occurrence if the probability of a charge is higher than 50 %. Noncurrent provisions are recognized at the present value of the uncertain obligations if the discounting effect is material.

Change in other provisions

€ mill.	Opening balance as of 1/1/2024	Utilization	Release	Addition	Interest effects	Currency translation differences	Closing balance as of 12/31/2024
Personnel-related provisions	2.0	(0.4)	0.0	0.6	0.0	(0.0)	2.2
Warranty obligations and follow-up costs	29.8	(5.4)	(8.3)	3.8	0.0	4.7	24.6
Litigation risks and impending losses	15.4	(1.9)	(3.3)	5.0	0.0	0.4	15.6
Risks from M&A transactions	2.9	0.0	0.0	2.0	0.0	0.0	4.9
Sundry provisions	38.6	(7.5)	(6.3)	9.4	(0.1)	(4.9)	29.2
Other provisions	**88.7**	**(15.2)**	**(17.9)**	**20.8**	**(0.1)**	**0.2**	**76.5**

The warranty obligations include both the amounts set aside for individual guarantee costs and provisions recognized on the basis of past experience in the amount of the expected guarantee cases from sales generated. Litigation risks and impending losses include obligations from legal disputes and risk provisions for losses from pending transactions. Personnel-related provisions mainly comprise uncertain liabilities from partial retirement agreements and anniversary bonuses. Risks from M&A transactions mainly include probable claims in connection with completed company sales. Provisions for anticipated losses from purchase obligations amounted to €6.6 million on the balance sheet date (previous year: €7,6 million). In the reporting year, a provision for M&A transactions from a disposal group in the Switch Systems business unit that has since been sold was added. Sundry provisions include provisions for restoration obligations, restructuring and risks from potential claims for damages.

Liabilities

Liabilities according to remaining terms

€ mill.	2024	2023	2024	2023	2024	2023	2024	2023
Remaining term	≤ 1 year		1-5 years		> 5 years		Total	
Financial liabilities	62.2	198.4	131.7	87.2	38.8	34.4	232.7	320.0
Trade payables	203.4	171.4	0.5	0.5	0.0	0.0	203.9	171.9
Liabilities from reverse factoring	29.1	–	–	–	–	–	29.1	–
Income tax liabilities	14.9	12.0	0.0	–	0.0	–	14.9	12.0
Other liabilities	148.5	122.9	3.6	4.5	1.2	1.4	153.3	128.8
Total	**458.1**	**504.7**	**135.8**	**92.2**	**40.0**	**35.8**	**633.9**	**632.7**

(26.1) Financial liabilities

Breakdown of financial liabilities

€ mill.	2024	2023
Liabilities to banks	109.6	95.1
Liabilities from leases	37.2	26.5
Bank overdrafts	23.7	0.0
Noncurrent financial liabilities	**170.5**	**121.6**
Bank overdrafts	6.5	37.1
Liabilities to banks	35.7	143.6
Liabilities from leases	11.7	10.1
Interest payable to hybrid capital investors	5.1	5.1
Liabilities for outstanding dividend payments	1.1	0.0
Other interest payable	2.1	2.5
Current financial liabilities	**62.2**	**198.4**
Financial liabilities	**232.7**	**320.0**

Financial liabilities are generally measured at amortized cost. Current and noncurrent liabilities from leases result from the recognition of leases in accordance with IFRS 16. For the measurement of these items, see the explanations to Note 11 in the notes to the consolidated financial statements on page 174.

Due to the allocation of bank overdrafts to cash and cash equivalents in the cash flow statement, they are shown separately from current and noncurrent liabilities to banks in the table.

At the end of 2021, a Schuldschein loan in the amount of €25 million with a term of seven years (until December 2028) and a fixed interest rate was placed. In addition, two Schuldschein loans of €30 million each were issued in July 2023 with variable interest rates based on the 6-month Euribor and terms until 2028 and 2030 respectively. Payer interest rate swaps were concluded for these two instruments in November 2023, whereby the variable 6-month Euribor interest rates were converted into fixed interest rates.

The syndicated loan from 2017, most recently amounting to €230 million and maturing in November 2024, was refinanced early in February 2024 with the conclusion of a new syndicated loan of €240 million. The new financing agreement was concluded with a total of eight banks as part of a club deal. It has a term of five years until February 2029 and includes two one-year extension options. In addition, the loan volume can be increased by a further maximum of €160 million during the term of the agreement if required. The funds are available to the company in the form of a revolving line of credit that can be flexibly accessed. Bridge financing and long-term financing were concluded in July 2024 for the acquisition of the Sateba Group. The loan agreement also included a further tranche of €90 million. This volume was initially fully utilized and used to repay the Schuldschein loan that matured in July 2024. This tranche was reduced to around €19 million using the net proceeds from the capital increase carried out in November. The bridge financing has a term of twelve months with two extension options of six months each; the long-term financing has a term until July 2029 and, like the syndicated loan, can be extended by a further year in each of the first two years of the term. At the end of the year, the group had unused credit lines of €757.6 million available in addition to cash and cash equivalents. Compliance with a covenant in the form of the ratio of net financial debt to EBITDA was agreed in the syndicated loan. A breach of the maximum agreed threshold for this ratio leads to an early termination option by the lending banks. At the same time, the respective amount of the key figure determines the interest rate (basis points above Euribor or €STR). As at the balance sheet date, the credit line of €37.0 million had been utilized via cash and via lines and guarantees extended to subsidiaries (previous year: €64.1 million). Adherence to the covenant must be proven every six months. This was the case at the end of the first half of the year and at the reporting date. The existing liability from this syndicated loan is reported under noncurrent financial liabilities in accordance with the agreed maturity as at the balance sheet date.

In addition, Vossloh AG had again concluded a variable-interest loan of €20 million maturing in July 2024 with a term of three years until July 2027. This loan has been fully utilized.

A reconciliation to the measurement categories of IFRS 9 can be found in the section „Additional disclosures on financial instruments“ on pages 192 et seqq.

(26.2) Trade payables, liabilities from reverse factoring and contract liabilities

Contract liabilities result from orders where revenue is recognized over a period of time and the advance payments and partial settlements made by customers exceed the cumulative performance from the processing of the respective orders. A breakdown of these liabilities into gross receivables, prepayments and progress billings as well as further information can be found in the notes on contract assets under note 18 in the notes to the consolidated financial statements. No contract liabilities were reported either in the previous year or in the reporting year.

In the reporting year, several Group companies concluded agreements on so-called "reverse factoring". Here, existing obligations from deliveries and services are paid to the respective suppliers on the due date, in some cases by participating banks, while the Group companies concerned can take advantage of an extended payment period. As at the balance sheet date, there were liabilities from this in the amount of €29.1 million, which are reported under current liabilities from reverse factoring. Suppliers have already received payments of the same amount.

The program fees charged by the contractual partners are based on various reference interest rates with premiums of between 200 and 210 basis points. The payment term extensions achieved in this way are predominantly 60 days, and to a lesser extent 90 days.

(26.3) Income tax liabilities

These are the income taxes actually owed to the tax authorities as at the balance sheet date, which are reported by the various Group companies.

(26.4) Other liabilities

Breakdown of other liabilities

€ mill.	2024	2023
Freestanding derivatives	0.0	0.0
Derivatives from cash flow hedges	0.0	0.1
Noncurrent financial liabilities	**0.0**	**0.1**
Deferred income	2.2	2.0
Personnel-related liabilities	0.4	0.0
Social security and health insurance contributions	0.1	0.1
Advance payments received	0.0	–
Other	2.1	3.7
Noncurrent nonfinancial liabilities	**4.8**	**5.8**
Other noncurrent liabilities	**4.8**	**5.9**
Freestanding derivatives	3.7	0.1
Derivatives from cash flow hedges	1.7	2.0
Debtors with credit balances	1.5	0.4
Other liabilities to affiliated companies	0.3	0.5
Liabilities to insurance companies	0.0	0.0
Commissions	0.0	0.0
Current financial liabilities	**7.2**	**3.0**
Advance payments received	56.5	48.0
Personnel-related liabilities	43.2	40.8
Social security and health insurance contributions	7.9	6.8
VAT payable	5.6	7.4
Deferred income	5.3	3.7
Other nonincome taxes	4.7	3.3
Liabilities to employees	4.5	3.1
Other	13.6	6.8
Current nonfinancial liabilities	**141.3**	**119.9**
Other current liabilities	**148.5**	**122.9**

Financial instruments are initially recognized at fair value on the trade date, including any directly attributable transaction costs, and subsequently measured at amortized cost, unless measurement at fair value is required.

The recognition of gains and losses resulting from changes in fair value depends on whether the requirements of IFRS 9 regarding hedge accounting are met. Changes in the fair value of derivatives used to hedge cash flows are recognized directly in equity after taking deferred taxes into account.

Changes in the fair value of freestanding derivatives are recognized in the income statement under other operating income or other operating expenses.

The advance payments received of €56.5 million (previous year: €48.0 million) reported under other liabilities result from advance payments received for projects for which revenue is not recognized over a period of time.

In accordance with IAS 19, current liabilities to employees are recognized undiscounted in the amount of the obligation.

Notes to the segment report

Segment reporting is based on the internal organizational and reporting structure. This differentiates between the products and services offered by the Vossloh Group's various business units. In accordance with IFRS 8, segment reporting to the Executive Board and Supervisory Board encompasses not only the divisions but also separately presents their business units.

The segment structure in the three divisions has not changed compared with the previous year. In addition to the Fastening Systems business unit, the Tie Technologies business unit is part of the Core Components division. Vossloh Switch Systems and Vossloh Rail Services continue to be the only business units of the Customized Modules and Lifecycle Solutions divisions, respectively.

The Core Components division comprises the Fastening Systems and Tie Technologies business units. Vossloh Fastening Systems is a leading manufacturer of rail fastening systems. The product lineup includes rail fasteners for every application: from regional transportation to heavy-haul and high-speed lines. Vossloh Tie Technologies, another business unit within this division, is the leading manufacturer of concrete ties in North America and Australia. In addition to concrete ties, switch ties, concrete elements for slab tracks and level crossing systems are manufactured at several plants in the USA and at various production sites in Australia, Mexico and Canada.

The Customized Modules division, respectively the Switch Systems business unit, is one of the leading switch manufacturers worldwide. The business unit equips rail networks with turnouts and crossings as well as with the related control and monitoring systems, which it also installs and maintains if required. Here, also, the lineup extends from light-rail to high-speed applications.

The Lifecycle Solutions division, respectively the Rail Services business unit, engage in activities such as rail trading, long-rail (un)loading at construction sites, welding new rails, reconditioning old rails, on-site welding, rail replacement, rail grinding/milling, rail inspection and construction site supervision. It also organizes and monitors just-in-time rail shipments to construction sites and ensures on-site availability of the approved (un)loading systems. In the consolidation, all intra-segment and intersegment transactions are eliminated. This pertains primarily to the offsetting of intragroup income/expenses, the elimination of dividends between Group companies, the offsetting of shareholdings held by the respective parent companies against the equity of the subsidiaries attributable to them and the elimination of intragroup receivables/payables. The accounting methods applied by all segments are identical and conform to IFRS as adopted by the EU. Intersegment business is transacted at arm's length.

The segment information for each division and business unit is presented on page 156 et seq.

The major noncash segment expenses include additions to provisions.

In the explanation of its results of operations in the combined management report, the Vossloh Group reports the pretax value added as a key performance indicator. A WACC of 9.5 % was applied in the reporting year (previous year: 8.5 %) before taxes.

A reconciliation of the segment result „value added" of the entire Group to the earnings before interest and taxes (EBIT) presented in the consolidated income statement is shown below:

Reconciliation of value added to EBIT

€ mill.	2024	2023
Value added	13.1	18.9
Cost of capital employed (WACC: 9.5 % (previous year: 8.5 %))	92.1	79.6
EBIT	**105.2**	**98.5**

Regional segmentation is carried out in accordance with IFRS 8.33 for noncurrent assets and external sales revenues. The external sales shown are allocated to the regions on the basis of the respective customer locations.

Segment information by region

€ mill.	2024	2023	2024	2023
	External sales revenues		Noncurrent assets[1]	
Germany	171.4	141.8	231.6	227.1
France	118.6	95.1	184.9	181.7
Rest of Western Europe	81.0	101.6	42.9	41.7
Northern Europe	170.9	139.9	42.7	23.8
Southern Europe	147.7	116.5	11.3	11.2
Eastern Europe	82.7	88.3	36.5	29.3
Total of Europe	**772.3**	**683.2**	**549.9**	**514.8**
Americas	146.5	189.5	91.9	91.7
Asia	179.1	215.1	41.8	41.8
Africa	32.2	14.7	0.0	0.0
Australia	79.5	111.7	53.8	41.7
Total	**1,209.6**	**1,214.2**	**737.4**	**690.0**

[1] Excluding financial instruments and deferred tax assets

Additional disclosures on financial instruments

Financial instruments are recognized and measured in accordance with the IFRS 9 measurement categories mentioned below:

- Financial assets at amortized cost
- Financial assets at fair value with the recognition of changes in value through profit or loss (FVTPL)
- Financial assets at fair value with the recognition of changes in value through other comprehensive income (FVOCI)

The Vossloh Group's balance sheet contains both primary and derivative financial instruments.

Nonderivative financial instruments

Nonderivative financial instruments predominantly comprise receivables, cash and cash equivalents and other financial assets.

On the liabilities side, they comprise financial liabilities. They are recognized on the date on which Vossloh becomes a contractual party to the financial instrument.

In accordance with IFRS 9, financial assets are derecognized when the contractual rights to payments from the financial assets expire or the financial assets are transferred with all material risks and opportunities. Financial liabilities are derecognized when the contractual obligations have been settled, canceled or have expired.

Derivative financial instruments

Derivative financial instruments whose value is derived from an underlying asset are primarily foreign currency forwards.

The Vossloh Group uses various derivative financial instruments. They are primarily used to hedge currency risks from fixed contractual obligations in foreign currencies and from future foreign currency receivables and liabilities, as well as to hedge interest rate risks from long-term financing.

Assets and liabilities recognized in the balance sheet are hedged using freestanding derivatives. The offsetting changes in value of the hedged item and the hedging transaction attributable to the hedged risk are recognized in the consolidated financial statements. Changes in fair value due to currency fluctuations are recognized in the income statement. The currency exposure is not hedged on the basis of planned positions, but generally immediately after receipt of the order by means of a forward exchange transaction.

When hedging pending transactions as part of a cash flow hedge, changes in the value of the derivative, which is also recognized at fair value, are recognized directly in equity after taking deferred taxes into account. When the pending transactions are settled, the amounts previously recognized in equity are reversed through profit or loss or included in the acquisition costs of acquired assets. A hedging relationship classified as effective in previous fiscal years was dissolved in 2020 due to a contract adjustment. The derivative originally designated as a hedging instrument has since been measured at fair value through profit or loss.

The nominal volume of the foreign currencies hedged by freestanding derivatives is divided as follows:

€ mill.	Currency	2024	2023
USA	USD	90.6	88.5
Canada	CAD	13.9	–
Sweden	SEK	13.2	–
Australia	AUD	7.0	7.6
Switzerland	CHF	5.3	9.0
United Kingdom	GBP	2.9	1.0
India	INR	2.1	2.3
Poland	PLN	1.5	1.1
Malaysia	MYR	0.9	2.1
Mexico	MXN	–	2.6
		137.4	**114.2**

The fair values of the derivatives used for currency and interest rate hedging and the hedged nominal values are shown in the following overview:

Derivative financial instruments			Fair value	Nominal value	Fair value	Nominal value
€ mill.			2024		2023	
Interest rate swaps	Residual terms	up to 5 years	(0.6)	31.9	(0.6)	33.2
		over 5 years	1.3	90.0	0.9	90.0
			0.7	**121.9**	**0.3**	**123.2**
Foreign currency forwards	Residual terms	up to 1 year	(3.7)	137.1	1.7	109.9
		up to 5 years	0.0	0.3	(0.1)	4.2
			(3.7)	**137.4**	**1.6**	**114.1**
Total			**(3.0)**	**259.3**	**1.9**	**237.3**

The fair values of interest rate hedging instruments and currency hedging and foreign currency forwards are determined on the basis of expected future discounted cash flows. The market interest rates applicable to the residual terms of the financial instruments are used.

The carrying amounts of the financial instruments, the breakdown by measurement category and the required disclosure of fair values in accordance with IFRS 13 and their measurement sources by class in accordance with IFRS 7 are shown in the following table:

Carrying amounts, measurement categories and fair values as at December 31, 2024

€ mill.	Carrying amounts under IFRS 9 according to balance sheet 12/31/2024	Measurement categories in accordance with IFRS 9			Fair values 12/31/2024
		Amortized costs	Fair value recognized directly in equity (FVOCI)	Fair value through profit or loss (FVTPL)	
Trade receivables	251.8	251.8	–	–	251.8
Securities	0.3	0.3	–	–	0.3
Other financial instruments and other assets	22.4	19.4	2.8	0.2	22.4
Cash and cash equivalents	94.7	93.7	–	1.0	94.7
Total financial assets	**369.2**	**365.2**	**2.8**	**1.2**	**369.2**
Financial liabilities	183.8	183.8	–	–	181.3
Trade payables	203.9	203.9	–	–	203.9
Liabilities from reverse factoring	29.1	29.1	–	–	29.1
Other liabilities	123.1	117.7	1.7	3.7	123.1
Total financial liabilities	**539.9**	**534.5**	**1.7**	**3.7**	**537.4**

Carrying amounts, measurement categories and fair values as at December 31, 2023

€ mill.	Carrying amounts under IFRS 9 according to balance sheet 12/31/2023	Measurement categories in accordance with IFRS 9			Fair values 12/31/2023
		Amortized costs	Fair value recognized directly in equity (FVOCI)	Fair value through profit or loss (FVTPL)	
Trade receivables	201.0	201.0	–	–	201.0
Securities	1.1	1.1	–	–	1.1
Other financial instruments and other assets	19.5	13.6	2.6	3.3	19.5
Cash and cash equivalents	99.4	99.3	–	0.1	99.4
Total financial assets	**321.0**	**315.0**	**2.6**	**3.4**	**321.0**
Financial liabilities	283.4	283.4	–	–	278.5
Trade payables	171.9	171.9	–	–	171.9
Liabilities from reverse factoring	–	–	–	–	–
Other liabilities	106.8	104.6	2.1	0.1	106.8
Total financial liabilities	**562.1**	**559.9**	**2.1**	**0.1**	**557.2**

Trade receivables, cash and cash equivalents and other receivables and assets mainly have short residual terms. Their carrying amounts as at the reporting date therefore approximate their fair value.

Trade payables, contract liabilities and other liabilities also generally have short residual terms. Their carrying amounts therefore correspond approximately to the fair value.

The fair values of noncurrent financial liabilities are determined by discounting the expected future interest and principal payments from these liabilities on the basis of current market interest rates.

Financial liabilities measured at fair value mainly comprise freestanding derivatives.

The following table shows the allocation of financial assets and liabilities measured at fair value to the measurement hierarchy of IFRS 7 and IFRS 13 (fair value hierarchy). There were no reclassifications between the various levels of the fair value hierarchy in either the fiscal year or the previous year.

Assignment to levels of the fair value hierarchy

	Determined based on market prices (Level 1)		Derived from market prices (Level 2)		Measurement not based on market prices (Level 3)	
€ mill.	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Financial assets measured at fair value			4.0	6.0		
Financial liabilities measured at fair value			5.4	2.2		
Total	**0.0**	**0.0**	**9.4**	**8.2**	**0.0**	**0.0**

The hierarchy levels are based on the factors used to determine the fair values. At level 1, the price is taken unchanged from identical assets and liabilities that are traded on an active market. When applying input factors at level 2 and level 3, valuation models are generally used. While the input factors at level 2 can be observed or derived from the market, there is no observable market data at level 3.

Vossloh AG enters into derivative transactions under master agreements concluded with banks (“master agreement for financial futures”); these do not meet the criteria for netting in the balance sheet. This is due to the fact that the Group currently has no legal right to netting the recognized amounts. The right to netting is only enforceable in the event of future events, for example a default on bank loans or other credit events.

The following table shows the carrying amounts of the recognized financial instruments that are subject to the agreements presented:

Offsetting options for derivative financial assets and liabilities

€ mill.	2024	2023
Financial assets		
Recognized gross amounts of financial assets	2.2	4.0
Financial instruments that qualify for offsetting in the balance sheet	0.0	0.0
Net balance sheet figures of financial assets	**2.2**	**4.0**
Offsettable on the basis of framework agreements	(1.3)	(1.6)
Total net value of financial assets	**0.9**	**2.4**
Financial liabilities		
Recognized gross amounts of financial liabilities	(5.2)	(2.1)
Financial instruments that qualify for offsetting in the balance sheet	0.0	0.0
Net balance sheet figures of financial liabilities	**(5.2)**	**(2.1)**
Offsettable on the basis of framework agreements	1.3	1.6
Total net value of financial liabilities	**(3.9)**	**(0.5)**

Net gains/losses on financial instruments by measurement category

€ mill.	Assets at amortized cost	Assets at fair value through profit or loss (FVTPL)	Assets at fair value through other comprehensive income (FVOCI)	Liabilities at amortized cost	2024	2023
Net gains/losses from:						
Income from investments			0.4		0.4	0.6
Interest	1.4	0.4		(10.4)	(8.6)	(8.7)
Subsequent measurement						
from additions to valuation allowances	(2.5)				(2.5)	(1.8)
from reversals of valuation allowances	3.0				3.0	0.0
from currency translation	0.0				0.0	0.0
at fair value		(0.1)			(0.1)	(2.5)
Total	**1.9**	**0.3**	**0.4**	**(10.4)**	**(7.8)**	**(12.4)**

Interest is recognized in net interest result, while gains on disposal and exchange rate gains and losses are recognized in other operating income or other operating expenses.

Gains from the fair value measurement of securities held for trading and the write-down of financial instruments available for sale are included in the above overview and are reported under other financial result.

Financial risk management

The Vossloh Group’s business operations are exposed to financial risks. These risks relate to liquidity, currency, interest and credit. The group-wide management and limitation of the liquidity, currency and interest rate risks is handled by Treasury Management. Credit risks are monitored as part of general risk management.

Liquidity risks

Vossloh manages its liquidity risks (i.e. the risk that the Group is not able to meet its payment obligations at all times) through liquidity planning and a central cash management system. At the end of the year, the Group had additional unused credit lines of €757.6 million to cover future liquidity needs, in addition to cash and cash equivalents and short-term realizable securities of €95.0 million. Of this amount, €203.0 million was available on undrawn lines of Vossloh AG under the syndicated loan with a term until February 2029. The undrawn credit lines of the subsidiaries amounting to €69.6 million mainly had a term of up to one year or were committed without a maturity date. The table below shows the contractually agreed undiscounted payments of principal and interest for financial liabilities:

Maturities of interest and principal payments

	up to 1 year				1 to 5 years				more than 5 years			
€ mill.	2024		2023		2024		2023		2024		2023	
	Repayment	Interest	Repayment	Interest	Repayment	Interest	Repayment	Interest	Repayment	Interest	Repayment	Interest
Nonderivative financial liabilities	(54.5)	(12.1)	(161.3)	(14.1)	(108.1)	(9.0)	(87.2)	(11.2)	(38.7)	(0.7)	(34.4)	(2.0)
Derivative financial liabilities	(5.4)	0.0	(2.1)	0.0	0.0	0.0	(0.1)	0.0	0.0		0.0	
Derivative financial assets	0.1		2.4						2.4		1.8	

Currency risks

Currency risks arise from recognized non-euro assets and liabilities whose euro equivalent may be adversely affected by unfavorable exchange rates, and pending or uncompleted currency transactions whose future cash flows may show a negative trend depending on how foreign exchange rates develop. Significant operations-related currency risks Vossloh is exposed to originate from trade receivables and payables denominated in a non-euro currency, as well as from pending or uncompleted trade and purchasing transactions. The group-wide requirement here is to have currency risks hedged centrally by Treasury Management. With the help of foreign currency forwards, which are concluded with matching maturities and amounts to the underlying transactions to be hedged (microhedges), the exchange rates for the transactions hedged in this way are fixed in order to prevent unfavorable effects of currency fluctuations on calculations and assets. As of the reporting date, Vossloh had designated currency derivatives with a nominal value of €18.0 million in cash flow hedges; all other currency derivatives are stand-alone. The translation of foreign separate financial statements into the Group currency, the euro, results in currency translation differences (translation risks) which are recognized directly in the balance sheet item “Accumulated other comprehensive income” (see the section “Currency translation” on page 162). Income, expenses and carrying values of companies that are not based in the eurozone are thus dependent on the respective euro exchange rate. Translation risks are not currently hedged because they do not directly affect cash flow.
In addition, capital expenditure in foreign companies is typically long-term.

Interest rate risks

Interest rate risks mainly result from the short-term and long-term variable-interest loans taken out as part of Group financing and the short-term variable-interest cash investments of cash and cash equivalents.

Interest rate swaps are used to counteract the risk that future interest payments from variable-rate loans may develop unfavorably due to changes in interest rates (see glossary, page 229).

As part of hedge accounting, these interest rate hedges are recognized as cash flow hedges. Interest floors embedded in hedging transactions are recognized in profit or loss as fair value hedges. The nominal amount of the interest rate swaps amounted to €121.9 million as at the reporting date. Of this amount, €31.9 million was attributable to terms of up to five years and €90.0 million to terms of more than five years.

The dollar offset method is used to assess hedge effectiveness. An interest rate hedge concluded in 2018 was no longer effective in 2020, meaning that the cash flow hedge reserves of €(0.2) million at the time of the termination of the hedge will be released to the income statement on a straight-line basis over the remaining term until mid-2026.

The fair values of the derivatives used for currency and interest rate hedging and the hedged nominal values are shown under „Additional disclosures on financial instruments" on pages 192 et seqq. Taking into account the existing interest rate derivatives, 54 % of financial liabilities had fixed interest rates as at the reporting date, while 46 % were subject to variable interest rates.

Sensitivity analyses

Sensitivity analyses quantify approximately and within the framework of certain assumptions what risk exists if certain influencing factors change. The following changes are assumed with regard to interest rate risk and exchange rate risk:

- an increase in the market interest rates by 1 % or a reduction in the market interest rates by 0.25 % (parallel shift in the yield curve);
- a simultaneous appreciation or depreciation of the euro against all foreign currencies by 10 %.

In determining the interest rate risk as at the reporting date, original variable-interest financial instruments and existing interest rate derivatives were taken into account. A 100 basis point higher market interest rate level in relation to the variable-interest financial liabilities and receivables reported as at December 31, 2024 would have reduced the financial result by €0.1 million due to the increase in interest income. A market interest rate level that was 25 basis points lower would have reduced the financial result by €0.4 million. Equity would have been €0.1 million higher at the higher market interest rate level and €0.3 million higher at the lower market interest rate level. It was assumed that the changed interest rate would have been applied for a full year.

Due to the almost complete hedging of the currency risk, the impacts of a simultaneous devaluation of the euro by 10 % on the unhedged foreign currency position are insignificant for the results of operations. The following table shows the impacts of the sensitivity analysis of the main existing foreign currency derivatives and foreign currency loans on other net interest result and equity. A positive value means an increase in earnings and equity.

Sensitivity analysis of key foreign currency derivatives

	USD			
€ mill.	12/31/2024		12/31/2023	
	+ 10 %	– 10 %	+ 10 %	– 10 %
Net interest result	(0.7)	0.9	(0.6)	0.7
Equity	(0.5)	0.6	(0.4)	0.5

Credit risks

Credit risks describe the risk that contractual partners will not meet their obligations arising from financial receivables. With regard to cash and cash equivalents deposited by the Vossloh Group with banks, short-term securities held by Group companies and hedging instruments entered into with banks, the credit risk is minimized by restricting transactions to counterparties with a first-class credit rating. Trade receivables and other receivables that are potentially exposed to a default risk result from operating activities.

Credit risks are monitored as part of risk management and minimized by taking out credit insurance (e.g. Euler Hermes). Specific credit risks are taken into account through appropriate valuation allowances.

The balance of gross receivables (receivables before deduction of allowances) is broken down as follows in terms of operational credit risks:

Balance of gross current receivables

€ mill.	Receivables neither overdue nor impaired	Receivables past due but not impaired	Impaired receivables	Gross balance of receivables
Trade receivables				
2024	184.6	66.9	11.9	263.4
2023	149.9	55.1	12.0	217.0
Other				
2024	58.0	0.0	0.3	58.3
2023	43.4	0.0	0.0	43.4

The analysis below breaks down the receivables past due:

Receivables past due

€ mill.	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 12 months	Total
Trade receivables						
2024	34.1	16.2	5.8	4.6	6.2	**66.9**
2023	23.5	12.8	5.2	5.5	8.1	**55.1**
Other						
2024	–	–	–	–	0.0	**0.0**
2023	–	–	–	–	0.0	**0.0**

There is also no specific default risk with regard to receivables past due, as the Vossloh Group's customer structure means that the majority of these are government or public-sector customers.

The maximum default risk of all financial assets results from their carrying amounts (see overview on page 194).

Other disclosures

Contingent liabilities

Contingent liabilities decreased by €2.2 million from €29.0 million as of December 31, 2023 to €26.8 million. Of this, €21.1 million is attributable to contingent liabilities for the former Locomotives business unit, which was sold with effect from May 31, 2020, and €0.3 million to contingent liabilities for the former Electrical Systems business unit, which was sold with effect from January 31, 2017. For the still remaining contingent liabilities for the former Locomotives business unit, Vossloh AG has received an irrevocable and unconditional guarantee at first request from a first-class bank. The remaining liability for the former Electrical Systems business unit is reinsured by an irrevocable and unconditional guarantee from Knorr-Bremse AG. Contingent liabilities result in the amount of €0.3 million (previous year: 0.5 million) from guarantees and relate entirely to the former business units. €26.5 million (previous year: €28.5 million) of the contingent liabilities are attributable to letters of comfort; of this, €21.1 million is attributable to the former business units and €5.4 million (previous year: €5.0 million) to non-consolidated affiliated companies. The risk of a claim is considered unlikely for all of the listed contingent liabilities.

The obligations arising from orders for the purchase of intangible assets and property, plant and equipment (order commitments) amount to €11.1 million (previous year: €6.8 million).

Leasing

Agreements on the use of assets have frequently been concluded between the companies of the Vossloh Group and the respective owners. The subject of these agreements primarily relates to land and buildings, machinery and factory as well as office equipment, in particular company cars and IT equipment.

The resulting right-of-use assets are capitalized under property, plant and equipment pursuant to IFRS 16, while the present values of the payment obligations are recognized as financial liabilities. The option granted under IFRS 16.4 with regard to rights of use for intangible assets is exercised in such a way that rights of use arising from such contracts are not recognized on the balance sheet. The accounting methods applied for the rights of use and for the financial liabilities resulting from the lease are outlined in the explanatory notes to property, plant and equipment. There, the expense incurred for the depreciation of capitalized values in use was also shown. Interest expenses from the compounding of liabilities from leases is accounted for under the net interest result.

Expenses relating to short-term leases (remaining term of less than one year) and for low-value assets – the resulting rights of use are not capitalized in accordance with the option in IFRS 16.6 – are accounted for under other operating expense in the income statement. The same applies to variable lease payments, which are not to be taken into account when measuring the lease liability. Profit or loss from what are referred to as "sale-and-leaseback" transactions are accounted for depending on the conditions of the lease agreement to the extent that such transactions take place. There were no such transactions during the year under review, as in the previous year. Rental income stemming from subleases is accounted for as other operating income.

The following table provides a summary of the expenses and payments recognized in the income statement relating to leases. All payments in this regard relate to cash changes in liabilities from leases and expenses recognized in the income statement related to leases which did not lead to right-of-use assets being recognized in the balance sheet.

€ mill.	2024	2023
Interest expense from the compounding of lease liabilities	1.5	1.2
Expenses from short-term leases	5.3	4.7
Expenses from the renting of low-value assets	0.5	0.5
Expenses from variable lease payments	0.3	0.4
Total lease payments	8.9	19.5
Rental income from subletting	0.0	0.1

The future undiscounted payments resulting from the leases recognized in the balance sheet are shown in the following table:

Distribution of future lease payments over time

€ mill.	2024	2023	2024	2023	2024	2023	2024	2023
Remaining term	≤ 1 year		1 to 5 years		> 5 years		Total	
Liabilities from leases	14.3	11.6	33.6	26.0	15.1	10.1	63.0	47.7

Future payments that have not yet been taken into account in the measurement of liabilities from leases may result from variable lease payments, extension options that do not yet appear to be predominantly probable or the non-exercise of termination options or from residual value guarantees that have not been taken into account. Extensions of usage agreements that were previously considered unlikely due to existing extension options could lead to additional payments of €8.3 million. Payments resulting from the other causes mentioned are immaterial in total. Lease agreements that have already been concluded, but for which use will not commence until a later date, will result in future lease payments of €4.1 million, mainly due to a lease agreement already signed by Vossloh AG for which the leased asset has not yet been taken over. There were no significant issues in the previous year. There are no restrictions or assurances regarding certain financial conditions imposed by leasing agreements.

Disclosures regarding companies with noncontrolling interests

Significant Group companies with other (i.e. noncontrolling) shareholders are:

1. Vossloh Fastening Systems (China) Co., Ltd., Kunshan, China
2. Vossloh (Anyang) Track Material Co., Ltd., Anyang, China
3. Vossloh Cogifer KIHN SA, Rumelange, Luxembourg
4. Vossloh Beekay Castings Ltd., New Delhi, India
5. Futrifer-Indústrias Ferroviárias SA, Lisbon, Portugal

Re 1: 32 % of the shares in the capital of this company are held by noncontrolling shareholders.

In the reporting year, €4.4 million (previous year: € 7.6 million) of the company's net profit for the year was attributable to these shareholders. As at December 31, 2024, the portion of equity attributable to noncontrolling interests amounted to €10.2 million (previous year: €12.9 million).

Significant financial information for Vossloh Fastening Systems (China) Co., Ltd., Kunshan, China

€ mill.	2024	2023
Noncurrent assets	11.4	10.9
Current assets	73.2	67.8
Noncurrent liabilities	4.1	3.2
Current liabilities	48.5	35.0
Sales revenues	77.7	105.5
Value added	14.5	28.5
Total comprehensive income	15.3	20.9
Cash flow	(1.5)	3.0
Dividends to shareholders	23.8	20.9

Re 2: 49 % of the shares in the capital of this company are held by noncontrolling shareholders.

In the reporting year, €0.8 million (previous year: €1.8 million) of the company's net profit for the year was attributable to these shareholders. As at December 31, 2024, the portion of equity attributable to noncontrolling interests amounted to €8.6 million (previous year: €9.1 million).

Significant financial information for Vossloh (Anyang) Track Material Co., Ltd., Anyang, China

€ mill.	2024	2023
Noncurrent assets	30.5	31.3
Current assets	15.3	15.4
Noncurrent liabilities	6.6	6.9
Current liabilities	9.6	9.0
Sales revenues	30.2	41.3
Value added	(1.2)	1.7
Total comprehensive income	2.8	2.0
Cash flow	0.7	0.7
Dividends to shareholders	3.9	0.0

Re 3: 10.79 % of the shares in the capital of this company are held by noncontrolling shareholders.

In the reporting year, €0.9 million (previous year: €0.7 million) of the company's net profit for the year was attributable to these shareholders. As at December 31, 2024, the portion of equity attributable to noncontrolling interests amounted to €10.2 million (previous year: €2.4 million).

Significant financial information for Vossloh Cogifer KIHN SA, Rumelange, Luxembourg

€ mill.	2024	2023
Noncurrent assets	14.2	14.4
Current assets	45.9	37.0
Noncurrent liabilities	0.9	1.1
Current liabilities	40.1	30.5
Sales revenues	85.6	66.8
Value added	9.0	6.3
Total comprehensive income	8.1	6.4
Cash flow	1.9	2.0
Dividends to shareholders	9.1	3.0

Re 4: 41.52 % of the shares in the capital of this company are held by noncontrolling shareholders.

In the reporting year, €0.1 million (previous year: €0.2 million) of the company's net profit for the year was attributable to these shareholders. As at December 31, 2024, the portion of equity attributable to noncontrolling interests amounted to €3.8 million (previous year: €3.6 million).

Significant financial information for Vossloh Beekay Castings Ltd., New Delhi, India

€ mill.	2024	2023
Noncurrent assets	7.0	6.6
Current assets	8.9	7.9
Noncurrent liabilities	0.8	0.9
Current liabilities	3.8	2.9
Sales revenues	10.7	10.6
Value added	(0.4)	(0.1)
Total comprehensive income	0.8	0.0
Cash flow	0.4	(0.4)
Dividends to shareholders	0.3	0.1

Re 5: 39 % of the shares in the capital of this company are held by noncontrolling shareholders.

In the reporting year, €1.0 million (previous year: €0.5 million) of the company’s net profit for the year was attributable to these shareholders. As at December 31, 2024, the portion of equity attributable to noncontrolling interests amounted to €2.9 million (previous year €1.9 million).

Significant financial information for Futrifer-Indústrias Ferroviárias SA, Lisbon, Portugal

€ mill.	2024	2023
Noncurrent assets	9.8	9.7
Current assets	13.7	12.4
Noncurrent liabilities	1.6	2.1
Current liabilities	5.9	6.5
Sales revenues	20.4	20.4
Value added	2.1	0.6
Total comprehensive income	2.6	1.3
Cash flow	(1.5)	3.0
Dividends to shareholders	0.2	1.8

In the case of other Group companies with noncontrolling interests, these were immaterial both individually and in total.

Related party transactions

Vossloh AG is the ultimate controlling company of the Vossloh Group. The consolidated companies of the Vossloh Group maintain relationships with unconsolidated subsidiaries and associated companies in the course of their normal business activities. The resulting transactions were carried out at standard market conditions.

Related non-consolidated companies and associated companies are listed in the list of shareholdings on pages 206 et seq.

In the Vossloh Group, the members of the Executive and Supervisory Boards are considered related parties.

As a result of the provisions of the estate of Heinz Hermann Thiele, who passed away in 2021, the Heinz Hermann Thiele Family Foundation was in a position to control Vossloh AG via the majority shareholder KB Holding GmbH at the end of the reporting year. At the same time, the foundation also indirectly controls the companies of the Knorr-Bremse Group and other companies. They are therefore to be treated as related parties. Transactions with companies in the Knorr-Bremse Group resulted in material purchases of €0.1 million in the fiscal year (previous year: €0.1 million), sales in the amount of €0.0 million (previous year: €0.2 million), outstanding receivables and advance payments made as at December 31, 2024 in the amount of €0.0 million (previous year: €0.0 million) and trade payables in the amount of €0.0 million (previous year: €0.0 million).

The following table shows transactions with related parties. These are mainly business transactions with joint ventures (JV). Business transactions with non-consolidated subsidiaries, which are reported as internal sales revenues in the segment reporting and as receivables from or liabilities to affiliated companies in the consolidated balance sheet, were immaterial overall. The same applies to transactions with associated companies. There were no transactions with related natural persons.

€ mill.	2024	2023
Sale or purchase of goods		
Sales revenues from the sale of finished and unfinished goods	9.2	9.3
Cost of materials from the purchase of finished and unfinished goods	28.7	21.0
Trade receivables	0.9	4.0
Trade payables	8.9	5.5
Sale or purchase of other assets		
Proceeds from the sale of other assets	0.0	0.0
Expenses from the purchase of other assets	0.0	0.0
Receivables from the sale of other assets	0.0	0.0
Services rendered or received		
Income from services rendered	0.5	0.7
Expenses for services received	0.7	0.4
Licenses		
License income	0.0	0.1
License expenses	0.4	1.4
Financing		
Interest income from financing loans granted	0.0	0.0
Interest expense for financing loans received	0.0	0.0
Receivables on financial loans granted	(0.1)	(0.4)
Granting of guarantees and securities		
Granting of guarantees	5.4	5.0
Provision of other collateral	0.0	0.0

Payments to related parties

	Short-term benefits due		Entitlements to pension expenses (service cost)		Share-based remuneration		Total	
€	2024	2023	2024	2023	2024	2023	2024	2023
Executive Board of Vossloh AG	3,297,768	3,320,694	202,220	231,235	1,009,890	1,742,848	4,509,878	5,294,777
Supervisory Board of Vossloh AG	683,958	692,417	–	–	–	–	683,958	692,417

The short-term benefits due for the Executive Board comprised fixed and annual variable remuneration. The target achievement criteria for the Executive Board members' multi-year bonus are largely based on the absolute and relative performance of the Vossloh share.

Another component of the multi-year bonus falls under the provisions of IAS 19. In the table above, it is also shown in the „Share-based payments" column. The multi-year bonus is therefore reported in accordance with IFRS 2.

In the case of absolute performance, certain share price growth rates over the respective period of the multi-year bonus are contractually stipulated as target figures. Relative performance compares the share price performance with that of a weighted index comprising the DAX, MDAX and SDAX. Over- or underperformance then leads to a specific target being achieved. The carrying amount of the Group's liabilities recognized for the multi-year bonus amounted to €3.7 million as at the balance sheet date (previous year: €3.7 million).

The total remuneration of the members of the Executive Board in accordance with Section 314 German Commercial Code (HGB) amounted to €5,267,012 (previous year: €5,181,486).

Pension obligations exist for the CEO in the amount of €2.3 million (previous year: €2.3 million).

The total remuneration of former members of the Executive Board and members of executive management, as well as surviving dependents, amounted to €1,181,466 (previous year: €1,139,288). These were all pension payments. Current pension payments are subject to adjustments in line with the development of pay scales in the metal and electrical industry in North Rhine-Westphalia.

Remuneration to former Executive Board members of Vossloh AG and their surviving dependents

Pension obligations for former members of the Executive Board and members of executive management and their dependents amount to €19,744,950 (previous year: €20,534,200). In the amount of €9,452,833 (previous year: €9,633,985), there are reinsurance policies that are pledged individually to the beneficiaries. The remaining amount is covered by provisions.

Auditor fees

The fees for the services provided by the auditor of the consolidated financial statements in the reporting year amounted to €1.0 million. These amounted to €0.8 million for auditing services and include fees for the audit of the consolidated financial statements, the audit of the financial statements of Vossloh AG and its German subsidiaries, as well as reviews of the interim financial statements. Other assurance services were provided in the amount of €0.2 million in the area of sustainability reporting.

German Corporate Governance Code

In November 2024, the Executive Board and Supervisory Board issued the declaration of conformity in accordance with Section 161 German Stock Corporation Act (AktG) and made it available to shareholders on Vossloh’s website (www.vossloh.com/en/investor-relations/corporate-governance/declaration-of-conformity).

Events after the balance sheet date

In February 2025, all eight banks in the syndicated loan agreed to the first maturity extension of one year until February 2030.

Group companies and investments

The Vossloh Group’s shareholdings are disclosed in the following list in accordance with Section 313 (2) German Commercial Code (HGB):

List of shareholdings

€ mill.		Footnote	Shareholding in %	at	Consolidation[1]	Equity[2]	Result after taxes[2]
(1)	Vossloh Aktiengesellschaft, Werdohl				(k)		
(2)	Vossloh International GmbH, Werdohl		100.00	(1)	(k)		
(3)	Vossloh US Holdings, Inc., Wilmington, USA		100.00	(2)	(k)		
(4)	Vossloh Australia Pty. Ltd., Sydney, Australia		100.00	(1)	(k)		
(5)	Vossloh France SAS, Rueil-Malmaison, France		100.00	(1)	(k)		
	Core Components division						
	Fastening Systems business unit						
(6)	Vossloh Fastening Systems GmbH, Werdohl	3	100.00	(1)	(k)		
(7)	Vossloh Fastening Systems Romania s.r.l., Bucharest, Romania		100.00	(6)	(n)	0.2	0.0
(8)	Vossloh Fastening Systems Czech Republic s.r.o., Prague, Czech Republic		100.00	(6)	(k)		
(9)	Vossloh Sistemi S.r.l., Cesena, Italy		100.00	(6)	(k)		
(10)	Vossloh Fastening Systems Poland Sp. z o.o., Nowe Skalmierzyce, Poland		100.00	(6)	(k)		
(11)	FÉDER-7 Rugógyártó Kft., Sárkeresztes, Hungary		100.00	(6)	(n)	0.3	0.0
(12)	Vossloh Fastening Systems America Corporation, McGregor, USA		100.00	(3)	(k)		
(13)	Vossloh Fastening Systems (China) Co., Ltd., Kunshan, China		68.00	(6)	(k)		
(14)	Vossloh-Werke International GmbH, Werdohl		100.00	(6)	(k)		
(15)	Beijing China-Railway Vossloh Technology Co., Ltd., Beijing, China		49.00	(6)	(n)	2.7	1.0
(16)	TOO Vossloh Fastening Systems (Kazakhstan), Qapshaghai, Kazakhstan		50.00	(14)	(e)		
(17)	Suzhou Vossloh Track Systems Co., Ltd., Suzhou, China		100.00	(14)	(k)		
(18)	AO Vossloh Fastening Systems RUS, Engels, Russia		50.00	(6)	(e)		
(19)	Vossloh Fastening Systems Australia Pty. Ltd., Sydney, Australia		100.00	(4)	(k)		
(20)	OOO Vossloh Bahn- und Verkehrstechnik, Moscow, Russia		99.00/1.00	(2)/(1)	(k)		
(21)	Vossloh Maschinenfabrik Deutschland GmbH, Werdohl		100.00	(6)	(n)	(1.4)	0.1
(22)	Vossloh Fastening Systems India Private Ltd., New Delhi, India	5	99.99/0.01	(6)/(14)	(k)		
(23)	Vossloh (Anyang) Track Material Co., Ltd., Anyang, China		51.00	(14)	(k)		
(24)	Kunshan Vossloh Railway Materials Trading Co., Ltd., Kunshan, China		100.00	(14)	(k)		
	Tie Technologies business unit						
(25)	Rocla International Holdings, Inc., Wilmington, USA		100.00	(3)	(k)		
(26)	Rocla Concrete Tie, Inc., Lakewood, USA		100.00	(25)	(k)		
(27)	RCTI de Mexico, S. de R. L. de C. V., Mexico City, Mexico		99.998/0.002	(26)/(3)	(k)		
(28)	RocBra Participacoes e Empreendimentos Ltda., São Paulo, Brazil	6	100.00	(25)	(n)	4.6	(0.4)
(29)	Cavan Rocbra Industria E Comercio De Pre Moldados De Concreto S/A, São Paulo, Brazil	6	20.00	(28)	(n)	22.3	2.6
(30)	Austrak Pty. Ltd, Brisbane, Australia		100.00	(4)	(k)		
(31)	Vossloh Tie Technologies Canada ULC, Vancouver, Canada		100.00	(26)	(k)		
	Customized Modules division						
	Switch Systems business unit						
(32)	Vossloh Cogifer SA, Rueil-Malmaison, France		100.00	(5)	(k)		
(33)	Vossloh Cogifer Finland Oy, Salo, Finland		100.00	(34)	(k)		
(34)	Vossloh Nordic Switch Systems AB, Ystad, Sweden		100.00	(32)	(k)		
(35)	Vossloh Cogifer KIHN SA, Rumelange, Luxembourg		89.21	(32)	(k)		
(36)	Vossloh Laeis GmbH, Trier		100.00	(35)	(k)		
(37)	Futrifer-Indústrias Ferroviárias SA, Lisbon, Portugal		61.00	(32)	(k)		
(38)	Amurrio Ferrocarril y Equipos SA, Amurrio, Spain		50.00	(32)	(e)		
(39)	Montajes Ferroviarios S. L., Amurrio, Spain		100.00	(38)	(n)	1.0	0.4
(40)	Burbiola SA, Amurrio, Spain		50.00	(38)	(n)	1.9	0.1
(41)	Vossloh Cogifer UK Ltd., Scunthorpe, United Kingdom		100.00	(32)	(k)		
(42)	Vossloh Cogifer Italia S.r.l., Milan, Italy		100.00	(32)	(k)		
(43)	Vossloh Cogifer Polska Sp. z o.o., Bydgoszcz, Poland		97.65	(32)	(k)		
(44)	ATO-Asia Turnouts Ltd., Bangkok, Thailand		51.00	(32)	(e)		
(45)	Vossloh Cogifer Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia		100.00	(32)	(k)		

€ mill.		Foot-note	Shareholding in %	at	Consoli-dation[1]	Equity[2]	Result after taxes[2]
(46)	VOSSLOH MIN SKRETNICE DOO ZA Proizvodnjui Montazu Skretnica i Opreme Nis, Nis, Serbia		100.00	(32)	(k)		
(47)	Vossloh Beekay Castings Ltd., New Delhi, India	5	58.48	(32)	(k)		
(48)	Vossloh Cogifer Turnouts India Private Ltd., Hyderabad, India	5	100.00	(32)	(k)		
(49)	Vossloh Cogifer Signalling India Private Ltd., Bangalore, India	5	100.00	(32)	(k)		
(50)	Vossloh Cogifer Australia Pty. Ltd, Castlemaine, Australia		100.00	(4)	(k)		
(51)	Vossloh Cogifer Kloos BV, Nieuw-Lekkerland, the Netherlands		100.00	(32)	(k)		
(52)	Wuhu China Railway Cogifer Track Co., Ltd., Wuhu, China		50.00	(32)	(e)		
(53)	Vossloh Cogifer Southern Africa Proprietary Ltd., Cape Town, South Africa		100.00	(78)	(n)	0.0	0.0
(54)	Vossloh Infrastructure Systems LLC, Moscow, Russia		90.00/10.00	(35)/(46)	(n)	0.0	0.0
	Lifecycle Solutions division						
	Rail Services business unit						
(55)	Vossloh Rail Services GmbH, Hamburg	3	100.00	(1)	(k)		
(56)	Vossloh Rail Services Deutschland GmbH, Hamburg	3	100.00	(55)	(k)		
(57)	Vossloh Rail Inspection GmbH, Leipzig	3	100.00	(55)	(k)		
(58)	VOSSLOH Turkey Demiryolu Sistemleri Ltd. Şti., Istanbul, Türkiye		100.00	(59)	(k)		
(59)	Vossloh Rail Services International GmbH, Hamburg	3	100.00	(55)	(k)		
(60)	Vossloh Rail Services Scandinavia AB, Örebro, Sweden		100.00	(59)	(k)		
(61)	Vossloh Rail Services North America Corporation, Denver, USA		100.00	(3)	(k)		
(62)	Beijing CRM-Vossloh Track Maintenance Technology Co., Ltd., Beijing, China		47.00	(59)	(e)		
(63)	Vossloh Rail Services Kunshan Co., Ltd., Kunshan, China		100.00	(59)	(k)		
(64)	Vossloh Rail Services Finland Oy, Kouvola, Finland		100.00	(59)	(k)		
(65)	Rhomberg Sersa Vossloh GmbH, Föhren		50.00	(55)	(e)		
(66)	Vossloh Services France SAS, Rueil-Malmaison, France		49.90/50.10	(32)/(59)	(k)		
(67)	Vossloh Rail Services Italia S.r.l., Cesena, Italy		100.00	(59)	(k)		
(68)	Vossloh ETS BV, Purmerend, the Netherlands		100.00	(59)	(k)		
(69)	Vossloh Rail Services Espana S.L., Madrid, Spain		100.00	(59)	(n)	0.0	0.0
(70)	Vossloh Rail Services Australia Pty. Ltd, Sydney, Australia		100.00	(4)	(k)		
(71)	Scandinavian Track Group AB, Borlänge, Sweden	4	100.00	(60)	(k)		
(72)	Scandinavian Track Group AS, Oslo, Norway	4	100.00	(71)	(k)		
(73)	Scandinavian Track Group ApS, Lyngby-Taarbaek, Denmark	4	100.00	(71)	(k)		
(74)	InfraTech Consulting ITC AB, Borlänge, Sweden	4	100.00	(71)	(k)		
(75)	Linjepartner AB, Strömsund, Sweden	4	100.00	(71)	(k)		
(76)	FRANCE AIGUILLAGES SERVICES S.A.R.L., Bertrichamps, France	4	100.00	(66)	(k)		
(77)	LUNEFCF SARL, Bertrichamps, France	4	100.00	(76)	(k)		
	Other companies						
(78)	Vossloh Southern Africa Holdings Proprietary Ltd, Johannesburg, South Africa		100.00	(2)	(n)	(0.2)	0.0
(79)	Vossloh RailWatch GmbH, Werdohl		100.00	(1)	(k)		

[1] Fully consolidated companies are shown with a (k), companies accounted for using the equity method with an (e) and non-consolidated companies with an (n). The fact that the company is not included in the scope of consolidation is generally due to its minor significance for the net assets, financial position and results of operations.
[2] Foreign currency amounts in the case of equity are translated at the current rate (average exchange rate as of the balance sheet date) and result after tax are translated at the annual average exchange rate.
[3] Company claims exemption from preparing and publishing separate financial statements pursuant to Section 264 (3) HGB.
[4] Included in the consolidation for the first time in the reporting year.
[5] Differing fiscal year April 1 to March 31.
[6] Information on equity and result after taxes is based on the latest available financial statements.

Executive Board of Vossloh AG

Oliver Schuster, born 1964, Düsseldorf
Chief Executive Officer (CEO) (since October 1, 2019)
First appointment: 3/1/2014, appointed until: 2/28/2030
Group mandates:
- Vossloh Cogifer SA: Deputy Chairman of the Supervisory Board
- Vossloh Fastening Systems (China) Co., Ltd.: Chairman of the Administrative Board and legal representative of the company

Dr. Thomas Triska, born 1975, Balve
Chief Financial Officer (CFO)
First appointment: 11/1/2020, appointed until: 10/31/2028
External mandates:
- Wohnungsgesellschaft Werdohl GmbH: Member of the Supervisory Board
Group mandates:
- Vossloh Cogifer SA: Chairman of the Supervisory Board
- Vossloh International GmbH: Managing Director
- Vossloh France SAS: President

Jan Furnivall, born 1976, Meerbusch
Chief Operating Officer (COO)
First appointment: 11/1/2020, appointed until: 10/31/2028
Group mandates:
- Vossloh International GmbH: Managing Director
- Vossloh US Holdings, Inc.: Vice-President

Prof. Dr. Rüdiger Grube[2,4], Chairman of the Supervisory Board, Hamburg,
Managing Partner of Rüdiger Grube International Business Leadership GmbH
and Former Chief Executive Officer (CEO) of Deutsche Bahn AG
(Member of the Supervisory Board since February 5, 2020)
- Chairman of the Supervisory Board of Hamburger Hafen- und Logistik AG, Hamburg
- Non-Executive Member of the Administrative Board of Deufol SE, Hofheim (Wallau)
- Chairman of the Supervisory Board of ALSTOM Transportation Germany GmbH, Berlin
- Member of the Supervisory Board of AVW Immobilien AG, Hamburg
- Member of the Supervisory Board of Meta Wolf AG, Kranichfeld
- Chairman of the Supervisory Board of Vodafone GmbH, Düsseldorf
- Chairman of the Supervisory Board of EUREF AG, Berlin

Ulrich M. Harnacke[2,3,4], Deputy Chairman of the Supervisory Board, Mönchengladbach, Independent Accountant, Tax Advisor and Business Consultant (member of the Supervisory Board since May 20, 2015)
- Member of the Shareholders' Committee of Thüga Holding GmbH & Co. KGaA, Munich,
- Member of the Supervisory Board of Thüga Aktiengesellschaft, Munich, and member of the Supervisory Board of CONTIGAS Deutsche Energie-AG, Munich
- Member of the Supervisory Board and Chairman of the Audit Committee of Brenntag SE, Essen
- Member of the Advisory Board of Zentis GmbH & Co. KG, Aachen[5]

Dr. Roland Bosch[3,4], Königstein/Taunus, Commercial Managing Director of WOLFF & MÜLLER Holding GmbH & Co. KG (member of the Supervisory Board since May 27, 2020)
- President of the Administrative Board of Danzer AG, Ruggell (Liechtenstein)
- Chairman of the Supervisory Board of Erbud S.A., Warsaw (Poland)

Martin Klaes[1], Werdohl, Fitter, Chairman of the Works Council of Vossloh Fastening Systems GmbH and Vossloh AG (Member of the Supervisory Board since May 24, 2023)

Marcel Knüpfer[1,2,3], Zwenkau, Technical Administration Specialist and Shift Supervisor, Chairman of the General Works Council of Vossloh Rail Services Deutschland GmbH and member of the Group Works Council (Member of the Supervisory Board since June 1, 2020)

Dr. Bettina Volkens[2,4], Königstein/Taunus, Independent Consultant and Member of various Supervisory Boards (Member of the Supervisory Board since May 27, 2020)
- Member of the Supervisory Board of CompuGroup Medical SE & Co. KGaA, Koblenz
- Member of the Supervisory Board of Bilfinger SE, Mannheim
- Member of the Supervisory Board of Elektrobau Mulfingen GmbH, Mulfingen

[1] Employee representative
[2] Member of the Personnel Committee
[3] Member of the Audit Committee
[4] Member of the Nomination Committee
[5] Optional Committee

Proposed dividend

The annual financial statements for the 2024 fiscal year show a net profit of €68,899,440.05. Including the profit carried forward of €104,262,431.33, the net profit available for distribution amounts to €173,161,871.38.

The Executive Board and Supervisory Board propose to the Annual General Meeting that a dividend of €1.10 per share be paid on the dividend-bearing share capital of €54,843,447.62 and that the remaining amount of €151,909,214.68 be carried forward to new account. The total amount to be distributed is €21,252,656.70.

Werdohl, Germany, March 7, 2025

Vossloh AG

The Executive Board

Oliver Schuster, Dr. Thomas Triska, Jan Furnivall

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the combined 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.

Werdohl, Germany, March 7, 2025

Vossloh AG
The Executive Board

Oliver Schuster, Dr. Thomas Triska, Jan Furnivall

Independent Auditor's report

To Vossloh Aktiengesellschaft, Werdohl/Germany

Report on the audit of the consolidated financial statements and of the combined management report

Audit Opinions
We have audited the consolidated financial statements of Vossloh Aktiengesellschaft, Werdohl/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2024, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from 1 January to 31 December 2024, and the notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the combined management report for the parent and the group of Vossloh Aktiengesellschaft, Werdohl/Germany, for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB) – including the further reporting on corporate governance included therein – and the consolidated sustainability statement, which are each included in the combined management report. In addition, we have not audited the content of the disclosures included in section "Adequacy and effectiveness of the risk management system and the internal control system" of the combined management report that were marked as unaudited.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the statements referred to above as well as of the section "Adequacy and effectiveness of the risk management system and the internal control system".

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions
We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate

to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the recoverability of goodwill, which we have determined in the course of our audit to be a key audit matter.

Our presentation of this key audit matter has been structured as follows:
a) description (including reference to corresponding information in the consolidated financial statements)
b) auditor's response

Recoverability of goodwill
a) The consolidated financial statements of Vossloh Aktiengesellschaft disclose goodwill of mEUR 301.2 under the intangible assets balance sheet item, accounting for 20.2% of the consolidated balance sheet total.

Within Vossloh Group, a distinction is made between four cash-generating units (CGUs), each of which is allocated goodwill. Goodwill is tested for impairment (impairment test) annually as at the balance sheet date or on related occasions. This impairment test is carried out by comparing the carrying amounts of the cash-generating units with their respective recoverable amounts in order to determine any need for impairment. The recoverable amount is determined on the basis of value in use taking into account the medium-term budget of the respective unit using expected discounted cash flows (discounted cash flow method).

The cash flow forecasts are based on the group planning for a three-year detailed planning period that was approved by the executive board, acknowledged by the supervisory board and which is applicable at the time the impairment test is carried out. This also comprises expectations on the future development of the market and country-specific assumptions on the development of macro-economic indicators. Planning periods further in the future that account for a significant portion of value in use (period of perpetuity) are included in the value in use by rolling forward cash flows taking into account a CGU-specific growth rate. Discounting is made at the weighted average cost of capital of each cash-generating unit.

The result of this valuation is highly dependent on the executive board's assessment of the future cash flows and the discount rate used and, therefore, is subject to great uncertainty. Therefore, and due to the complexity of the valuation of this high-amount item, this matter was of particular significance in the scope of our audit.

The executive board's disclosures on goodwill are included in section 10 of the notes to the consolidated financial statements.

b) During our audit, we, among other things, obtained an understanding of the method applied in the impairment test, estimated the determination of the weighted cost of capital and assessed the calculation method of the impairment test by consulting our valuation specialists. We examined the appropriateness of the future cash flows used in the valuation by, among other things, comparing them with the current planning prepared by the executive board and acknowledged by the supervisory board and by means of questioning the executive board regarding the material planning assumptions. Moreover, we reviewed the planning in a critical manner taking into account general and industry-specific market expectations

Together with the Parent's representatives in charge, we thoroughly discussed and obtained an understanding of any incremental adjustments of cash flows for rolling forward in the period of perpetuity.

As already minor changes of the discount rate used may have material impacts on the amount of the determined recoverable amount, we dealt in detail with the parameters used in determining the discount rate used and obtained an understanding of the computation scheme. Furthermore, on account of the material significance of goodwill for assets and liabilities of the Group, we performed additional own sensitivity analyses in order to be able to assess any possible risk for impairment in the event of a potential change in a key valuation assumption. In addition, we audited the completeness and appropriateness of the disclosures in the notes to the consolidated financial statements as required under IAS 36.

Other Information
The executive board and the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the remuneration report pursuant to Section 162 German Stock Corporation Act (AktG),
- the corporate governance statement including the further reporting on corporate governance included therein,
- the consolidated sustainability statement, which includes the disclosures of the consolidated nonfinancial reporting pursuant to Sections 315b and 315c in conjunction with 289c to 289e HGB,
- the disclosures included in section "Adequacy and effectiveness of the risk management system and the internal control system" of the combined management report marked as unaudited,
- the executive board's confirmations pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB regarding the consolidated financial statements and the combined management report,
- all other parts of the annual report,

but not the consolidated financial statements, not the audited content of the disclosures in the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive board and the supervisory board are responsible for the statement according to Section 161 AktG concerning the German Corporate Governance Code including the further reporting on corporate governance, which is part of the corporate governance statement, as well as for the remuneration report. Otherwise, the executive board is responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the disclosures in the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report
The executive board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive board is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive board is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive board is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also
- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of internal control or these arrangements and measures of the Group.
- evaluate the appropriateness of accounting policies used by the executive board and the reasonableness of estimates made by the executive board and related disclosures.
- conclude on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or of the business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion
We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA 256 value ad81eae3c3b8afa414cac3e7bec3f0e6fc71fd825f413b2f1729cd140f43f402, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion
We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Board and the Supervisory Board for the ESEF Documents
The executive board of the parent is responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive board of the parent is responsible for such internal controls that it has considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information Pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor by the general meeting on 15 May 2024. We were engaged by the supervisory board on 11 September 2024. We have been the group auditor of Vossloh Aktiengesellschaft, Werdohl/Germany, without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT
Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Nicole Meyer.

Düsseldorf/Germany, 7 March 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Nicole Meyer	Christian Siepe
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Remuneration report

Pursuant to Article 162 German Stock Corporation Act (AktG), this report discloses the remuneration owed and granted by the company to all current and former members of the Executive and Supervisory Board in the 2024 fiscal year.

Executive Board remuneration

Remuneration system and principles of remuneration

The remuneration owed and granted to the members of the Executive Board in the reporting year is based on the remuneration system applicable for the 2024 fiscal year and approved by the Annual General Meeting on May 15, 2024 (the "Remuneration System"). The remuneration system was applied to the remuneration of all Executive Board members in the 2024 fiscal year without exception. The remuneration system does not apply in part to the employment contract of the current CEO, which was concluded in 2019 and therefore before the remuneration system came into effect.

The remuneration for Executive Board members of Vossloh AG consists of fixed and variable components.

The fixed, non-performance-related remuneration comprises the **basic remuneration**, as well as **fringe benefits** (in particular, the provision of a company car and allowances for health, accident and luggage insurance) and – only for the incumbent CEO – pension commitments in the form of pension payments.

The performance-related component includes short-term variable remuneration ("single-year bonus") and long-term variable remuneration ("multi-year bonus"). The **single-year bonus** paid is dependent on the extent to which short-term performance targets are achieved. The relevant performance targets in the 2024 fiscal year were Group EBIT, Group sales and the average working capital. The **multi-year bonus** is contingent on long-term performance targets being achieved over an assessment period of three years (or two years for the incumbent CEO due to the previous contract which is not subject to the current remuneration system). The performance targets for the multi-year bonus for the 2024 fiscal year are the return on capital employed (ROCE) and the absolute and relative performance of the Vossloh share compared to the weighted average performance of the DAX, MDAX and SDAX in the assessment period of the 2024 to 2026 fiscal years (or 2024 to 2025 for the incumbent CEO). The performance criteria for the remuneration owed and granted in the 2024 fiscal year are broken down into performance targets, target values, weightings and target achievement levels and disclosed below for each Executive Board member in the "Executive Board remuneration in the 2024 fiscal year" section.

In the event that the employment contract of an Executive Board member is subject to the remuneration system, the total remuneration of that Executive Board member will be limited to the **maximum remuneration** stipulated in their individual contract. The maximum remuneration set by the Supervisory Board for the 2024 fiscal year is €4,000,000 gross per year for the incumbent CEO and €2,250,000 gross per year for each of the other members of the Executive Board.

During the 2024 fiscal year, the Supervisory Board had no reason to make use of its power to withhold or reclaim variable remuneration components in certain justified cases ("malus and clawback provisions"), in particular, in the case of certain material breaches of duty or in the event of the consolidated financial statements containing incorrect information.

In the 2024 fiscal year, the Supervisory Board made use of the option provided for in the remuneration system to grant special benefits to members of the Executive Board. This is intended to adequately reflect the performance of the Executive Board in the past fiscal year, including the agreement to acquire the Sateba Group. In doing so, the Supervisory Board took into account the fact that the transaction costs for the acquisition of the Sateba Group were expensed as incurred in the past fiscal year.

However, the targets set for the 2024 fiscal year could not have been taken these expenses into account. As completion will not take place until the 2025 fiscal year, there were no positive effects on earnings in the 2024 fiscal year to compensate for the extraordinary charges.

The Supervisory Board regularly reviews whether the remuneration of the members of the Executive Board provides sufficient incentives for the long-term and sustainable growth of the company. Following an intensive review, in particular taking into account the feedback from shareholders on the remuneration system and the 2023 remuneration report, the Supervisory Board resolved on December 13, 2024 to revise the remuneration system with effect from January 1, 2025. The remuneration system is to be submitted to the company's Annual General Meeting on May 7, 2025 for approval. The main adjustments in the revised remuneration system can be summarized as follows:

- The structure of the single-year bonus has been adjusted in key points; in future, sustainability targets will also be included as a nonfinancial performance criterion in the single-year bonus. The possibility of increasing the target bonus of the single-year bonus at the discretion of the Supervisory Board is limited to 20 % (instead of the previous 30 %) and is based on a general performance assessment. In addition, individual qualitative targets can be set. The cap on the single-year bonus is set at the market-customary value of 200 % (instead of 170 % previously) of the target amount.
- The multi-year bonus is structured as a virtual performance share plan with a three-year performance period, whereby the number of virtual shares is determined by the achievement of the return on capital employed (ROCE) and relative total shareholder return (TSR) performance targets; the multi-year bonus is also capped at 200 % of the target amount.
- The possibility of granting special allowances is abolished.
- In addition to the performance share plan, Executive Board members are obliged to invest at least one gross fixed salary in Vossloh shares and hold them for the duration of their Executive Board activity, with a five-year build-up phase for the purchase.
- For pension purposes, the members of the Executive Board receive a non-earmarked annual pension payment, which can be used for the company pension scheme in the form of deferred compensation at the discretion of the Executive Board members; the pension obligation from Mr. Oliver Schuster's old contract remains in place instead of the pension payment.

The feedback from shareholders was also taken into account in the preparation of this report.

Remuneration of the Executive Board in the 2024 fiscal year

The table below is based on the Draft Guidelines on the Standardized Presentation of the Remuneration Report and provides information about the remuneration owed and granted to the members of the Executive Board in the 2024 fiscal year within the meaning of Section 162 (1) Sentence 1 German Stock Corporation Act (AktG).

In the remuneration report, in addition to the basic remuneration for the respective reporting year, the remuneration owed and granted for the single-year and multi-year bonuses is shown as the remuneration for which the assessment period has expired at the end of the reporting year and which will be paid out in spring 2025 after the annual financial statements have been adopted on the basis of the respective target achievement.

In accordance with this understanding of the term, the single-year bonus 2024 of all members of the Management Board and the multi-year bonus 2023 of the current CEO (whose old contract provides for a two-year assessment period for the multi-year bonus), as well as the multi-year bonus 2022 of the other members of the Executive Board, are allocated to the 2024 fiscal year as remuneration owed and granted.

Provisions for entitlements to defined retirement benefits are shown separately in "Pension expenses" rather than as owed and granted as no payments were made and none came due.

€		Fixed remuneration[1]	Fringe benefits	**Total basic remuneration**	Single-year bonus[2]	Multi-year bonus	**Total variable remuneration**	Total remuneration	Relation to total Remuneration	
Remuneration owed and granted									Proportion basic remuneration	Proportion variable remuneration
Oliver Schuster (CEO) since October 1, 2019, member of the Executive Board since March 1, 2014	2023	579,167	26,248	**605,415**	816,000	471,736	**1,287,736**	**1,893,151**	32 %	68 %
	2024	600,000	26,611	**626,611**	814,178	619,753	**1,433,931**	**2,060,542**	30 %	70 %
Dr. Thomas Triska Member of the Executive Board since November 1, 2020	2023	366,667	17,909	**384,576**	571,200	333,565	**904,765**	**1,289,341**	30 %	70 %
	2024	450,000	17,366	**467,366**	503,952	544,000	**1,047,952**	**1,515,318**	31 %	69 %
Jan Furnivall Member of the Executive Board since November 1, 2020	2023	366,667	6,079	**372,746**	571,200	333,565	**904,765**	**1,277,511**	29 %	71 %
	2024	450,000	6,375	**456,375**	503,952	544,000	**1,047,952**	**1,504,327**	30 %	70 %

[1] The fixed remuneration for Dr. Triska also includes the contributions of €137.4 thousand (previous year: €22.9 thousand) made by him to a provident fund for his pension by way of deferred compensation; see the explanations in the "Pension scheme" section.

[2] In the reporting year, the single-year bonus included the above-mentioned special bonus of €325,460 for Mr. Oliver Schuster and €161,849 each for Dr. Thomas Triska and Mr. Jan Furnivall.

The remuneration of the Executive Board shown in the table above corresponds to the objectives of the remuneration system. The remuneration promotes the long-term development of the company by providing incentives for long-term and sustainable corporate growth. The members of the Executive Board participate in the company's success through appropriate performance criteria and ambitious target agreements. The performance criteria within the multi-year bonus, which are largely based on the performance of Vossloh stock, also align the interests of Vossloh AG's stockholders. The portion of the multi-year bonus dependent on these performance criteria always outweighs the remaining portion if 100 % of the target is achieved.

The performance targets, their weighting and – in the case of the share price-based components of the multi-year bonus – the percentage target values have been agreed in the employment contracts of the Executive Board members. The specific target values for the single-year bonus and ROCE as part of the multi-year bonus for the 2024 fiscal year were set before the start of the fiscal year. With regard to the tranches of the multi-year bonus that will be paid out from January 1, 2025, the Supervisory Board resolved on December 20, 2024, as part of the revision of the remuneration system, to adjust the weighting of the benchmark indices for the relative performance of the Vossloh share. The direct applicability is intended to create a uniform basis for the appropriate incentivization of the Executive Board members.

The target and threshold values as well as the target achievement determined are shown in relation to the individual performance targets in the following overview. With regard to the single-year bonus for the 2024 fiscal year, the Supervisory Board has made use of the option provided for in the remuneration system and the employment contracts to reduce or increase the single-year bonus under certain conditions. The target values set before the start of the fiscal year were not (subsequently) changed.

The Supervisory Board is of the opinion that the Executive Board managed the company excellently in the past year, the most successful fiscal year since the business activities have been focused on rail infrastructure. In addition to the fact that the previous year's record sales were almost matched in the 2024 fiscal year despite the completion of major new construction projects and that profitability increased again despite challenging economic conditions and considerable transaction costs in connection with the planned acquisition of the Sateba Group, orders received, in particular, increased significantly once again. In addition, a considerable number of strategically important framework agreements were won. This laid the foundation for the company's further profitable growth in the coming years. The acquisitions of the Swedish STG and the French company FAS were completed in the reporting year, while the signing of the contracts in connection with the acquisition of the Sateba Group also marked the largest transaction of its kind in the company's history. The latter, in particular, represents an important step in the implementation of the corporate strategy. The Supervisory Board takes appropriate account of this in the application of its dutiful discretion by increasing the target bonus for the members of the Executive Board by a factor of 1.3 in each case.

	Component of the variable Remuneration	Applied Performance criteria	Relative weighting of the Performance criteria among each other (in %)	Thresholds for target achievement: 0 % target achievement, target value missed by (in %)	Thresholds for target achievement: 170 % target achievement, target exceeded by (in %)	Determined performance according to line specification	Degree of target achievement (in %)
Performance criteria including target corridor for variable remuneration owed and granted in the 2024 fiscal year							
Oliver Schuster	Single-year bonus	Group EBIT (€ mill.)	65	(17.8)	11.2	105.2	110.7
		Group sales (€ mill.)	20	(11.3)	7.8	1,209.6	102.9
		average working capital (€ mill.)	15	19.2	(6.6)	213.7	9.6
	Multi-year bonus	Average ROCE (Return on Capital Employed) (%)	48	(31.4)	8.6	10.7	279.5
		Absolute performance of Vossloh stock (€)	26	(6.9)	4.7	44.24	51.6
		Relative performance of Vossloh stock (%)	26	(22.3)	26.2	11.7	0.0
Dr. Thomas Triska	Single-year bonus	Group EBIT (€ mill.)	65	(17.8)	11.2	105.2	110.7
		Group sales (€ mill.)	20	(11.3)	7.8	1,209.6	102.9
		average working capital (€ mill.)	15	19.2	(6.6)	213.7	9.6
	Multi-year bonus	Average ROCE (Return on Capital Employed) (%)	32	(34.7)	12.6	9.4	132.9
		Absolute performance of Vossloh stock (€)	34	(10.1)	7.1	45.55	0.0
		Relative performance of Vossloh stock (%)	34	(23.7)	27.8	1.4	410.2
Jan Furnivall	Single-year bonus	Group EBIT (€ mill.)	65	(17.8)	11.2	105.2	110.7
		Group sales (€ mill.)	20	(11.3)	7.8	1,209.6	102.9
		average working capital (€ mill.)	15	19.2	(6.6)	213.7	9.6
	Multi-year bonus	Average ROCE (Return on Capital Employed) (%)	32	(34.7)	12.6	9.4	132.9
		Absolute performance of Vossloh stock (€)	34	(10.1)	7.1	45.55	0.0
		Relative performance of Vossloh stock (%)	34	(23.7)	27.8	1.4	410.2

Former members of the Executive Board

In the 2024 fiscal year, former member of the Executive Board Mr. Werner Andree received remuneration owed and granted within the meaning of Section 162 (1) Sentence 1 German Stock Corporation Act (AktG) in the form of a pension in the amount of €277,533 (previous year: €265,965). Pensions totaling €903,933 (previous year: €873,323) were paid to other former members of the Executive Board in the reporting year.

Pension expenses

The company offers members of the Executive Board the option of converting remuneration components up to the amount of their fixed annual salary into an entitlement to company pension benefits of equal value each year (deferred compensation). If the option of deferred compensation is utilized, this is carried out via a provident fund. Dr. Triska took advantage of this opportunity in the previous year and continued to do so in the reporting year. The resulting present value of the future pension obligation amounted to €93,925.64 as at December 31, 2024 (previous year: €13,765.56); this did not result in an expense for the company or a provision, as the claim is financed by a reinsurance policy and the contributions are made by Dr. Triska.

Based on his old contract, there is also a pension obligation in favor of the current CEO, which provides, in case he leaves the company, for pension payments at the age of 63. Depending on the length of service on the Executive Board, the annual pension entitlement after three years of service is 1 % per full year of service, and from the fourth year onwards 2 % per further full year of service up to a maximum of 40 % of the average fixed remuneration to be taken as a basis during the last three years before leaving the company. After death, the surviving spouse is entitled to a pension amounting to 60 % of the amount last paid to the Executive Board member. The claim is partly financed by a reinsurance policy.

The present value of the pension entitlement and the addition in accordance with the requirements of German commercial law and the service costs in accordance with IFRS are provided in the following table:

€		Pension entitlements in accordance with the requirements of German commercial law		
		Amount added in for the fiscal year	Present value of the pension obligation	Service costs according to IFRS
Entitlements to defined retirement benefits				
Oliver Schuster CEO since October 1, 2019	2023	87,944	2,597,988	231,235
	2024	959,354	3,557,342	202,220

Commitments in the event of premature termination of duties

In the event that the employment relationship is terminated prematurely by mutual agreement, the Executive Board contracts contain commitments to pay the expected remuneration for the regular remaining term of the contract, provided that the termination is not based on a unilateral resignation by the Executive Board member without good cause or a revocation of the appointment for a reason that also constitutes good cause for the termination of the employment relationship. However, the commitments are in any case limited to a maximum of two years' remuneration (so-called severance payment cap). The variable remuneration attributable to the period up to the end of the contract is paid in accordance with the remuneration system based on the originally agreed targets and comparison parameters and on the due dates specified in the contract. In the reporting year, there was no commitment to provide benefits in the event of premature termination of an Executive Board member's contract due to a change of control.

Remuneration of the Supervisory Board

Remuneration of the Supervisory Board in 2024

The remuneration of the Supervisory Board is based on Article 17 of the company's Articles of Incorporation and the remuneration system for the members of the Supervisory Board adopted by the Annual General Meeting on May 24, 2023, which has been applied without restriction since January 1, 2023.

In addition to the reimbursement of their expenses and in accordance with suggestion G.18 of the GCGC, the members of the Supervisory Board receive fixed remuneration of €50,000 gross per year, payable after the end of the fiscal year. The Chairman of the Supervisory Board receives three times and his deputy one and a half times the aforementioned remuneration. Membership of each committee is compensated by a supplement of one quarter of the basic remuneration. The Chairman of the Audit Committee receives three times the supplement for membership of the Audit Committee. If the Chairman of the Supervisory Board is a member of committees, he does not receive any additional remuneration for his committee work.

In addition, the members of the Supervisory Board receive a gross attendance fee of €2,000 for each meeting of the Supervisory Board and its committees that they have attended (physically or virtually). If the members of the Supervisory Board attend several meetings of the Supervisory Board or its committees on the same day, the attendance fee is only paid once in total. No attendance fee is granted for resolutions passed by circular resolution.

In view of the previous feedback from shareholders on the remuneration of the Supervisory Board, most recently at the Annual General Meeting on May 15, 2024, there was no reason to question the remuneration or the reporting on this.

The following table contains information on the remuneration owed and granted to the members of the Supervisory Board in the 2024 fiscal year within the meaning of Section 162 German Stock Corporation Act (AktG):

	2024					2023				
	Fixed remuneration		Remuneration for Committee activities/ Attendance fees		Total	Fixed remuneration		Remuneration for Committee activities/ Attendance fees		Total
	€	%	€	%	€	€	%	€	%	€
Prof. Dr. Rüdiger Grube, Chairman	150,000	85	26,000	15	176,000	150,000	87	22,000	13	172,000
Ulrich M. Harnacke, Deputy Chairman	75,000	47	84,000	53	159,000	75,000	45	92,500	55	167,500
Dr. Roland Bosch	50,000	55	40,500	45	90,500	50,000	52	47,000	48	97,000
Dr. Bettina Volkens	50,000	59	34,500	41	84,500	50,000	52	47,000	48	97,000
Marcel Knüpfer	50,000	47	55,958	53	105,958	50,000	66	26,333	34	76,333
Martin Klaes (since May 24, 2023)	50,000	74	18,000	26	68,000	33,333	81	8,000	19	41,333
Andreas Kretschmann (until May 24, 2023)	–	–	–	–	–	20,833	51	20,417	49	41,250
Total	**425,000**		**258,958**		**683,958**	**429,167**		**263,250**		**692,417**

Comparative view of changes in board compensation, the results of operations and remuneration for employees

The table below provides a comparison between the change in the remuneration provided for the members of the Executive Board and Supervisory Board on the one hand and the change in the results of operations of Vossloh AG and the Vossloh Group and the average remuneration for employees.

%	2021 compared to 2020	2022 compared to 2021	2023 compared to 2022	2024 compared to 2023
Executive Board remuneration[1]				
Oliver Schuster (CEO)	13 %	9 %	(4) %	9 %
Dr. Thomas Triska (CFO)	7 %	3 %	53 %	18 %
Jan Furnivall (COO)	7 %	3 %	54 %	18 %
Supervisory Board remuneration[1]				
Prof. Dr. Rüdiger Grube (Chairman of the Supervisory Board)	0 %	0 %	43 %	2 %
Ulrich M. Harnacke (Deputy Chairman of the Supervisory Board)	(8) %	0 %	68 %	(5) %
Dr. Roland Bosch	(17) %	0 %	94 %	(7) %
Martin Klaes (since May 24, 2023)	–	–	–	65 %
Marcel Knüpfer	0 %	0 %	91 %	39 %
Andreas Kretschmann (until May 24, 2023)	16 %	0 %	65 %	–
Dr. Bettina Volkens	(17) %	0 %	94 %	(13) %
Earnings development				
Net income/net loss for the financial year in accordance with German Commercial Code (Vossloh AG)	115 %	(928) %	247 %	(27) %
EBIT according to IFRS (Vossloh Group)	(1) %	8 %	26 %	7 %
Average remuneration of employees on a full-time equivalent basis				
Employee compensation[2]	(1) %	2 %	8 %	5 %

[1] Determined on a pro rata basis in previous years when required. Without the first-time inclusion of the multi-year bonus for Dr. Triska and Mr. Furnivall, there would have been an increase of 13 % and 14 % respectively in 2023 compared to 2022.
[2] Wages and salaries in accordance with IFRS (excluding discontinued operations); number of employees on a full-time equivalent basis excluding members of the Executive Board of the AG.

The remuneration of the respective members of the Executive Board and Supervisory Board used to determine the rates of change corresponds to the remuneration owed and granted within the meaning of Section 162 German Stock Corporation Act (AktG) in accordance with the company's understanding of the term as explained in more detail above. The results of operations are based on the net income reported in Vossloh AG's separate financial statements in accordance with Section 275 (2) No. 17 German Commercial Code (HGB) and additionally on the Vossloh Group's EBIT. With regard to employee remuneration, the average remuneration excluding non-wage labor costs of all employees of the Vossloh Group on a full-time equivalent basis, including executives within the meaning of Section 5 (3) of the German Works Constitution Act (Betriebsverfassungsgesetz) and part-time employees, is used. If employees also receive remuneration as members of the Supervisory Board of Vossloh AG, this remuneration is not taken into account. To ensure comparability of the information on earnings development and employee remuneration, the latter also does not include employees who were employed in subsidiaries that were reported as "discontinued operations" in the consolidated financial statements for the fiscal year in question.

Werdohl, Germany, March 7, 2025

Vossloh AG

The Executive Board
Oliver Schuster, Dr. Thomas Triska, Jan Furnivall

The Supervisory Board
Prof. Dr. Rüdiger Grube

Independent Auditor's report

To Vossloh Aktiengesellschaft, Werdohl/Germany

We have audited the accompanying remuneration report of Vossloh Aktiengesellschaft, Werdohl/Germany, ("the Company") for the financial year from 1 January to 31 December 2024, including the related disclosures, which has been prepared to comply with Section 162 German Stock Corporation Act (AktG).

Responsibilities of the Executive Directors and of the Supervisory Board
The executive directors and the supervisory board of Vossloh Aktiengesellschaft, Werdohl/Germany, are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of Section 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

Auditor's Responsibilities
Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). These Standards require that we fulfil the professional responsibilities and that we plan and perform the audit so that we obtain reasonable assurance as to whether the remuneration report, including the related disclosures, is free from material misstatements.

An audit involves performing audit procedures in order to obtain audit evidence for the amounts stated in the remuneration report, including the related disclosures. The choice of the audit procedures is subject to the auditor's professional judgement. This includes assessing the risk of material misstatements, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the system of internal control, which is relevant to preparing the remuneration report, including the related disclosures. Our objective is to plan and perform audit procedures that are appropriate in the circumstances, but not to express an audit opinion on the effectiveness of the Company's system of internal control. An audit also comprises an evaluation of the accounting policies used, of the reasonableness of accounting estimates made by the executive directors and the supervisory board as well as an evaluation of the overall presentation of the remuneration report, including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion
In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from 1 January to 31 December 2023, including the related disclosures, complies, in all material respects, with the accounting principles of Section 162 AktG.

Other Matter – Formal Audit of the Remuneration Report
The audit of the content of the remuneration report described in this report comprises the formal audit of the remuneration report required under Section 162 (3) AktG including the issuance of a report on this audit. Since our audit opinion on the audit of the content of the remuneration report is unmodified, this audit opinion includes that the disclosures required under Section 162 (1) and (2) AktG are contained, in all material respects, in the remuneration report.

Intended Use of the Report

We issue this report as stipulated in the engagement letter agreed with the Company. The audit has been performed for the purposes of the Company and the report is solely intended to inform the Company about the result of the audit.

Liability

This report is not intended to be used by third parties as a basis for any (asset) decision. We are liable solely to Vossloh Aktiengesellschaft, Werdohl/Germany, and our liability is also governed by the engagement letter dated 6 /11 September 2024 agreed with the Company as well as the "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" promulgated by the Institut der Wirtschaftsprüfer (IDW) in the version dated 1 January 2024 (IDW-AAB). However, we do not accept or assume liability to third parties.

Düsseldorf/Germany, 7 March 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Nicole Meyer	Christian Siepe
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Financial calendar 2025/2026

Financial calendar 2025

Annual General Meeting	May 7, 2025
Publication of interim report/interim financial statements	
as of March 31	April 24, 2025
as of June 30	July 24, 2025
as of September 30	October 30, 2025
For further dates, go to www.vossloh.com	

Financial calendar 2026

Publication of 2025 financial data	March 2026
Press conference	March 2026
Investor and analyst conference	March 2026
Annual General Meeting	May 2026

Investor Relations

Contact	Dr. Daniel Gavranovic
Email	investor.relations@vossloh.com
Phone	+49 2392 52-609
Fax	+49 2392 52-219

Information on the Vossloh share

ISIN	DE0007667107
Tradegate	Xetra, Tradegate, Frankfurt, Düsseldorf, Berlin, Hanover, Hamburg, Stuttgart, Munich
Index	SDAX
Number of shares in circulation as at 12/31/2024	19,320,597
Annual average number of shares outstanding	17,770,535
Share price (12/31/2024)	€43.05
Share price high/low 2024	€51.40/ €39.50
Reuters abbreviation	VOSG.DE
Bloomberg abbreviation	VOS.GR
Dividend proposal	€1.10

Glossary

Capital employed	Working capital plus fixed assets
Cash pooling	Balance transfer procedure for pooling liquidity
Credit line	Credit agreement between two or more parties
Derivative financial instruments	Contracts whose fair values are derived from basis values (e.g., stocks or currencies)
EBIT	Earnings before interest and taxes
EBIT margin	EBIT/sales revenues
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBITDA margin	EBITDA/sales revenues
EBT	Earnings before taxes
Employee bonus program	Program for granting shares to employees free of charge or at reduced prices
Equity ratio	Equity/balance sheet total
Financial liabilities	Schuldschein loans, bank debts, notes payable and liabilities from finance leases
Guarantee	Assumption of guarantees and surety bonds
IAS/IFRS	International Accounting Standards/ International Financial Reporting Standards
Interest rate cap	Option deal that hedges buyers against increasing interest rates through an interest rate ceiling
Interest rate swap	Contractual agreement on the exchange of fixed and variable interest payment flows based on an underlying nominal value
Net financial debt	Financial liabilities minus cash and cash equivalents and short-term securities
Personnel expenses per employee	Personnel expenses/annual average headcount
Return on capital	See return on capital employed
Return on capital employed	EBIT/average capital employed
Treasury	Finance management
Value added	EBIT minus weighted average cost of capital (WACC) x average capital employed
Working capital	Trade receivables (including contract assets) plus inventories minus trade payables (including contract liabilities) minus prepayments received minus other current provisions (adjusted for matters not attributable to the operating business)
Working capital intensity	Average working capital/sales

Addresses

Vossloh Aktiengesellschaft
Vosslohstrasse 4 • D-58791 Werdohl
P.O. Box 1860 • D-58778 Werdohl
Phone +49 239252-0
Fax +49 239252-219
vossloh.com

Vossloh Fastening Systems GmbH
Vosslohstrasse 4 • D-58791 Werdohl
P.O. Box 1860 • D-58778 Werdohl
Phone +49 239252-0
Fax +49 239252-448

Vossloh Tie Technologies
Rocla Concrete Tie, Inc.
1819 Denver W Dr,
S 450 Lakewood, CO 80401
Phone +1303296-3500
Fax +1303297-2255

Vossloh Switch Systems
Vossloh Cogifer SA
23 rue François Jacob
F-92500 Rueil-Malmaison Cedex
Phone +33155 477300
Fax +33155 477392

Vossloh Rail Services GmbH
Hannoversche Strasse 10
D-21079 Hamburg
Phone +49 40 430931-0
Fax +49 40 430931-342

Imprint

Vossloh AG
Physical address:
Vosslohstrasse 4 • 58791 Werdohl
Postal address:
P.O. Box 1860 - 58778 Werdohl

Editorial office:
Vossloh AG
Uwe Jülichs, Swisttal
Dr. Ilse Preiss, Winnenden

Project coordination, design, realization:
Vossloh AG,
Corporate Marketing Communication

Photography:
Markus-Steur.de
Vossloh AG
Adobe Stock

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Vossloh AG
Adobe Stock

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Ten-year overview*

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Income statement data											
Sales revenues	€ mill.	1,209.6	1,214.3	1,046.1	942.8	869.7	916.4	865.0	918.3	822.5	952.9
EBIT	€ mill.	105.2	98.5	78.1	72.3	73.1	55.7[4]	54.2	70.3	57.5	42.3
Net interest result	€ mill.	(14.6)	(16.0)	(10.6)	(7.5)	(14.4)	(18.5)	(13.4)	(12.5)	(10.6)	(11.1)
EBT	€ mill.	90.6	82.5	67.5	64.8	58.7	(56.1)	40.8	57.8	46.9	31.2
Net income	€ mill.	76.5	55.3	56.0	35.9	20.8	(136.8)	22.7	0.3	10.1	77.8
Earnings per share	€	3.56	2.21	2.38	1.31	0.98	(8.32)	1.14	(0.50)	0.22	5.42
Return on capital employed	%	10.8	10.5	8.2	8.1	8.4	(4.2)	6.8	8.9	8.8	5.8
Value added	€ mill.	13.1	18.9	11.5	9.5	12.5	(105.4)	(5.8)	11.1	(1.5)	(31.1)
Balance sheet data											
Fixed assets	€ mill.	792.8	746.1	731.6	726.0	694.1	659.2	646.1	568.7	467.8	486.7
Capital expenditure[1]	€ mill.	83.8	74.5	58.2	51.3	68.7	59.8	60.5	39.5	30.3	34.2
Depreciation and amortization[1]	€ mill.	55.1	59.5	53.1	51.9	50.0	86.4	35.5	33.6	31.5	35.7
Closing working capital	€ mill.	174.4	193.1	191.6	175.6	155.3	180.3	216.0	190.0	159.2	213.8
Closing capital employed	€ mill.	967.2	939.2	923.2	901.6	849.4	839.5	862.0	758.7	627.0	700.5
Equity	€ mill.	751.9	638.5	625.1	587.9	412.4	403.6	523.3	532.4	550.8	428.7
of which: Noncontrolling interests	€ mill.	25.8	28.1	27.2	28.6	15.9	9.4	10.8	15.0	18.0	17.0
Net financial debt[2]	€ mill.	137.6	219.5	237.5	215.6	351.3	370.4	307.3	207.7	85.0	218.6
Total assets	€ mill.	1,490.8	1,392.7	1,368.8	1,289.4	1,214.4	1,331.4	1,266.9	1,252.9	1,367.2	1,389.9
Equity ratio	%	50.4	45.8	45.7	45.6	34.0	30.3	41.3	42.5	40.3	30.8
Cash flow statement data											
Cash flow from operating activities	€ mill.	136.4	137.3	71.6)	81.3	56.1	12.3	37.6	24.5	65.8	107.8
Cash flow from investing activities	€ mill.	(49.7)	(65.4)	(44.9)	(57.9)	(3.0)	(15.5)	(95.0)	(124.2)	(43.2)	(11.6)
Cash flow from financing activities	€ mill.	(83.9)	(39.4)	(29.3)	(30.8)	(67.4)	28.1	(14.1)	20.7	79.3	(77.0)
Net cash inflow/outflow	€ mill.	2.8	32.5	(2.6)	(7.4)	(14.3)	24.9	(71.5)	(79.0)	101.9	19.2
Workforce											
Annual average headcount	Quantity	4,194	3,999	3,794	3,612	3,482	3,774	3,720	3,934	3,682	4,069
of which: Germany	Quantity	954	869	788	748	720	871	866	854	840	1,244
Abroad	Quantity	3,240	3,130	3,006	2,864	2,762	2,903	2,854	3,080	2,842	2,825
Personnel expenses	€ mill.	283.5	255.2	226.8	211.8	205.1	260.1	214.9	214.8	197.1	218.1
Personnel expenses per employee	T€	67.6	63.8	59.8	58.6	58.9	68.9	57.0	54.6	53.5	53.6

Vossloh AG: Key figures over 10 years

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Capital stock	€ mill.	54.8	49.9	49.9	49.9	49.9	49.9	45.3	45.3	45.3	37.8
Dividend per share	€	1.10[3]	1.05	1.00	1.00	1.00	0.00	1.00	1.00	0.00	0.00
Year-end closing price as of December 31	€	43.05	41.95	39.10	45.15	41.35	37.00	42.45	46.80	59.61	57.74
Closing market capitalization as of December 31	€ mill.	831.8	736.8	686.8	793.0	726.3	649.9	677.8	747.3	951.8	793.1

*2017 and 2016 taking into account the presentation of the Locomotives and Electrical Systems business units as discontinued operations; 2015 taking into account the presentation of the Rail Vehicles and Electrical Systems business units as discontinued operations.

[1] Excluding noncurrent financial instruments; depreciation/amortization plus impairment losses/reversals of impairment losses

[2] With negative sign: Net financial assets

[3] Subject to the approval of the Annual General Meeting

[4] Adjusted value

Vossloh Aktiengesellschaft
Vosslohstrasse 4 • D-58791 Werdohl, Germany
PO Box 1860 · D-58778 Werdohl, Germany · Phone +49 239252-0

vossloh.com