

**"enabling green mobility"**

**Speech by Oliver Schuster, CEO of Vossloh AG,  
on the occasion of the Annual General Meeting for the fiscal  
year 2022**

Düsseldorf, May 24, 2023

- The spoken word applies -

Thank you very much, Dr. Grube.

Dear Vossloh AG shareholders,  
shareholder representatives,  
guests,

Together with my colleagues on the Executive Board, Jan Furnivall and Dr. Thomas Triska, I would like to welcome you to our Annual General Meeting here in Düsseldorf today.

And I am particularly pleased that after an interruption of three years I am finally able to welcome you again in person to the Vossloh Annual General Meeting. Because ultimately, no virtual format, no matter how sophisticated, can replace the direct exchange with you, dear shareholders, as the owners of this Company. Our joint dialog forms the basis for the trust that is of such crucial importance between you and us.

The Classic Remise here in Düsseldorf seems to me to offer a particularly suitable setting for this. The building was originally built between 1929 and 1931 as a so-called roundhouse and at times housed more than 400 steam locomotives of the "Ruhr Schnellverkehr Gesellschaft". At that time, the arriving steam locomotives were distributed to the "garages" with the aid of a huge turntable and then serviced. And even though we at Vossloh - fortunately - no longer build locomotives today, the long tradition of railbound mobility connects us with a wonderful and historic place like this one.

Ladies and gentlemen, while this building was being erected here, "The Blue Angel", which made Marlene Dietrich a star, was being shown in the cinema. Brecht's "Threepenny Opera" could be seen in Berlin's Theater am Schiffbauerdamm. And at Yankee Stadium in New York, Max Schmeling won the title of heavyweight boxing world champion after an illegal low blow against Jack Sharkey. All this in the middle of the Great Depression, which had begun with the New York stock market crash in October 1929.

Almost one hundred years later, we are gathered here today to look back together on a year that was also very significantly marked by a whole host of crises. And since, on the one hand, listing all these crises at some point simply took too long and, on the other hand, these crises began not only to influence each other but even to reinforce each other, a new term was even created for such a confusing mixed situation: The polycrisis. According to the British economic historian Adam Tooze, a situation in which the whole is more dangerous than the sum of its parts. In this respect, 2022 could hardly be described more accurately. Ukraine war coinciding

with economic and social Long Covid. Refugee crisis, energy emergency coupled with at times astronomical price increases, economic crisis, dysfunctional supply chains, demographic crisis - keyword shortage of skilled workers - plus debt crisis and climate crisis. Massively increased material prices and the abrupt change to significantly higher interest rates in the hope of getting the highest inflation since reunification under control. This was mirrored by the collapse of stock markets around the world. Major benchmark indices such as the MSCI World and the DAX fell by around 13% and 12% respectively in 2022, while the MDAX and SDAX slumped by as much as 28% and 27% respectively.

Under such adverse conditions, companies are put to the test. They undergo a stress test in real time and without any warning. My dear shareholders, your company Vossloh has passed this stress test with distinction. The figures speak a clear language here. With orders received of €1.25 billion, we were able to surpass the comparable figure for 2021 by almost 32% and thus achieve a historic high in our corporate history. Orders received were 19% higher than sales in 2022, impressively underpinning our ambitious growth plans. The order backlog at the end of the reporting year 2022 was around 31% higher than a year earlier at just under 800 million euros. In terms of sales, we exceeded the €1 billion mark for the first time ever in the rail infrastructure business in the reporting year. Having already grown by 8% in the previous year, we were thus able to increase sales by a further 11% in the past fiscal year. In terms of earnings before interest and taxes (EBIT), we succeeded in exceeding the previous year's figure by almost 6 million euros despite considerable additional burdens from higher procurement prices for materials and energy. At €78.1 million, EBIT 2022 marks the highest Vossloh Group EBIT in ten years. Thus, following the Corona years 2020 and 2021, we were again able to prove that Vossloh is an excellently positioned, stable and far above-average crisis-resistant company. My colleague Dr. Triska will explain to you in just a moment that Vossloh's great performance has seamlessly continued in the first quarter of 2023.

There are, of course, many reasons for this stability and resistance to crisis. On the one hand, they lie in the experienced team of almost 3,800 competent employees at our 40 sites in around 30 countries around the world. On behalf of my two colleagues on the Executive Board, I would like to take this opportunity to thank all our employees for their exemplary commitment during the past year. Without your commitment, our Vossloh AG would not have been able to develop to where it is today. Another unquestionable factor has been that over the past few years we have focused on our core competence of rail infrastructure and in the course of this have consistently divested ourselves of businesses with no viable prospects for the future. Many of you have accompanied us through this difficult period. Of course, our global Performance Program from 2019 has given us significantly more clout and the courage to make important

investments, such as in our lead factory for rail fastening systems at the company's headquarters in Werdohl, is now paying off. Of central importance to our success, however, is also and above all our forward-looking, sustainable and per se crisis-resistant business model. With our products and services, we make an important contribution to more green mobility every day. In over 100 countries around the world, we are helping to ensure that people and goods can be transported safely and in an environmentally compatible manner.

The advantages of rail-based transport are obvious. Did you know that in the EU, greenhouse gas emissions from both energy producers and industry have declined significantly since 1990, while they have increased in the transport sector, driven by road and air traffic? Over the same period, railroads have reduced their emissions by 66%, mainly as a result of increasing electrification of lines. The transport sector is now responsible for 25% of greenhouse gas emissions in the EU; of this, rail accounts for just 0.5%. This is particularly interesting when one considers that rail accounts for about 18% of freight transport and about 6% of passenger transport in the EU. Shifting passenger and freight traffic to rail therefore holds enormous potential for reducing greenhouse gas emissions in the transport sector.

Or did you know that in inner-city traffic, the land usage for motorized individual transport is around 13 times higher than that of a tram? Or that road traffic alone causes more than 800 billion euros in external costs each year in the EU, while the figure for rail is only 18 billion euros? These costs are caused by traffic jams, accidents and environmental damage. Please bear in mind that the gross domestic product of all 27 EU states was 14.5 trillion euros in 2021. This list of the advantages of rail as a mode of transport could be continued indefinitely. However, I am convinced that you have known all this for a long time. After all, you made a conscious decision to invest in a company that makes the world a little bit better every day.

Governments around the globe have now launched unprecedented programs to strengthen the railroads. Be it in the USA, China, Australia, Egypt or the EU. The Biden administration in the USA, for example, has announced a weighty infrastructure package and pledged to invest the equivalent of around 82 billion euros in public transit and a further 60 billion euros in long-distance passenger transport. China plans to further expand its high-speed rail network from the current 40,000 kilometers to 70,000 kilometers by 2035, and Australia has announced plans to invest around 75 billion euros in rail infrastructure projects over the next ten years. Egypt, which is classified as a developing country by the World Bank, OECD and the United Nations, is also providing around 50 billion euros for the expansion of its rail network as part of its "Egypt Vision 2030" infrastructure program. Italy is planning to invest over €25 billion in rail infrastructure by 2026. I would also like to mention here in particular the fact that the

German government announced a few weeks ago that, in addition to the €86 billion from the current service and financing agreement (Leistungs- und Finanzierungsvereinbarung), it intends to provide a further €45 billion over the next four years for the maintenance and expansion of the rail network in Germany. And particularly noteworthy in this context is the fact that a substantial portion of this money is to come from truck tolls. A potentially groundbreaking first.

The mobility revolution is now accepted worldwide as an integral part of any promising sustainability strategy, and corresponding funds are being made available. However, knowing full well that in many countries there has been far too little investment in rail infrastructure, in some cases for decades, the question arises as to how the desired increase in rail traffic is actually to be managed in practice. More money alone will not solve the problem. There must also be a rethink on the part of the network operators. Since rail networks are not infinitely scalable for many reasons, the availability of existing infrastructure must be given greater consideration. On the product side, it is necessary to optimize the rail infrastructure system as a whole instead of devoting all our energy to buying individual components as cheaply as possible. And parallel to the purchase of products, their future maintenance must also be considered. After all, in addition to increasingly durable and low-maintenance products, the availability of the track requires above all efficient maintenance. More traffic on the railways not only causes more wear and tear, but also shortens the time windows available for maintenance. Efficiency must therefore be increased. A combination of high-quality and systemically optimized hardware with a tailored and highly efficient maintenance approach also has the pleasant side effect that the lifecycle costs of the track become a much stronger focus of investment decisions than before, which in the long term relieves the budgets of network operators and the institutions behind them. From our global sales and development network, we know that precisely this reorientation is currently taking place among many of our customers.

But if network operators now change their requirements in this direction, this will also have a massive impact on their suppliers. Innovative state-of-the-art products, a holistic understanding of track systems, a broad range of maintenance technology, and the ability to intelligently link all of this digitally are the future success factors in our industry. And this, ladies and gentlemen, is precisely what Vossloh already stands for today.

Let me illustrate Vossloh's positioning in this respect with a few examples. On the one hand, there is the highly innovative EPS composite sleeper as an alternative to the wooden sleeper impregnated with carcinogenic tar oil for applications in which concrete sleepers cannot be

used for technical reasons. Here, our engineers have achieved a true masterstroke. The sleeper is made almost exclusively from secondary raw materials and can be fully recycled at the end of its 50-year service life. This product offers customers outstanding physical properties and an outstanding price-performance ratio while at the same time boasting a brilliant eco-balance. Series production of our composite sleeper is currently being set up and will start early next year at our Polish site in "Nowe Skalmierzyce" with an initial capacity of 100,000 sleepers per year.

In addition, we were able to present our new M-generation tension clamp to the market in 2022, which will revolutionize the field of elastic rail fastening systems. Thanks to its innovative geometry with outwardly bent spring arms, it has an increased natural frequency, making it more robust and durable than conventional products, and is characterized by very low life cycle costs. The new M generation also boasts a significantly improved carbon footprint thanks to a new micro-steel alloy, a more compact design and the associated reduction in material usage.

But our innovative strength is by no means limited to the development of new products. Vossloh is also setting new standards, especially in the field of digitalization. Unlike in other industries, digitalization is not a threat to Vossloh. There is no cutthroat competition. Trains will continue to run on rails and will need switches, fastening systems, and sleepers for this. In our case, digitalization serves condition monitoring, the permanent improvement of our products, and increased efficiency in the maintenance area. All geared to addressing the most pressing need of our customers: Higher availability of the rail network. Although on the surface we earn our money by selling tangible products and services, what our customers really pay for in the end is a very fleeting and truly valuable commodity: namely time.

Let me give you three clear examples of digital innovations. For example, we use drones to enable digitally based inspection of bridges or track sections during ongoing operations, i.e. without having to close the respective lines. The data obtained in this way is analyzed using algorithms and translated into three-dimensional models. On this basis, the individual work sequences of the track rehabilitation are then precisely simulated. This gives the customer planning certainty, simplifies the coordination of different companies involved in the work and at the same time increases the efficiency of the work on the track. The track section is available for use again more quickly.

Furthermore, we have developed a process that transforms an analog switch machine, regardless of the manufacturer, into an intelligent system, with the support of which data can be transmitted to a cloud platform and evaluated. In this way, we are able to permanently

monitor the behavior of important switch components and predict possible error patterns. Nothing is worse for the efficient use of rail networks than unpleasant surprises. We give our customers the opportunity to identify and eliminate weak points before they lead to line closures.

My third example concerns our HSG high-speed grinding technology with which you are well acquainted. In this preventive grinding process, which is unique in the world, Vossloh's maintenance machines are used at speeds of up to 80 kph. As a result, they operate virtually in moving traffic and do not cause any line closures. Since the past fiscal year, our machines have additionally been equipped with extensive sensor technology and can thus simultaneously record important condition information of the rail track during grinding. The data collected is evaluated and visualized for the customer, including concrete recommendations for action. The grinding program can be individually adapted to the respective track condition on the basis of the information obtained. Preventive maintenance per se, but also the transition from deadline-based to condition-based maintenance, are essential prerequisites for increased track availability. With precisely this goal in mind, DB Netz AG commissioned us in September of the last fiscal year to process at least 12,000 km of its high-performance network with our smart HSG technology in the current year.

Ladies and gentlemen, we at Vossloh understand the rail track in its systemic totality. We develop, produce, sell, and install all relevant components and we offer a uniquely broad portfolio of track-related services. Our digital competence as a bracket across both areas rounds off our offering. Vossloh is now THE systems house for the rail track and it is precisely this uniqueness that creates value for our customers. In all applications, regardless of whether tramway, metro, heavy-load or high-speed line. We are THE track experts and are paving the way today for the green mobility of tomorrow.

However, our aspiration to make the world a better place and to assume responsibility for future generations does not end with railbound mobility. Of course, simply by virtue of its portfolio of products and services, Vossloh makes an important contribution in terms of sustainability. This is impressively documented by our results within the framework of the so-called EU Taxonomy. This is a standardized classification system for ecologically sustainable economic activities. As in the previous year, 100% of our sales revenues were classified as taxonomy-eligible in 2022. The proportion of taxonomy-aligned sales even increased from the already very high prior-year figure of 62% to 64% in fiscal 2022. Incidentally, the only reason why our sales are not fully classified as taxonomy-aligned is the fact that not all rail lines for which we supply worldwide have been electrified yet. A somewhat misleading view when you

consider that transporting goods and people on non-electrified routes is also significantly more sustainable than road transport.

For my colleagues on the Board of Management and me, however, the term sustainability stands for much more. It is an integral part of our value system, a moral compass, an attitude. We are not satisfied with an outstanding performance under the EU taxonomy, but always try to strike a healthy balance between economic, social and environmental aspects in ALL our decisions. For example, we have set ourselves the goal of being carbon neutral in terms of Scope 1 and 2 emissions by 2030. We were able to reduce these emissions by 5.5% in absolute terms in the reporting year 2022, despite an 11% increase in sales compared with the previous year. Our carbon intensity, i.e. our emissions in metric tons of CO<sub>2</sub> in relation to sales, was thus reduced by 14.9% compared with the previous year. In addition to a whole raft of individual measures, this significant improvement was due above all to more energy-efficient production equipment and a steadily increasing proportion of green electricity. In addition, a photovoltaic system on the roof of our lead factory in Werdohl will soon go into operation. It will generate around 500,000 kilowatt hours of solar power per year and help save around 210 metric tons of climate-damaging CO<sub>2</sub> each year. Similar investment projects are already underway at other Vossloh locations, for instance in China.

In parallel, we worked hard on a large number of other sustainability issues in the past fiscal year. In total, around 50 initiatives are currently running in parallel. By way of example, I would like to mention just a few key words here, as a detailed discussion of this very complex range of topics would undoubtedly go beyond the scope of this event. In addition to environmental issues, our activities range from occupational health and safety to human resources management and good corporate citizenship. Corporate ethics and human rights were just as much in focus as sustainable supply chains and work processes. Behind all these topics are concrete objectives and measures on whose achievement or implementation we are continuously working. Vossloh is also a member of the United Nations Global Compact and supports its goals and principles.

Our extensive efforts and good results in the area of sustainability are rewarded by relevant rating agencies with excellent ratings. Institutional Shareholder Services (ISS) lists Vossloh with a prime rating. This places Vossloh among the top 10 percent in its industry. With the Ecovadis agency, Vossloh has a Silver status. Here, we now rank among the top 2% within our peer group. Finally, MSCI ESG Research has upgraded Vossloh to the second-best AA level out of a total of nine in 2022. I believe that these independent assessments impressively underline the outstanding importance that Vossloh attaches to sustainability. For further



information, please refer to our Non-Financial Group Statement starting on page 78 of our Annual Report.

Ladies and gentlemen, to sum up, it only remains for me to say the following: Vossloh is moving as if on rails into a bright future. Our financial results are already marked by record figures in rows, our innovative strength is unparalleled in our industry, and our broad positioning is one of the crucial success factors during the years and decades to come. Unstoppable megatrends will sustain our profitable growth for a very long time. With the issue of sustainable mobility, we are addressing one of the central challenges of our time. We have mastered the turnaround from a product and service provider to a recognized systems house. The steel bender, screwdriver and rail welder has become a provider of holistic and increasingly digital solutions. We set the standards in our industry and will continue to expand our market share, as we have done in recent years. And last but not least: We act sustainably and responsibly to preserve the basis of life for future generations.

Ladies and Gentlemen, please pay close attention to our Chief Financial Officer, Dr. Triska, who will first take you through the financial details of fiscal year 2022 and the first quarter of 2023. He will then join you in looking at our expectations for the current fiscal year.

I would like to thank you very much for the trust you have placed in us, and I will now return the floor to the esteemed Chairman of our Supervisory Board, Dr. Rüdiger Grube.