vossloh

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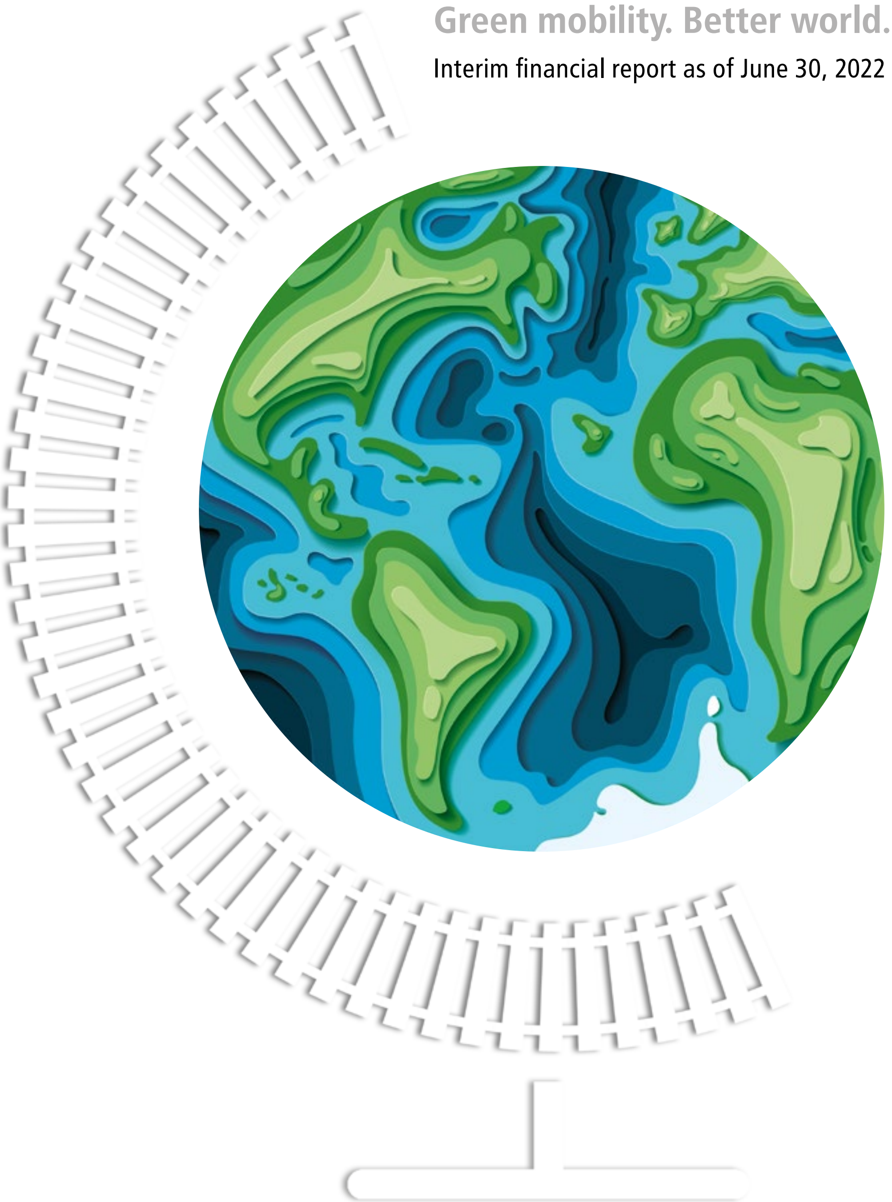
Green mobility. Better world.

Interim financial report as of June 30, 2022



Key group figures		H1/2022	H1/2021
Orders received	€ mill.	693.0	459.4
Order backlog	€ mill.	827.9	584.6
Income statement data			
Sales revenues	€ mill.	476.4	462.6
Core Components	€ mill.	212.9	230.4
Customized Modules	€ mill.	216.0	192.3
Lifecycle Solutions	€ mill.	56.5	47.8
EBITDA	€ mill.	53.8	68.4
EBITDA margin	%	11.3	14.8
EBIT	€ mill.	28.9	42.4
EBIT margin	%	6.1	9.2
Net interest result	€ mill.	(3.4)	(4.0)
EBT	€ mill.	25.5	38.4
Net income	€ mill.	17.3	20.6
Attributable to shareholders of Vossloh AG	€ mill.	11.0	12.4
Earnings per share	€	0.63	0.70
Return on capital employed (ROCE)[1]	%	6.2	9.5
Value added[1]	€ mill.	(3.7)	11.1
Balance sheet data			
Fixed assets[2]	€ mill.	733.3	695.3
Capital expenditure	€ mill.	19.9	19.9
Depreciation/amortization	€ mill.	24.9	26.0
Closing working capital[3]	€ mill.	229.2	206.3
Closing capital employed[4]	€ mill.	962.5	901.5
Equity	€ mill.	596.0	569.1
Net financial debt (including lease liabilities)	€ mill.	281.2	241.3
Total assets	€ mill.	1,373.1	1,276.6
Equity ratio	%	43.4	44.6
Cash flow statement data			
Gross cash flow	€ mill.	53.9	70.1
Cash flow from operating activities	€ mill.	(25.2)	10.8
Cash flow from investing activities	€ mill.	(18.6)	(26.3)
Cash flow from financing activities	€ mill.	(3.5)	68.0
Free cash flow	€ mill.	(42.0)	(15.7)
Work force data			
Average headcount during the period	Number	3,750	3,589
Core Components	Number	906	884
Customized Modules	Number	2,236	2,137
Lifecycle Solutions	Number	542	508
Vossloh AG	Number	66	60
Personnel expenses	€ mill.	111.1	106.0
Share data			
Share price as of June 30	€	30.35	42.55
Closing market capitalization as of June 30	€ mill.	533.1	747.4

[1] Based on average capital employed; annualized

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

[3] 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)

[4] Working capital plus fixed assets

Dear shareholders, ladies and gentlemen,

The review of the first half of 2022 is overshadowed by Russia's war of aggression on Ukraine and the unimaginable suffering it causes to millions of people. While a war in the middle of Europe was unimaginable for most of us until recently, we are now painfully realizing once again how sensitive our globalized economic system reacts to disruptions of any kind. At the same time, we have to deal with the continuing threats of climate change and the consequences of the coronavirus pandemic. Disrupted supply chains, regional lockdowns and unprecedented increases in the procurement prices for individual input factors have shaped our new reality. Concerns about our short- and medium-term energy security are also burdening societies and companies.

Despite all the adversities in this more than challenging environment, Vossloh performed very well in the first half of the year. With our innovative and tailored rail infrastructure solutions, we are making a major contribution to sustainable mobility all over the world and thus addressing one of the most pressing problems of our time. Our business model for the coming decades will be driven by numerous megatrends, the increasing transport needs of a growing world population, urbanization, and especially a steadily increasing environmental awareness. In addition, our business is significantly less cyclical than companies in other industries as a result of the high proportion of public funding and the high proportion of maintenance. Apart from this, we have positioned our Company efficiently and effectively in recent years. Overall, Vossloh is thus ideally positioned to continue its success in the future despite all the above mentioned crises and challenges.

As a result, we were able to continue our growth undeterred in the first half of 2022. Orders received were €693.0 million, up 50.9 percent from the previous year's figure, and the order backlog was €827.9 million, up 41.6 percent from the figure as of June 30, 2021. In the current group structure, these are historic highs for both indicators. Two major orders from China and one from Egypt for rail fastening systems for the construction of new high-speed lines with a total volume of about €130 million also contributed to this. Another important sales success was the conclusion of a framework agreement with a state rail company in Australia for the supply of concrete ties with a volume of about €90 million, making it one of the biggest order wins in the infrastructure sector in the Company's history.

Sales revenues also continued their positive development in the first half of 2022. Sales increased compared to the previous year by 3.0 percent to €476.4 million. This increase was primarily spurred by higher sales revenues in the Customized Modules division. EBIT in the first half of 2022 was €28.9 million, EBIT margin 6.1 percent. Particularly against the backdrop of the considerable pressure from increased procurement costs for materials and energy, this EBIT development is extremely remarkable. EBIT of €42.4 million in the same period of the previous year had been impacted by significantly lower material and energy prices and above all by coronavirus-related catch-up effects from 2020 in China.

For the entire year, we expect that, in many cases, we will be able to reach an agreement with customers to either pass on the higher procurement costs for materials and energy or at least to shoulder them together. Unfortunately, this is not possible in all cases. Against this backdrop, we had to slightly adjust our originally communicated capital market guidance for the current fiscal year on May 12, 2022. We now expect sales revenues to increase to between €0.95 billion and €1.05 billion (previously between €0.925 billion and €1.0 billion). This increase is partly due to our success in passing on price increases to our customers. However, this increase in sales is naturally not accompanied by additional EBIT, which, together with cost increases that are not passed through or are passed through only with a time lag, has a negative impact on the EBIT margin. Considering this, we now expect an EBITDA margin of between 11.5 and 13.5 percent (previously between 13 and 14 percent) and an EBIT margin between 6 percent and 8 percent (previously between 7.5 and 8.5 percent) for the current fiscal year. We expect our group EBIT in 2022 to be negatively impacted by around €20 million compared with our original expectations and after passing on cost increases to our customers. However, we will be able to compensate for a large portion of these additional burdens through efficiency gains and other positive developments. We have widened our forecasts to two percentage points to take account of the continuing uncertainty caused by the war in Ukraine, further price developments on the procurement side and the future course of the coronavirus pandemic.

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

Ladies and gentlemen, on behalf of myself and my colleagues on the Executive Board, I remain confident about Vossloh's future. We expect a noticeably higher profitability in the second half of 2022 compared with the previous year's period. Despite the challenges described, we continue to assume that we will be able to achieve our ambitious medium- and long-term goals. In the medium term, we are aiming for average annual sales growth of four to five percent. In terms of profitability, we will achieve double-digit EBIT margins in all divisions in the medium term and at group level in the long term. The record orders received in the first half of 2022 are clear evidence of our high competitiveness and gives us confidence that we will also successfully master the current crises.

Our business model is not only crisis-proof but also sustainable. No other means of transport is more environmentally friendly and can make better use of electricity from renewable energy sources than the rail. As a provider of rail infrastructure solutions, we make a significant contribution to achieving climate protection targets in the transport sector. We also pursue the aspiration to operate sustainably ourselves in a sustainable industry. We have incorporated the topic of sustainability as a central component of our strategy and have put it at the heart of our value system. Our performance and progress in this area have been acknowledged by several renowned rating agencies. For example, we are ranked among the top 10 percent in our industry by ISS ESG and Ecovadis.

Ladies and gentlemen, thank you for the trust you have also placed in us during the course of this year. Let us continue to promote green mobility in our world in the future and continue together on the chosen path of being a sustainably profitable and constantly growing Vossloh Group.

Yours sincerely,

Oliver Schuster
Chief Executive Officer, Vossloh AG

Interim Group management report
Business performance in the Group

Results of operations

Vossloh divisions – Orders received and order backlog

	Orders received		Order backlog	
€ mill.	H1/2022	H1/2021	6/30/2022	6/30/2021
Core Components	359.8	201.7	367.6	212.6
Customized Modules	267.0	195.3	435.2	341.4
Lifecycle Solutions	78.8	71.1	35.1	32.4
Vossloh AG/consolidation	(12.6)	(8.7)	(10.0)	(1.8)
Group	**693.0**	**459.4**	**827.9**	**584.6**

Orders received and order backlog reach peak levels

Vossloh AG and its group companies (hereinafter referred to as Vossloh) were able to significantly increase orders received and order backlog compared to the previous year. Both orders received for a six-month period and order backlog reached a new record level in the existing group structure. At €314.8 million, orders received in the second quarter of 2022 significantly exceeded the previous year's figure by €115.4 million.

At the division level, Core Components achieved exceptionally high growth in orders received in the first six months of 2022 (78.4 percent). The notable increase was mainly attributable to the Fastening Systems business unit, which more than doubled its orders received. This significant growth was mainly due to higher orders received in China and Egypt. At Vossloh Tie Technologies, the second business unit in the Core Components division, orders received also markedly exceeded the previous year's level. The increase was mainly due to higher orders received in the USA and Australia. Only a small part of the framework agreement in Australia valued at around €90 million is included in the figures presented here, as it is only reported as orders received when the agreed services are called off by the customer (for further information on the Core Components division, please refer to pages 11 et seq.). The Customized Modules division also achieved significantly higher orders received (36.7 percent). In Poland, France and Egypt, in particular, these exceeded the previous year's figure (please refer to page 13). In the Lifecycle Solutions division, orders received in the first half of 2022 were also noticeably higher than the previous year's level (10.9 percent). This is particularly related to higher orders in the Netherlands as a result of the acquisition of Vossloh ETS in the previous year (please refer to page 14).

Book-to-bill at an impressive 1.45

The Group's book-to-bill ratio as a ratio of orders received to sales revenues was at the high value of 1.45 in the first half of 2022. All divisions achieved a book-to-bill ratio greater than 1, thus demonstrating the positive trend in the group-wide order situation.

Sales revenues at group level continued the positive development in the second quarter of 2022. Sales revenues were roughly on level compared with the previous year's quarter. Based on the first half of 2022, revenues exceeded the previous year's figure by 3.0 percent. The Customized Modules and Lifecycle Solutions divisions contributed to the moderate increase in sales, while the Core Components division reported lower sales revenues than in the previous year's period.

Vossloh Group – Sales revenues by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	H1/2022		H1/2021		Q2/2022		Q2/2021	
Germany	44.5	9.3	42.2	9.1	27.4	10.8	24.5	9.6
France	42.4	8.9	36.9	8.0	20.4	8.0	19.4	7.6
Rest of Western Europe	44.6	9.4	32.7	7.1	26.4	10.4	18.9	7.4
Northern Europe	63.1	13.2	53.0	11.4	36.7	14.5	31.9	12.5
Southern Europe	46.1	9.7	38.7	8.4	22.9	9.0	22.1	8.6
Eastern Europe	38.6	8.1	28.6	6.2	21.4	8.4	17.1	6.7
Total of Europe	**279.3**	**58.6**	**232.1**	**50.2**	**155.2**	**61.1**	**133.9**	**52.4**
The Americas	43.4	9.1	44.9	9.7	26.5	10.4	22.2	8.7
Asia	89.4	18.8	123.4	26.7	40.2	15.8	70.4	27.6
Africa	10.4	2.2	9.7	2.1	2.8	1.1	3.6	1.4
Australia	53.9	11.3	52.5	11.3	29.5	11.6	25.4	9.9
Total	**476.4**	**100.0**	**462.6**	**100.0**	**254.2**	**100.0**	**255.5**	**100.0**

In the first six months, the Group significantly increased sales revenues in Europe by €47.2 million or 20.3 percent compared to the previous year. In Eastern Europe in particular, higher sales revenues were achieved in the Czech Republic in the Core Components division and in Poland in the Customized Modules division. The other European regions also contributed to sales growth. In Western Europe, sales revenues increased in particular in the Netherlands in the Lifecycle Solutions division and in France in the Customized Modules division. In Northern Europe, primarily sales revenues in the Customized Modules division in Sweden and in the Lifecycle Solutions division in Denmark were above the previous year's level. In Southern Europe, a noticeable increase in sales was achieved, particularly in Portugal and Turkey in the Customized Modules division.

In the Americas region, sales revenues in the first half of 2022 were slightly below the previous year by €1.5 million or 3.3 percent. The sales trend was mainly driven by the Tie Technologies business unit, which largely offset lower sales revenues in the USA with higher sales revenues in Canada.

In Asia, sales revenues in the first half of 2022 declined significantly year on year by €34.0 million or 27.6 percent. The main reason for the expected decline in sales was project-related lower sales contributions in China in the Fastening Systems business unit. In addition, lower sales revenues in the United Arab Emirates, among others, contributed to the sales development. In India, by contrast, the Group achieved sales growth, especially at the Fastening Systems business unit.

In Australia, group sales in the reporting period were slightly above the previous year's level (€1.4 million or 2.7 percent). Lower sales revenues in the Tie Technologies business unit were more than offset by higher sales revenues in the Fastening Systems business unit.

In Africa, sales revenues also increased slightly in the first half of the year (€0.7 million or 7.0 percent). The increase was mainly due to higher sales revenues in Egypt and Morocco in the Customized Modules division.

Vossloh Group – Sales revenues and earnings

		H1/2022	H1/2021	Q2/2022	Q2/2021
Sales revenues	€ mill.	476.4	462.6	254.2	255.5
EBITDA	€ mill.	53.8	68.4	33.7	42.8
EBITDA margin	%	11.3	14.8	13.2	16.8
EBIT	€ mill.	28.9	42.4	20.8	30.3
EBIT margin	%	6.1	9.2	8.2	11.9
Net income	€ mill.	17.3	20.6	13.6	14.5
Earnings per share	€	0.63	0.70	0.60	0.55

EBIT and EBIT margin below the previous year, mainly due to higher material and energy prices

The massive increase in procurement prices for materials and energy continued in the second quarter of 2022. Vossloh assumes that, over the year as a whole, it will be possible to pass on most of the price increases, however in many cases with a time lag. At division level, the Core Components division, and, in particular, the Fastening Systems business unit, were most affected by these developments. This was a key reason for the lower EBIT of the Core Components division compared to the prior year after the first six months of 2022. By contrast, the Customized Modules and Lifecycle Solutions divisions slightly exceeded their EBIT year on year. Considering the significantly lower material and energy prices in the prior year and the exceptionally strong China business in the Fastening Systems business unit in the prior year, the Group's EBIT in the reporting period developed highly satisfactorily under the given general conditions.

The net interest result of €(3.4) million in the first half of 2022 improved noticeably (previous year: €(4.0) million). This was mainly due to lower finance costs from financial liabilities.

Earnings per share up in the second quarter of 2022 compared to the previous year, in first half of 2022 still below previous year

In the first half of 2022, tax expense amounted to €9.2 million (previous year: €17.5 million). In addition to the lower operating result, the significant decrease was mainly due to the write-down of deferred tax assets on loss carryforwards in the previous year. Accordingly, net income in the first half of 2022 was only €3.3 million lower than in the previous year. Of the net income, €3.0 million is attributable to hybrid capital investors (previous year: €2.1 million) and €3.3 million is attributable to noncontrolling interests (previous year: €6.1 million). The net income attributable to Vossloh AG shareholders totaled €11.0 million, following a figure of €12.4 million in the previous year. The average number of shares outstanding remained unchanged at 17,564,180. Earnings per share in the first half of the year were still below the previous year's figure, but in the second quarter they were higher than in the previous year's quarter despite the lower EBIT.

Vossloh Group – Value management

		H1/2022	H1/2021	Q2/2022	Q2/2021
Average capital employed[1]	€ mill.	931.0	894.3	946.2	907.3
ROCE[2]	%	6.2	9.5	8.8	13.4
Value added[3]	€ mill.	(3.7)	11.1	4.3	14.5

[1] Capital employed = working capital plus fixed assets
[2] ROCE = EBIT / average capital employed; annualized
[3] Based on average capital employed; annualized

Positive value added in the second quarter 2022

Return on capital employed (ROCE) in the first half of 2022 was below the level of the prior year due to lower EBIT and higher average capital employed. In the second quarter of 2022, ROCE was above the WACC used to calculate the cost of capital – the weighted cost of equity and debt – of 7.0 percent, resulting in a positive value added in the second quarter of 2022. As expected, the value added in the first half of 2022 was still negative and accordingly fell short of the previous year's figure.

Financial position

Total assets saw a notable increase of 6.5 percent in comparison with year-end 2021. This was largely due to the build-up of working capital year to date. Equity at June 30, 2022 increased compared with the end of 2021 due to the positive net income in the first half of 2022. The equity ratio therefore remained at a consistently high level.

Equity ratio at half-year reporting date remains at a high level

Vossloh Group

		H1/2022/ 6/30/2022	Fiscal year 2021/ 12/31/2021	H1/2021/ 6/30/2021
Total assets	€ mill.	1,373.1	1,289.4	1,276.6
Equity	€ mill.	596.0	587.9	569.1
Equity ratio	%	43.4	45.6	44.6
Closing working capital[1]	€ mill.	229.2	175.6	206.3
Average working capital	€ mill.	201.6	194.7	197.9
Average working capital intensity[2]	%	21.2	20.6	21.4
Fixed assets[3]	€ mill.	733.3	726.0	695.3
Closing capital employed[4]	€ mill.	962.5	901.6	901.5
Average capital employed	€ mill.	931.0	896.9	894.3
Free cash flow[5]	€ mill.	(42.0)	30.6	(15.7)
Net financial debt (including lease liabilities)[6]	€ mill.	281.2	215.6	241.3

[1] 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)
[2] Working capital intensity = average working capital/sales revenues
[3] Fixed assets = intangible assets plus property, plant and equipment plus investment properties plus investments in companies accounted for using the equity method plus other noncurrent financial instruments
[4] Capital employed = working capital plus fixed assets
[5] Free cash flow = cash flow from operating activities less investments in intangible assets and property, plant and equipment as well as capital expenditure in companies accounted for using the equity method and plus cash inflows from profit distributions or the sale of companies accounted for using the equity method
[6] Net financial debt = financial liabilities minus cash and cash equivalents and short-term securities

Also as a result of the higher sales revenues, working capital as of June 30, 2022 substantially exceeded the previous year's figure by 11.1 percent. In some cases, materials were stockpiled to reduce risks from possible bottlenecks in the supply of materials. Average working capital intensity was nevertheless slightly reduced by 0.2 percentage points, which is all the more impressive against the backdrop of the tremendous rise in material prices. The capital employed as of June 30, 2022 was higher than the previous year's figure as of June 30, 2021, mainly as a result of higher fixed assets as well as the higher working capital. Net financial debt including lease liabilities increased by €39.9 million compared with the figure at the end of the first half of 2021, mainly due to the increase in working capital.

Capital expenditure[1]

€ mill.	H1/2022	H1/2021	Q2/2022	Q2/2021
Core Components	7.8	10.1	4.9	5.6
Customized Modules	6.0	4.6	3.8	3.4
Lifecycle Solutions	5.0	4.5	1.8	2.4
Vossloh AG/consolidation	1.1	0.7	0.7	0.5
Total	**19.9**	**19.9**	**11.2**	**11.9**

[1] The capital expenditure reported here does not match the figures in the cash flow statement, which only include cash-effective investments.

Capital expenditure in the first half of 2022 at the same level as the previous year

Capital expenditure at group level in the first half of 2022 was on par with the previous year. In the Core Components division, capital expenditure at the Fastening Systems business unit fell short of the previous year's figure as the latter had included noticeably higher capital expenditure for the construction of the state-of-the-art production facility for rail fastening systems in Werdohl. The Tie Technologies business unit invested mainly in optimizing production processes at the Australian production sites. Capital expenditure in the Customized Modules division increased considerably. The highest single capital expenditure related to the expansion of a switch milling machine to shorten lead times at the Swedish location. In the Lifecycle Solutions division, capital expenditure in the first half of 2022 was also above the corresponding previous year's figure. A significant individual investment affected the further development of a high-performance milling machine that achieves more material removal on the rail and a higher operating speed.

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. The Fastening Systems business unit is a world-leading supplier of rail fastening systems. The products are developed, produced and sold by Vossloh for all areas of application worldwide, from heavy-load to high-speed routes as well as regional transportation. 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 switch ties, concrete low-vibration blocks for slab track and crossing panels.

Core Components

		H1/2022/ 6/30/2022	H1/2021/ 6/30/2021	Q2/2022	Q2/2021
Orders received	€ mill.	359.8	201.7	163.2	102.2
Order backlog	€ mill.	367.6	212.6	–	–
Sales revenues[1]	€ mill.	212.9	230.4	111.5	125.4
EBITDA	€ mill.	28.3	47.7	14.0	26.3
EBITDA margin	%	13.3	20.7	12.6	21.0
EBIT	€ mill.	17.3	35.2	8.3	20.6
EBIT margin	%	8.1	15.3	7.4	16.4
ROCE[2]	%	9.8	20.0	9.2	22.7
Value added[2]	€ mill.	5.0	22.9	2.0	14.2

[1] Sales revenues include external sales revenues and sales to other divisions.
[2] Based on average capital employed; annualized

The Core Components division recorded significantly higher orders received in the first half of 2022 compared with the prior-year period. Both business units recorded an increase in orders received. The overall book-to-bill ratio of the division was at a remarkable 1.69 after six months.

Book-to-bill ratio after the first six months of 2022 at a respectable 1.69

The Fastening Systems business unit generated orders received of €111.4 million in the second quarter of 2022 (previous year: €68.5 million). In the first half of 2022, new orders came to a volume of €274.1 million, compared with €125.0 million in the previous year. The significant increase was mainly due to large orders won for the supply of rail fastening systems for the construction of two new high-speed lines in China and a high-speed line in northern Egypt. As of June 30, 2022, the Fastening Systems business unit's order backlog amounted to €283.1 million (previous year: €141.2 million).

Orders received by the Tie Technologies business unit were €59.1 million in the second quarter of 2022 (previous year: €31.3 million). In the first half of 2022, the business unit's orders received totaled €94.6 million (previous year: €76.9 million). Growth in the USA and Australia more than compensated for lower orders received in Canada and Mexico. The order backlog as of June 30, 2022, increased to €93.2 million (previous year: €74.1 million).

Sales revenues still below previous year, which benefited from Covid-19 catch-up effect

Sales revenues in the Core Components division in the first six months of fiscal year 2022 were below the high figure in the previous year.

The Fastening Systems business unit recorded slightly lower sales revenues of €148.9 million in the first half of 2022 (previous year: €156.4 million). Significantly lower revenues in the Chinese market – the previous year's figure benefited from catch-up effects from the Covid-19 pandemic – could not be fully offset. Due to a noticeable increase in operating activities, two previously immaterial companies in Australia and the Czech Republic were fully consolidated in the second half of 2021 and in the reporting period, respectively. The additional sales contributions, totaling a high single-digit million amount, had a positive impact on sales development in the first half of 2022.

In the first six months of the current year, the Tie Technologies business unit generated sales revenues of €67.4 million (previous year: €77.2 million). In comparison to the prior year, sales revenues decreased in both the USA and Australia, mainly due to expired projects. Comparatively, sales revenues increased at the site in Canada.

EBIT in the first half of 2022 impacted by a sharp rise in procurement costs

The EBIT in the Core Components division in the first half of 2022 fell noticeably short of the prior-year figure due to significantly higher material and energy prices and exceptionally strong business in China in the previous year. Measures to limit additional burdens from material and energy prices are currently being implemented. In the Core Components division, Vossloh expects noticeably higher earnings contributions in the further course of the year than in the first half of fiscal 2022 despite the persistently high material and energy prices.

In line with the EBIT development, ROCE in the Core Components division was significantly below the previous year's level in the first half of the year. Average capital employed remained almost unchanged compared to the same period of the previous year. A decrease in average working capital offset the increase in average fixed assets compared to the same period of the previous year. Average working capital intensity was slightly lower than a year earlier despite a significant increase in procurement costs and higher stockpiling, in particular due to an improved receivables and advance payment management. In line with the EBIT development, the value added from the Core Components division also decreased significantly, but still remained nevertheless positive in a challenging market environment. In the Fastening Systems business unit, value added decreased to €6.8 million due to the burdens of significantly higher material and energy prices and an exceptionally strong project mix in the prior year (previous year: €22.2 million). Value added from the Tie Technologies business unit was slightly negative and amounted to €(1.8) million (previous year: €0.8 million).

Core Components

		H1/2022	Fiscal year 2021	H1/2021
Average working capital	€ mill.	112.0	117.5	123.9
Average working capital intensity	%	26.3	27.4	26.9
Average capital employed	€ mill.	351.7	346.5	351.9

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 switch systems worldwide. The product portfolio covers a very wide range of applications, extending from light-rail to high-speed applications.

Customized Modules

		H1/2022/ 6/30/2022	H1/2021/ 6/30/2021	Q2/2022	Q2/2021
Orders received	€ mill.	267.0	195.3	121.0	68.3
Order backlog	€ mill.	435.2	341.4	–	–
Sales revenues[1]	€ mill.	216.0	192.3	111.4	105.0
EBITDA	€ mill.	22.5	21.2	13.8	13.9
EBITDA margin	%	10.4	11.0	12.4	13.2
EBIT	€ mill.	15.2	14.6	10.0	10.6
EBIT margin	%	7.0	7.6	9.0	10.1
ROCE[2]	%	8.0	8.0	10.5	11.6
Value added[2]	€ mill.	2.0	1.9	3.4	4.2

[1] Sales revenues include external sales revenues and sales to other divisions.
[2] Based on average capital employed; annualized

Orders received and order backlog significantly higher than the previous year

Orders received in the Customized Modules division in the first half of 2022 significantly exceeded the figure from the previous year. The increase amounted to 36.7 percent. Higher orders received were recorded primarily in Eastern and Western Europe, especially in Poland and France. By contrast, orders received in Israel and Australia, in particular, were below the level of the previous year. The book-to-bill ratio for the division as a whole was 1.24. The order backlog rose sharply compared to the same period of the previous year.

Significant increase in sales in first half of 2022

Sales revenues in the Customized Modules division considerably exceeded the first half of 2021. Among other things, the full consolidation of a company in Portugal, which had still been accounted for using the equity method in the same period of the previous year, had a positive effect of €8.1 million. Sales revenues also increased particularly in Sweden, France and the Netherlands.

Positive earnings performance continues

In the first six months of the current year, the Customized Modules division achieved a slight improvement in EBIT year on year despite higher procurement costs. This was mainly due to higher earnings contributions from the sites in France, Australia and Sweden.

ROCE in the Customized Modules division remained constant year on year in the first half of 2022. Average capital employed increased by 4.3 percent compared with the first half of 2021. Value added was again positive in the first half of 2022 and showed little change compared to the same period of the previous year.

Customized Modules

		H1/2022	Fiscal year 2021	H1/2021
Average working capital	€ mill.	74.5	69.5	66.8
Average working capital intensity	%	17.3	16.6	17.4
Average capital employed	€ mill.	378.7	366.6	363.0

Business performance Lifecycle Solutions

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

Lifecycle Solutions

		H1/2022/ 6/30/2022	H1/2021/ 6/30/2021	Q2/2022	Q2/2021
Orders received	€ mill.	78.8	71.1	36.4	32.2
Order backlog	€ mill.	35.1	32.4	–	–
Sales revenues[1]	€ mill.	56.5	47.8	36.6	28.2
EBITDA	€ mill.	7.8	7.2	7.0	6.6
EBITDA margin	%	13.8	15.0	19.2	23.2
EBIT	€ mill.	1.6	1.1	3.9	3.5
EBIT margin	%	2.8	2.2	10.6	12.3
ROCE[2]	%	1.6	1.2	7.7	7.7
Value added[2]	€ mill.	(5.4)	(5.2)	0.3	0.3

[1] Sales revenues include external sales revenues and sales to other divisions.
[2] Based on average capital employed; annualized

Significant increase in orders received

Compared to the previous year, orders received in the Lifecycle Solutions division increased noticeably during the first half of 2022. Lower orders received primarily in Germany and China were more than offset by higher orders received mainly in the Netherlands and Norway. The book-to-bill ratio of the division amounted to 1.39.

Sales revenues in the Lifecycle Solutions division in the first half of 2022 were significantly above the prior-year level. This was mainly due to sales contributions from the Dutch company Vossloh ETS acquired in July 2021. This was partly offset by lower revenues from the sale of track maintenance machines. The degree of internationalization of the Lifecycle Solutions division's activities, measured in terms of the proportion of sales outside Germany, was 55.7 percent (previous year: 42.8 percent).

EBIT and EBIT margin improved year on year

EBIT and EBIT margin of the Lifecycle Solutions division in the first half of 2022 slightly exceeded the previous year's figure due to a strong second quarter. The main contributors to this positive development were improved earnings from the maintenance business and the acquired company Vossloh ETS.

There were hardly any changes in ROCE and value added of the Lifecycle Solutions division in the first half of 2022 relative to the reported figures for the previous year. Average capital employed increased noticeably, mainly due to higher average working capital, but also in part due to higher average fixed assets, among others, as a result of the acquisition of the Dutch company.

Lifecycle Solutions

		H1/2022	Fiscal year 2021	H1/2021
Average working capital	€ mill.	19.5	13.0	12.3
Average working capital intensity	%	17.3	11.2	12.9
Average capital employed	€ mill.	199.9	184.3	179.4

Workforce

As of June 30, 2022, the Group had a total of 3,762 employees worldwide. This means that the number of employees has risen by 186 or 5.2 percent from 3,576 in the past twelve months. The increase is mainly attributable to a Portuguese company that has been fully consolidated since October last year.

3,762 employees worked for Vossloh at the end of June 2022

Workforce	Closing date		Average	
	6/30/2022	6/30/2021	H1/2022	H1/2021
Core Components	893	872	906	884
Customized Modules	2,257	2,136	2,236	2,137
Lifecycle Solutions	546	507	542	508
Vossloh AG	66	61	66	60
Group	**3,762**	**3,576**	**3,750**	**3,589**

The Core Components division reported a slightly higher average number of employees in the first half of 2022 compared with the previous year. The increase was attributable to the Fastening Systems business unit, where the average number of employees rose from 532 in the previous year to 552 in the first half of 2022. At 354, the average number of employees at Vossloh Tie Technologies, the second business unit of the Core Components division, was at the previous year's level (352 employees). The increase in the average number of employees in the Customized Modules division is largely attributable to the full consolidation of a Portuguese company since October 2021. The average number of employees in the Lifecycle Solutions division increased noticeably compared to the same period of the previous year following the acquisition of the Dutch company Vossloh ETS in July 2021.

Out of the overall average number of employees, 73.8 percent (previous year: 72.5 percent) were employed at the European sites. Of the remaining 26.2 percent, 53.3 percent (previous year: 53.7 percent) were active in Asia, 25.8 percent (previous year: 25.7 percent) in the North American region and 20.9 percent (previous year: 20.6 percent) in Australia.

Forecast, opportunities and risks

The Group management report for the 2021 fiscal year describes the material risks and opportunities for the expected performance of the Vossloh Group. Further risks cannot be ruled out and could adversely affect business performance. Overall, there are no discernible risks that individually, in combination or as a whole pose a threat to the continued existence of the Group as a going concern.

With the presentation of the Annual Report for 2021 on March 17, 2022, Vossloh published a detailed forecast for the 2022 fiscal year (see 2021 Annual Report starting on page 76). The sales revenues and earnings forecast were updated on May 12, 2022. For the current fiscal year, the Executive Board now expects higher sales revenues than assumed in the 2021 Annual Report. From today's perspective, the Executive Board expects sales revenues between €0.95 billion and €1.05 billion. The expectation contained in the 2021 Annual Report was in a corridor between €0.925 billion and €1.0 billion. Higher sales contributions compared to the original forecast are expected in the Core Components division in particular. Vossloh now anticipates noticeable higher sales revenues compared to the same period of the previous year, especially for the Fastening Systems business unit. In addition to the good order situation and positive exchange rate effects, a key driver of this development is the passing on of higher procurement prices for materials and energy to the customers. In the Tie Technologies business unit, sales revenues are expected to be on a par the with the previous year. Vossloh is anticipating noticeably higher sales revenues for the Customized Modules division, largely due to higher sales revenues in Sweden, Portugal and Turkey. In the Lifecycle Solutions division, Vossloh expects to see a significant increase in sales, mainly due to the acquisition of Vossloh ETS.

As described, the expected increase in sales is largely due to passing on cost increases. This additional revenue is not accompanied by any additional EBIT, and together with the procurement costs not passed on by the Company or passed on with a time lag, there is a negative impact on the profitability of the Group. On this basis, the Company now expects an EBITDA margin between 11.5 percent and 13.5 percent and an EBIT margin between 6 percent and 8 percent for the current fiscal year. In order to take account of the current uncertainties surrounding the war in Ukraine and the further development of the Covid-19-pandemic, as well as the resulting impacts on procurement markets, the forecast corridor has been extended to two percentage points. The original forecast was for an EBITDA margin between 13 percent and 14 percent and an EBIT margin between 7.5 percent and 8.5 percent.

Due to the developments described above, the value added in the 2022 fiscal year is expected to be in a corridor between €(5) million and €15 million. The weighted average cost of capital before taxes (WACC) relevant for internal management purposes will again be 7.0 percent in the 2022 fiscal year. Originally, a value added between €5 million and €20 million was expected in the 2021 Annual Report.

Condensed Interim Financial Statements of the Vossloh Group as of June 30, 2022

Income statement

€ mill.	H1/2022	H1/2021	Q2/2022	Q2/2021
Sales revenues	476.4	462.6	254.2	255.5
Cost of sales	(376.4)	(345.1)	(197.6)	(187.6)
General administrative and selling expenses	(75.2)	(76.6)	(37.6)	(38.4)
Allowances and write-ups of financial assets	(0.2)	0.4	(0.1)	0.0
Research and development costs	(4.3)	(4.6)	(2.4)	(2.5)
Other operating income	9.2	5.4	3.1	2.4
Other operating expense	(1.8)	(2.7)	0.3	0.1
Operating result	**27.7**	**39.4**	**19.9**	**29.5**
Result from investments in companies accounted for using the equity method	1.2	1.7	0.9	0.8
Other financial income	0.0	1.3	0.0	0.0
Earnings before interest and taxes (EBIT)	**28.9**	**42.4**	**20.8**	**30.3**
Interest income	0.0	0.7	(0.2)	(0.4)
Interest and similar expense	(3.4)	(4.7)	(1.9)	(2.4)
Earnings before taxes (EBT)	**25.5**	**38.4**	**18.7**	**27.5**
Income taxes	(9.2)	(17.5)	(6.1)	(12.7)
Result from continuing operations	**16.3**	**20.9**	**12.6**	**14.8**
Result from discontinued operations	1.0	(0.3)	1.0	(0.3)
Net income	**17.3**	**20.6**	**13.6**	**14.5**
thereof attributable to shareholders of Vossloh AG	**11.0**	**12.4**	**10.6**	**9.6**
thereof attributable to hybrid capital investors	3.0	2.1	1.5	1.5
thereof attributable to noncontrolling interests	3.3	6.1	1.5	3.4
Earnings per share				
Basic/diluted earnings per share (€)	0.63	0.70	0.60	0.55
thereof attributable to continuing operations	0.57	0.72	0.54	0.56
thereof attributable to discontinued operations	0.06	(0.02)	0.06	(0.01)

Statement of comprehensive income

€ mill.	H1/2022	H1/2021	Q2/2022	Q2/2021
Net income	**17.3**	**20.6**	**13.6**	**14.5**
Changes in fair value of hedging instruments (cash flow hedges)	0.0	(0.1)	(0.1)	0.0
Currency translation differences	10.0	5.2	3.9	1.4
Amounts that will potentially be transferred to profit or loss in future periods	**10.0**	**5.1**	**3.8**	**1.4**
Income and expenses recognized directly in equity	**10.0**	**5.1**	**3.8**	**1.4**
Total comprehensive income	**27.3**	**25.7**	**17.4**	**15.9**
thereof attributable to shareholders of Vossloh AG	19.8	16.4	14.1	10.9
thereof attributable to hybrid capital investors	3.0	2.1	1.5	1.5
thereof attributable to noncontrolling interests	4.5	7.2	1.8	3.5

Cash flow statement for the period from January 1 to June 30, 2022

€ mill.	H1/2022	H1/2021
Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	28.9	42.4
EBIT from discontinued operations	1.0	(0.3)
Amortization/depreciation/impairment losses/reversal of impairment losses of noncurrent assets	24.9	25.8
Change in noncurrent provisions	(0.9)	2.2
Gross cash flow	**53.9**	**70.1**
Noncash change in investments in companies accounted for using the equity method	(1.2)	(2.8)
Other noncash income/expenses, net	(3.5)	(2.1)
Gains/losses from the disposal of noncurrent assets	0.0	0.3
Income taxes paid	(11.2)	(10.5)
Change in working capital	(52.8)	(37.1)
Changes in other assets/liabilities, net	(10.4)	(7.1)
Cash flow from operating activities	**(25.2)**	**10.8**
Cash flow from investing activities		
Capital expenditure in intangible assets and property, plant and equipment	(16.8)	(27.0)
Cash-effective dividends from companies accounted for using the equity method	0.0	0.5
Free cash flow	**(42.0)**	**(15.7)**
Proceeds from the disposal of intangible assets and property, plant and equipment	0.2	1.4
Disbursements/proceeds from the purchase/sale of short-term securities	(2.0)	(0.5)
Proceeds from disposals of noncurrent financial instruments	0.0	0.1
Proceeds from the disposal of consolidated companies	0.0	(0.8)
Cash flow from investing activities	**(18.6)**	**(26.3)**
Cash flow from financing activities		
Disbursements to shareholders and noncontrolling interests	(18.1)	(21.9)
Net cash inflow from hybrid capital	0.0	148.4
Payments to hybrid capital investors	(6.0)	0.0
Net financing from short-term loans	(23.9)	1.9
Net financing from medium-term and long-term loans	52.0	(52.6)
Repayments from leases	(5.5)	(5.5)
Interest received	0.1	0.6
Interest paid and similar expenses	(2.1)	(2.9)
Cash flow from financing activities	**(3.5)**	**68.0**
Net cash inflow/outflow	(47.3)	52.5
Change in cash and cash equivalents from the first-time consolidation of companies	1.5	0.3
Exchange rate effects	2.0	0.9
Opening cash and cash equivalents	**29.6**	**32.7**
Closing cash and cash equivalents	**(14.2)**	**86.4**

For more information on the cash flow statement, see page 29

Balance sheet

Assets in € mill.	6/30/2022	12/31/2021	6/30/2021
Intangible assets	349.4	343.2	317.5
Property, plant and equipment	323.3	323.8	317.1
Investment properties	7.3	7.4	4.4
Investments in companies accounted for using the equity method	49.0	47.6	51.5
Other noncurrent financial instruments	4.6	4.4	4.9
Other noncurrent assets	3.3	4.1	3.2
Deferred tax assets	11.9	12.3	12.4
Noncurrent assets	**748.8**	**742.8**	**711.0**
Inventories	252.4	195.0	187.2
Trade receivables	241.2	214.5	227.5
Contract assets	7.5	2.9	5.4
Income tax assets	8.6	7.0	6.5
Other current financial instruments	13.9	17.7	17.6
Other current assets	37.8	33.5	28.8
Short-term securities	2.9	1.0	1.4
Cash and cash equivalents	60.0	75.0	91.2
Current assets	**624.3**	**546.6**	**565.6**
Assets	**1,373.1**	**1,289.4**	**1,276.6**

Equity and liabilities in € mill.	6/30/2022	12/31/2021	6/30/2021
Capital stock	49.9	49.9	49.9
Additional paid-in capital	190.4	190.4	190.4
Retained earnings and net income	168.2	172.0	162.7
Hybrid capital	148.3	148.3	148.4
Accumulated other comprehensive income	6.6	(1.3)	(8.8)
Equity excluding noncontrolling interests	**563.4**	**559.3**	**542.6**
Noncontrolling interests	32.6	28.6	26.5
Equity	**596.0**	**587.9**	**569.1**
Pension provisions/provisions for other post-employment benefits	34.9	34.5	36.1
Other noncurrent provisions	12.7	16.5	13.2
Noncurrent financial liabilities	300.5	222.4	155.7
Noncurrent trade payables	0.0	1.0	0.0
Other noncurrent liabilities	5.8	2.9	2.9
Deferred tax liabilities	12.3	12.2	7.5
Noncurrent liabilities	**366.2**	**289.5**	**215.4**
Other current provisions	58.5	56.3	54.1
Current financial liabilities	43.6	69.2	178.2
Current trade payables	161.1	149.2	143.8
Current income tax liabilities	5.9	6.8	9.4
Other current liabilities	141.8	130.5	106.6
Current liabilities	**410.9**	**412.0**	**492.1**
Equity and liabilities	**1,373.1**	**1,289.4**	**1,276.6**

Statement of changes in equity

€ mill.	Capital stock	Additional paid-in capital	Retained earnings and net income	Hybrid capital	Accumulated other comprehensive income			Equity excluding non-controlling interests	Noncontrolling interests	Total
					Reserves for currency translation	Reserves for hedging transactions	Reserves for the remeasurement of defined benefit plans			
As of 12/31/20	**49.9**	**190.4**	**170.2**	**–**	**(13.6)**	**(0.6)**	**0.2**	**396.5**	**15.9**	**412.4**
Transfer to retained earnings			0.2				(0.2)	0.0		0.0
Issuance of hybrid capital				148.3				148.3		148.3
Change in the scope of consolidation			(2.5)		1.4		0.0	(1.1)	3.4	2.3
Net income			12.4	2.1				14.5	6.1	20.6
Income and expenses recognized directly in equity after taxes					4.1	(0.1)	0.0	4.0	1.1	5.1
Dividend payments			(17.6)					(17.6)	0.0	(17.6)
Compensation to hybrid capital investors				(2.1)				(2.1)		(2.1)
As of 6/30/21	**49.9**	**190.4**	**162.7**	**148.3**	**(8.1)**	**(0.7)**	**0.0**	**542.5**	**26.5**	**569.0**
Change in the scope of consolidation			0.1					0.1	2.2	2.3
Other effects			(1.3)		0.1	0.3		(0.9)	0.9	0.0
Net income			10.7	3.0				13.7	1.6	15.3
Income and expenses recognized directly in equity after taxes					5.8	0.1	1.2	7.1	1.7	8.8
Dividend payments			(0.2)					(0.2)	(4.3)	(4.5)
Compensation to hybrid capital investors				(3.0)				(3.0)		(3.0)
As of 12/31/21	**49.9**	**190.4**	**172.0**	**148.3**	**(2.2)**	**(0.3)**	**1.2**	**559.3**	**28.6**	**587.9**
Transfer to retained earnings			1.2				(1.2)	0.0		0.0
Change in the scope of consolidation			1.6		0.3			1.9	0.0	1.9
Other effects			0.0					0.0		0.0
Net income			11.0	3.0				14.0	3.3	17.3
Income and expenses recognized directly in equity after taxes					8.8	0.0	0.0	8.8	1.2	10.0
Dividend payments			(17.6)					(17.6)	(0.5)	(18.1)
Compensation to hybrid capital investors				(3.0)				(3.0)		(3.0)
As of 6/30/22	**49.9**	**190.4**	**168.2**	**148.3**	**6.9**	**(0.3)**	**0.0**	**563.4**	**32.6**	**596.0**

Explanatory notes

Segment information by division and business unit*

			Fastening Systems	Tie Technologies	Consolidation
Value added	H1/2022	€ mill.	6.8	(1.8)	0.0
	H1/2021	€ mill.	22.2	0.8	(0.1)
	Q2/2022	€ mill.	2.3	(0.3)	0.0
	Q2/2021	€ mill.	12.8	1.5	(0.1)
Information from income statement/flow figures					
External sales revenues	H1/2022	€ mill.	140.8	66.6	0.0
	H1/2021	€ mill.	149.2	73.2	0.0
	Q2/2022	€ mill.	69.9	38.6	0.0
	Q2/2021	€ mill.	86.2	35.6	0.0
Internal sales revenues	H1/2022	€ mill.	8.1	0.8	(3.4)
	H1/2021	€ mill.	7.2	4.0	(3.2)
	Q2/2022	€ mill.	5.0	0.3	(2.3)
	Q2/2021	€ mill.	4.7	1.0	(2.1)
Depreciation/amortization	H1/2022	€ mill.	5.2	5.8	0.0
	H1/2021	€ mill.	4.2	8.2	0.0
	Q2/2022	€ mill.	2.7	3.0	0.0
	Q2/2021	€ mill.	2.0	3.7	0.0
Capital expenditure in noncurrent assets	H1/2022	€ mill.	5.0	2.8	0.0
	H1/2021	€ mill.	7.9	2.2	0.0
	Q2/2022	€ mill.	2.9	2.0	0.0
	Q2/2021	€ mill.	5.1	0.5	0.0
Result from investments in companies accounted for using the equity method	H1/2022	€ mill.	0.4	0.0	0.0
	H1/2021	€ mill.	0.1	0.0	0.0
	Q2/2022	€ mill.	0.3	0.0	0.0
	Q2/2021	€ mill.	0.1	0.0	0.0
Result from discontinued operations	H1/2022	€ mill.	0.0	0.0	0.0
	H1/2021	€ mill.	0.0	0.0	0.0
	Q2/2022	€ mill.	0.0	0.0	0.0
	Q2/2021	€ mill.	0.0	0.0	0.0
Impairment losses	H1/2022	€ mill.	0.0	0.0	0.0
	H1/2021	€ mill.	0.0	0.0	0.0
	Q2/2022	€ mill.	0.0	0.0	0.0
	Q2/2021	€ mill.	0.0	0.0	0.0
Reversals of impairment losses	H1/2022	€ mill.	0.0	0.0	0.0
	H1/2021	€ mill.	0.0	0.0	0.0
	Q2/2022	€ mill.	0.0	0.0	0.0
	Q2/2021	€ mill.	0.0	0.0	0.0
Information from the balance sheet					
Total assets	6/30/2022	€ mill.	340.3	223.6	(5.4)
	6/30/2021	€ mill.	320.6	203.0	(3.5)
Liabilities	6/30/2022	€ mill.	185.9	64.6	(5.4)
	6/30/2021	€ mill.	177.7	57.6	(3.5)
Investments in companies accounted for using the equity method	6/30/2022	€ mill.	5.4	0.0	0.0
	6/30/2021	€ mill.	4.4	0.0	0.0
Average headcount of the reporting period	H1/2022	Number	552	354	0
	H1/2021	Number	532	352	0

* For more segment information, see page 30 et seq.

**The Consolidation column incorporates the elimination of reclassified income, expenses and balance sheet items of reporting segments reported as discontinued operations as required in accordance with IFRS 5.

	Core Components	Customized Modules (Switch Systems)	Lifecycle Solutions (Rail Services)	Holding companies	Consolidation/result from discontinued operations**	Group
	5.0	**2.0**	**(5.4)**	(6.4)	1.1	**(3.7)**
	22.9	**1.9**	**(5.2)**	(10.6)	2.1	**11.1**
	2.0	**3.4**	**0.3**	(1.8)	0.4	**4.3**
	14.2	**4.2**	**0.3**	(5.3)	1.1	**14.5**
	207.4	**215.1**	**53.9**	0.0	0.0	**476.4**
	222.4	**191.7**	**45.5**	0.0	0.0	**459.6**
	108.5	**110.8**	**34.9**	0.0	0.0	**254.2**
	121.8	**104.9**	**26.8**	0.0	0.0	**253.5**
	5.5	**0.9**	**2.6**	0.0	(9.0)	**0.0**
	8.0	**0.6**	**2.3**	0.0	(7.9)	**3.0**
	3.0	**0.6**	**1.7**	0.0	(5.3)	**0.0**
	3.6	**0.1**	**1.4**	0.0	(3.1)	**2.0**
	11.0	**7.4**	**6.2**	0.3	0.0	**24.9**
	12.4	**6.6**	**6.1**	0.4	0.0	**25.5**
	5.7	**3.8**	**3.1**	0.2	0.0	**12.8**
	5.7	**3.3**	**3.1**	0.2	0.0	**12.3**
	7.8	**6.0**	**5.0**	1.1	0.0	**19.9**
	10.1	**4.6**	**4.5**	0.7	0.0	**19.9**
	4.9	**3.8**	**1.8**	0.7	0.0	**11.2**
	5.6	**3.4**	**2.4**	0.5	0.0	**11.9**
	0.4	**0.1**	**0.7**	0.0	0.0	**1.2**
	0.1	**1.3**	**0.3**	0.0	0.0	**1.7**
	0.3	**0.1**	**0.5**	0.0	0.0	**0.9**
	0.1	**0.6**	**0.1**	0.0	0.0	**0.8**
	0.0	**0.0**	**0.0**	0.0	1.0	**1.0**
	0.0	**0.0**	**0.0**	(0.3)	0.0	**(0.3)**
	0.0	**0.0**	**0.0**	0.0	1.0	**1.0**
	0.0	**0.0**	**0.0**	(0.3)	0.0	**(0.3)**
	0.0	**0.0**	**0.0**	1.0	(1.0)	**0.0**
	0.0	**0.0**	**0.0**	0.5	0.0	**0.5**
	0.0	**0.0**	**0.0**	1.0	(1.0)	**0.0**
	0.0	**0.0**	**0.0**	0.1	0.0	**0.1**
	0.0	**0.0**	**0.0**	0.0	0.0	**0.0**
	0.0	**0.0**	**0.0**	0.0	0.0	**0.0**
	0.0	**0.0**	**0.0**	0.0	0.0	**0.0**
	0.0	**0.0**	**0.0**	0.0	0.0	**0.0**
	558.5	**588.2**	**270.6**	1,294.1	(1,338.3)	**1,373.1**
	520.1	**536.8**	**234.4**	1,278.7	(1,293.4)	**1,276.6**
	245.1	**328.2**	**251.8**	431.4	(479.4)	**777.1**
	231.8	**290.1**	**212.6**	408.2	(435.2)	**707.5**
	5.4	**31.4**	**12.2**	0.0	0.0	**49.0**
	4.4	**36.3**	**10.8**	0.0	0.0	**51.5**
	906	**2,236**	**542**	66	0	**3,750**
	884	**2,137**	**508**	60	0	**3,589**

Corporate background

Vossloh AG is a listed company based in Werdohl, Germany. The Company is registered under HRB 5292 in the commercial register of the Iserlohn Local Court. The Vossloh Group’s key activities include the development, manufacture and sale of rail infrastructure products as well as the provision of rail-related services (logistics, welding, preventive care).

Accounting policies

The interim financial report of the Vossloh Group as of June 30, 2022, has been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU. The amendments to standards IFRS 3, IAS 16 and IAS 37 were applicable for the first time in the 2022 fiscal year, in addition to the amendments arising from the annual improvements to IFRS Standards for the 2018 to 2020 cycle. This had no effect on the interim financial statements. Otherwise, the accounting and valuation methods used in the preparation of the interim financial statements correspond to those of the consolidated financial statements as of December 31, 2021, in accordance with the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and Standard 16 “Interim Financial Reporting” of the Accounting Standards Committee of Germany.

Preparing the interim consolidated financial statements requires management to make certain assumptions and estimates. Because of this, the actual future values may differ from those estimates and hence from the amounts disclosed in the interim report.

The business activities of the Vossloh Group are subject to seasonal effects to a certain degree; the business performance is normally stronger in the second quarter than in the first quarter. The calculation of income taxes is based on a tax rate of 31.98 percent for domestic companies. The calculation of income taxes for foreign companies is based on the respective national tax rates. Figures for the previous year generally pertain to the first half of 2021 or June 30, 2021, unless indicated otherwise.

Significant events and impact of the COVID-19 pandemic and the war in Ukraine

The COVID-19 pandemic only had a small direct impact on the business units in the first half of 2022; this did not result in any material impairment of the business activities of Vossloh. As already described in the 2021 Annual Report, the defining characteristics of the rail sector are only subject to minimal risks; as such, there is no need for adjustments in regard to the Group’s strategy and goals. However, the increase in the prices for energy procurement and key materials caused by the ongoing disruption to supply chains and the war in Ukraine had a significant impact during the reporting period, and we expect to see further effects for the rest of the 2022 fiscal year. The extent of the impact on the Group’s net assets, financial position and results of operations will depend to a large degree on the extent to which the price increases that have occurred for the factors used can be compensated by higher sales revenues in connection with price escalator clauses or individually negotiated price increases on the sales side.

The armed conflict in Ukraine and the sanctions imposed on Russian individuals and institutions have not had a material impact on the Group other than the previously mentioned price increases and their effect on the Group’s earnings position. There was no impairment of the Group’s substantial assets.

Vossloh is continuing to assess the impact that Russia cutting its gas supply may have on the operations of the group companies and the resulting risks.

From today’s perspective, production at the Werdohl location would be significantly affected in the event of a gas shortage. However, options for securing and maintaining business have been identified and are currently being evaluated. Purchase prices for gas have been largely secured for the current fiscal year.

Presentation of discontinued operations

Expenses and income from discontinued operations in the reporting period and comparative periods resulted solely from the continuing effects of earlier disposals of business units.

The following table shows a breakdown of the result from discontinued operations in the income statement:

€ mill.	H1/2022	H1/2021	Q2/2022	Q2/2021
Income	–	–	–	–
Expenses	–	–	–	–
Result from operating activities, before taxes	**–**	**–**	**–**	**–**
Income taxes	–	–	–	–
Result from operating activities, after taxes	–	**–**	–	**–**
Impairment loss on noncurrent assets	–	–	–	–
Subsequent effects from former business units	1.0	(0.3)	1.0	(0.3)
Result from discontinued operations	**1.0**	**(0.3)**	**1.0**	**(0.3)**
thereof attributable to shareholders of Vossloh AG	1.0	(0.3)	1.0	(0.3)
thereof attributable to noncontrolling interests	–	–	–	–

Scope of consolidation

Compared with the balance sheet date of December 31, 2021, the scope of consolidation has been expanded, on the one hand, by the inclusion of a previously immaterial company in the Fastening Systems business unit in the scope of consolidation as of January 1, 2022, and reduced, on the other hand, by the restructuring under company law of the domestic companies of the Rail Services business unit. As part of the latter transactions, five German companies were merged by the end of June 2022 into the former Vossloh Rail Center GmbH, now operating under the name Vossloh Rail Services Deutschland GmbH.

Consequently, as of June 30, 2022, 53 companies (previous year: 55), nine of which are in Germany (previous year: 14), were consolidated and included in the consolidated financial statements of Vossloh AG. Seven (previous year: nine) investments in associated companies or joint ventures were accounted for using the equity method, one of which is in Germany (previous year: one).

Sales revenues

€ mill.	H1/2022	H1/2021	Q2/2022	Q2/2021
Sales of products				
Fastening Systems	148.9	156.4	74.9	90.9
Tie Technologies	67.4	77.2	38.9	36.6
Consolidation	(3.4)	(3.2)	(2.3)	(2.1)
Core Components	212.9	230.4	111.5	125.4
Customized Modules	215.4	191.2	111.5	103.6
Lifecycle Solutions	7.3	9.1	4.9	4.1
Consolidation	(9.0)	(7.9)	(5.3)	(3.1)
Group	**426.6**	**422.8**	**222.6**	**230.0**
Sales revenues from rendering services				
Lifecycle Solutions	44.6	35.3	29.1	22.1
Group	**44.6**	**35.3**	**29.1**	**22.1**
Sales revenues from customer-specific manufacturing				
Customized Modules	0.6	1.1	(0.1)	1.4
Lifecycle Solutions	4.6	3.4	2.6	2.0
Group	**5.2**	**4.5**	**2.5**	**3.4**
Total Group sales across all activities	**476.4**	**462.6**	**254.2**	**255.5**
Sales revenues by division and business unit				
Fastening Systems	148.9	156.4	74.9	90.9
Tie Technologies	67.4	77.2	38.9	36.6
Consolidation	(3.4)	(3.2)	(2.3)	(2.1)
Core Components	212.9	230.4	111.5	125.4
Customized Modules	216.0	192.3	111.4	105.0
Lifecycle Solutions	56.5	47.8	36.6	28.2
Consolidation	(9.0)	(7.9)	(5.3)	(3.1)
Group	**476.4**	**462.6**	**254.2**	**255.5**

Equity

The capital stock of Vossloh AG has not changed relative to the June 30, 2021, reporting date and still amounts to €49,857,682.23 divided into 17,564,180 shares. All of these are outstanding. The average number of shares outstanding in the first half of 2022 thus also amounts to 17,564,180 shares (previous year: 17,564,180).

A €150 million perpetual hybrid note was issued in February 2021. Due to the nature of the note, it is classified as equity for accounting purposes in the consolidated financial statements. This note can only be canceled by Vossloh AG, and not before February 23, 2026. The interest rate of the note is 4.0 percent.

Earnings per share

		H1/2022	H1/2021
Weighted average of shares outstanding	Number	17,564,180	17,564,180
Net income attributable to Vossloh AG shareholders	€ mill.	11.0	12.4
Basic/diluted earnings per share	**€**	**0.63**	**0.70**
thereof attributable to continuing operations	€	0.57	0.72
thereof attributable to discontinued operations	€	0.06	(0.02)

Additional information on investments in companies accounted for using the equity method (joint ventures/associated companies)

€ mill.	H1/2022	H1/2021	Q2/2022	Q2/2021
Result from continuing operations	1.2	1.7	0.9	0.8
Income and expenses recognized directly in equity	0.6	0.5	0.2	0.1*
Total comprehensive income	**1.8**	**2.2**	**1.1**	**0.9**

*Previous year's figures adjusted

Additional information on financial instruments

The table below shows the assignment of the financial assets and liabilities carried at fair value to the fair value hierarchy levels in accordance with IFRS 7 and IFRS 13. There were no reclassifications between the various levels of the fair value hierarchy either during the fiscal year or the previous year. The basis for the levels of the hierarchy for the measurement of fair value is the inputs applied. In Level 1, inputs are in the form of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 covers inputs for identical or similar assets/liabilities derived from observable market data. Level 3 is for when no observable market data are available, so a measurement model must be used for fair value.

Allocation to the levels of the fair value hierarchy (no allocation was made to levels 1 and 3)

	Derived from market prices (Level 2)	
€ mill.	6/30/2022	12/31/2021
Financial assets measured at fair value	6.4	4.6
Financial liabilities measured at fair value	6.9	4.2
Total	**13.3**	**8.8**

The following tables present the carrying amounts of financial instruments, their assignment based on measurement category, the required disclosures on fair value pursuant to IFRS 9, and their measurement sources pursuant to IFRS 7. The derivatives in hedging relationships are included though they do not belong to any measurement category of IFRS 9.

Carrying amounts, measurement categories and fair values as of June 30, 2022

€ mill.	IFRS 9 carrying amounts according to balance sheet 6/30/2022	Measurement categories pursuant to IFRS 9			
		Amortized cost	Fair value through OCI (FVOCI)	Fair value through profit or loss (FVTPL)	Fair values 6/30/2022
Trade receivables	241.2	241.2	–	–	241.2
Securities	2.9	0.5	–	2.4	2.9
Other financial instruments and other assets	18.0	14.2	0.7	3.1	18.0
Cash and cash equivalents	60.0	59.8	–	0.2	60.0
Total financial assets	**322.1**	**315.7**	**0.7**	**5.7**	**322.1**
Financial liabilities	303.9	303.9	–	–	303.9
Trade payables	161.1	161.1	–	–	161.1
Other liabilities	123.2	116.3	0.3	6.6	123.2
Total financial liabilities	**588.2**	**581.3**	**0.3**	**6.6**	**588.2**

Carrying amounts, measurement categories and fair values as of December 31, 2021

€ mill.	IFRS 9 carrying amounts according to balance sheet 12/31/2021	Measurement categories pursuant to IFRS 9			
		Amortized cost	Fair value through OCI (FVOCI)	Fair value through profit or loss (FVTPL)	Fair values 12/31/2021
Trade receivables	214.5	214.5	–	–	214.5
Securities	1.0	0.2	–	0.8	1.0
Other financial instruments and other assets	21.7	18.0	0.6	3.1	21.7
Cash and cash equivalents	75.0	74.9	–	0.1	75.0
Total financial assets	**312.2**	**307.6**	**0.6**	**4.0**	**312.2**
Financial liabilities	250.0	250.0	–	–	250.0
Trade payables	150.2	150.2	–	–	150.2
Other liabilities	101.1	96.9	0.3	3.9	101.1
Total financial liabilities	**501.3**	**497.1**	**0.3**	**3.9**	**501.3**

Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents and short-term bank overdrafts within the Vossloh Group. Cash pertains to checks and cash on hand and in the bank. Cash equivalents comprise any financial instruments with a maximum term of three months that can be readily converted into cash. Short-term bank overdrafts result from credit balances of bank balances due in the near future, as well as from sub-lines in the context of the credit agreement that is due in principle by November, 2024, and are included in cash and cash equivalents. In the balance sheet, these sub-lines are recognized within the noncurrent financial liabilities as a part of the drawdown from the credit agreement. As a result, cash and cash equivalents include both the €60.0 million (previous year: €91.2 million) and bank overdrafts totaling €74.2 million (previous year: €4.8 million).

The cash flow statement has been prepared in conformity with IAS 7 and breaks down the changes in cash and cash equivalents into the cash flows from operating, investing and financing activities. The cash flow from operating activities is determined according to the indirect method.

In the cash receipts and payments arising from the purchase or sale of consolidated companies and other units, the cash inflows and outflows are offset against each other. In the previous year, cash inflows from the sale of consolidated companies included cash outflows of €0.5 million and necessary cash outflows in connection with the sale of €0.3 million.

Cash flows from continuing and discontinued operations are shown in the table below:

€ mill.	H1/2022		H1/2021	
Cash flow items	thereof from continuing operations	thereof from discontinued operations*	thereof from continuing operations	thereof from discontinued operations
Gross cash flow	52.9	1.0	70.2	(0.1)
Cash flow from operating activities	(25.2)	–	10.9	(0.1)
Free cash flow	(42.0)	–	(15.6)	(0.1)
Cash flow from investing activities	(18.6)	–	(26.3)	–
Cash flow from financing activities	(3.5)	–	68.0	–
Opening cash and cash equivalents	29.6	–	32.7	–
Exchange rate effects	2.0	–	0.9	–
Closing cash and cash equivalents	(14.2)	–	86.4	–

*Gross cash flow is the result of the write-up of a receivable attributed to Vossloh AG related to the sale of an earlier business unit. This did not result in any cash inflows during the reporting period.

Segment information

The primary format for segment reporting is defined by Vossloh's internal organizational and reporting structure, which differentiates between the products and services offered by the Vossloh Group's business units. Alongside the divisions, the business units are presented separately. The segment structure in the three core divisions has not changed compared with the previous year.

The Core Components division contains the Group's range of industrially manufactured serial products that are required in large numbers for rail infrastructure projects. The division contains 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 is the leading manufacturer of concrete ties in North America and Australia.

Vossloh Switch Systems, the only business unit in the Customized Modules division, is one of the world's leading rail switch manufacturers. The business unit equips rail networks with switches as well as related control and monitoring systems, which it also installs and maintains. Here, also, the lineup extends from light-rail to high-speed applications.

As the only business unit in the Lifecycle Solutions division to date, Vossloh Rail Services engages 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.

The consolidation includes the elimination of intersegment transactions. This pertains primarily to the offsetting of intragroup income/expenses, the elimination of dividends between group companies and the elimination of intragroup receivables/payables. The consolidation column at the highest group level includes the required eliminations from business transactions between companies from different divisions. In addition, a separate column serves to present the holding companies not allocated to any segment as well as Vossloh AG as the Group's management and financial holding company so as to provide reconciliation to the consolidated figures for the entire Group.

The accounting methods of all segments are identical and conform to IFRS as endorsed in the EU. Intersegment business is transacted at arm’s length.

A reconciliation of the segment result “value added” of the entire Group to the earnings before interest and taxes (EBIT) presented in the income statement is shown below:

Reconciliation of value added to EBIT

€ mill.	H1/2022	H1/2021	Q2/2022	Q2/2021
Value added	(3.7)	11.1	4.3	14.5
Cost of capital employed (WACC 7.0%)	32.6	31.3	16.5	15.8
EBIT	**28.9**	**42.4**	**20.8**	**30.3**

Related party transactions

The Vossloh Group's consolidated companies conduct business – in the ordinary course of business operations – with Vossloh subsidiaries not included in the consolidated financial statements, joint ventures and associated companies. Transactions were also conducted with companies of the Knorr-Bremse Group since they are to be treated as related parties due to KB Holding GmbH holding a majority stake in Vossloh AG as well as a majority stake in Knorr-Bremse AG. Transactions with companies of the Knorr-Bremse Group were conducted only to an insignificant degree and were executed at arm's length. The table below presents the income/expenses and receivables/payables recognized in the consolidated financial statements that originate from related party transactions. These are mainly transactions with nonconsolidated subsidiaries. No transactions with related parties were conducted in the reporting period.

€ mill.	H1/2022/ 6/30/2022	H1/2021/ 6/30/2021
Sale or purchase of goods		
Sales revenues from the sale of finished goods and WIP	3.9	7.8
Cost of materials from the purchase of finished goods and WIP	10.3	4.8
Trade receivables	5.2	7.8
Trade payables	5.5	1.9
Expenses for irrecoverable/doubtful accounts	0.1	0.0
Provisions for doubtful accounts from the sale of goods	0.2	0.4
Sale or purchase of other assets		
Income from the sale of other assets	0.5	0.0
Liabilities from the purchase of other assets	0.6	0.7
Services rendered or received		
Income from services rendered	0.4	0.3
Expenses for services received	0.1	0.2
Licenses		
License income	0.0	0.0
License expenses	0.4	0.8
Funding		
Interest income from financial loans granted	0.0	0.0
Receivables on financial loans granted	0.2	1.5
Provision of guarantees and collateral		
Provision of guarantees	2.0	2.3

Contingent liabilities

Contingent liabilities went down from €90.8 million on June 30, 2021 to €55.6 million, a decrease of €35.2 million. €48.2 million thereof is attributable to contingent liabilities for the Locomotives business unit sold as of May 31, 2020, while €0.3 million thereof was still attributable to contingent liabilities for the Electrical Systems business unit sold as of January 31, 2017. For the outstanding contingent liabilities from the former Locomotives business unit, Vossloh AG has received an irrevocable and unconditional guarantee at first request by first-class banks. The still-existing liability for the Electrical Systems business unit is secured by an irrevocable and unconditional guarantee by Knorr-Bremse AG. The Group has incurred contingent liabilities under guarantees of €23.0 million (previous year: €25.1 million). €21.0 million thereof are attributed to the former business units and €2.0 million (previous year: €2.3 million) to nonconsolidated affiliated companies. €32.6 million (previous year: €65.7 million) of the contingent liabilities are attributable to letters of comfort. €27.5 million thereof are attributed to the former business units and €5.1 million (previous year: €5.0 million) to nonconsolidated affiliated companies. The risk of a claim is considered unlikely for all of the listed contingent liabilities.

Events after the reporting period

There are no reportable events.

Werdohl, Germany, August 1, 2022

Vossloh AG
The Executive Board

Oliver Schuster, Dr. Thomas Triska, Jan Furnivall

Responsibility statement

We confirm that, to the best of our knowledge and in accordance with the applicable accounting principles for interim financial reporting, the Group interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim management report of the Group 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 for the remaining months of the fiscal year.

Werdohl, Germany, August 1, 2022

Vossloh AG
The Executive Board

Oliver Schuster, Dr. Thomas Triska, Jan Furnivall

Review report

To Vossloh Aktiengesellschaft, Werdohl/Germany

We have reviewed the condensed interim consolidated financial statements – comprising the income statement and the statement of comprehensive income, the cash flow statement, the balance sheet, the statement of changes in equity as well as selected explanatory notes to the financial statements – and the interim group management report for the period from 1 January to 30 June 2022 of Vossloh Aktiengesellschaft, Werdohl/Germany, that are part of the half-year financial report under Section 115 German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the executive directors. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for Reviews of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the review to obtain a certain level of assurance to preclude through critical evaluation that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and to analytical procedures applied to financial data and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed an audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of Vossloh Aktiengesellschaft, Werdohl/Germany, are not prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Düsseldorf/Germany, 1 August 2022

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed: René Kadlubowski	Signed: Christian Siepe
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Financial calendar 2022

Publication of quarterly statement as of September 30, 2022	October 27, 2022

For further dates, go to www.vossloh.com

Financial calendar 2023

Publication of consolidated financial statements 2022	March 2023
Press conference	March 2023
Investor and analyst conference	March 2023
Annual General Meeting	May 2023

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Vossloh AG’s Board Members

Executive Board	Oliver Schuster (CEO)
	Dr. Thomas Triska
	Jan Furnivall
Supervisory Board	Dr. Rüdiger Grube, Chairman, Managing Partner of Rüdiger Grube International Business Leadership GmbH, Hamburg
	Ulrich M. Harnacke, Deputy Chairman, Auditor, Tax Advisor and Management Consultant, Mönchengladbach
	Dr. Roland Bosch, Managing Director of WOLFF & MÜLLER Holding GmbH & Co. KG, Königstein im Taunus
	Marcel Knüpfer, Technical Manager and Shift Leader, Zwenkau
	Andreas Kretschmann, Certified Social Security Professional, Neuenrade
	Dr. Bettina Volkens, Independent Advisor and member of numerous Supervisory Boards, Königstein im Taunus

Information on the Vossloh share

ISIN	DE0007667107
Trading locations	Xetra, Tradegate, Frankfurt, Düsseldorf, Berlin, Hanover, Hamburg, Stuttgart, Munich
Number of shares outstanding on June 30, 2022	17,564,180
Share price (6/30/22)	€30.35
High price/low price (January to June 2022)	€46.35/€29.30
Reuters code	VOSG.DE
Bloomberg code	VOS:GR

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