

"enabling green mobility."

**Speech by Oliver Schuster, CEO of Vossloh AG,
on the occasion of the Annual General Meeting for the
financial year 2023**

Dusseldorf, May 15, 2024

- The spoken word prevails -

Dear shareholders of Vossloh AG,
Dear shareholder representatives,
Dear guests,

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

I am delighted that you have taken the time to join us today in having a comprehensive look at Vossloh and to see for yourselves that your company is doing well. And I can assure you right now that this is undoubtedly the case. Anyone who deals with rail infrastructure today - no matter where in the world - cannot ignore Vossloh. Vossloh stands for top quality, Vossloh stands for innovation and Vossloh is synonymous with reliability. Rail infrastructure is not just our business but rail infrastructure is our DNA and our passion. The passion of around 4,000 colleagues who give their best every day with dedication and diligence to create value for our customers. And to create value for you, who have come here today to this former engine shed dating back to 1931, to this place that **literally breathes railroad** history and is therefore **worthy** of taking a look back at the beginnings of your company. And how hard work and passion made all the difference back then.

Take yourself back to the **year 1848** for a moment. In France, the citizens of Paris force the king - Louis Philippe - to abdicate. On the same day, the republic is proclaimed. Almost at the same time, the "Communist Manifesto", written by Marx and Engels in exile in Belgium, is published. Cholera, rinderpest, floods and crop failures create an explosive climate in large parts of Europe. We are at the beginning of the industrial age. Farmers demand to be allowed to own their own land, citizens strive for political participation and personal freedom. **Eduard Vossloh** is born on November 29, 1848 in Werdohl, Westphalia, in the midst of this time of upheaval.

A few years earlier, in September 1825, the "Stockton and Darlington Railway", the world's first public railroad line, had gone into operation in England. Stephenson's "Locomotion No. 1" easily pulled 36 carriages, six of them with brave passengers, over the 26-mile route. After this success, the breakthrough of the steam horse was unstoppable.

Eduard is one of four children, the family is desperately poor, the father abandons the family to find his fortune in Americas. A few years later, his mother marries his brother, who runs a small smithy in Werdohl. Every day before and after school, little Eduard had to work hard in his stepfather's forge. Years later, he essentially taught himself to read, write and do arithmetic.

His stepfather died just three years after the marriage, his mother is on her own again. On July 19, 1870, France declared war on Prussia, Eduard was drafted and seriously injured in battle. He would never fully recover from his extensive injuries. At the end of the war, his meagre war pension was not enough to feed his family. Following this hardship, the seriously ill Eduard returned to the forge in 1872. Over the next few years, doctors repeatedly pronounced him dead, but he continued to work. He was also driven by the responsibility for his now 5 children.

In 1880, the German railroad network had grown to a remarkable 34,000 kilometers and Eduard recognized his unique opportunity here. Although he had neither the technical nor the financial resources, in 1883 he made the Royal Prussian Railway a bold offer to **manufacture** and supply **spring washers**, which were needed to secure sleeper bolts. Miraculously, he was awarded the contract, borrowed materials and found workers who were prepared to wait for payment until the order was completed. In the end, all goes well and new orders follow, and the nucleus of today's Vossloh Group, the rail fastener business, is born. On July 11, 1888, the company Eduard Vossloh is entered in the company register.

Dear shareholders, why am I telling you all this here and now? I am doing so because I am deeply convinced that the **future needs a past**. Vossloh has emerged from the diligence and almost superhuman strength and discipline of one single man. Eduard Vossloh built a company that defied dozens of serious crises and survived two world wars - to ultimately become a world market leader in the field of rail infrastructure. And he has left his children and all of us something that continues to have an impact on the company today. Namely the will and the ability not to break under adverse conditions, but on the contrary to grow with them. Not to lose sight of the goal even in difficult times and to do what needs to be done with humility and strength. Among other things, it is precisely this resilience that still characterizes Vossloh today. And for precisely this reason, 2023 was another very successful year for us.

Ladies and gentlemen, let us take a leap back in time at this point and review the **past financial year** together.

There was certainly no shortage of adverse conditions in 2023. One could get the impression that the world has come apart at the seams in many respects. **Wars** are raging and leaving deep scars - we are particularly aware of the flashpoints in Ukraine and the Middle East. Political conflicts are smouldering in many places - in Syria, Taiwan, North Korea and many African countries. Then there are **natural disasters** such as earthquakes, forest fires and floods, which last year seemed to rage even more devastatingly than before and brought unimaginable suffering to the inhabitants of the affected regions. People are fleeing

persecution because their ethnicity, religious beliefs or political views do not conform to those of their country's government. According to the UN Refugee Agency, around 110 million people were displaced in 2023. In the search for supposedly simple answers and solutions to complex issues, political parties on the extreme right are gaining ground in elections in many European countries. They are becoming a threat to our democratic order. At the same time, the **economy** is sluggish. Analysts at the International Monetary Fund (IMF) are currently forecasting global economic growth of just 3.2% for 2024. In previous years, the average figure was still 3.8%. For Germany, the IMF's economic researchers have just lowered their growth forecast for 2024 from 0.5% to just 0.2%. This puts Germany at the bottom of the list of the leading western G7 industrialized nations. Finally, the German Chamber of Industry and Commerce (DIHK) predicts that Germany will experience the biggest **economic crisis** in the last 20 years. Fittingly, the German Language Society has chosen the term "**crisis mode**" as its word of the year for 2023. According to the GfdS, it is not the frequency with which a certain term is used in public discussion that is decisive for the choice of Word of the Year, but its significance and popularity. It's a prankster who might think of this as a manifestation of German negativism.

As a German company that, due to its highly international positioning, is at the heart of everything that is going on in the world instead of just being part of it, we would theoretically have both the genetic predisposition - in a figurative sense - and plenty of arguments to explain bad figures well. But we have been lacking bad numbers for some time now.

Of course, **adaptability and flexibility** are important success factors in the face of what feels like constantly increasing complexity and rapidly changing framework conditions. However, it is even more crucial to design your business model in such a way that it is already as robust and crisis-proof as possible per se. In our case, this resilience has a whole range of facets, which I would like to touch on very briefly. Firstly, there are the megatrends that are likely to drive our business for decades to come. Globalization, urbanization, digitalization and sustainability. In particular, the importance of sustainability and the associated, indispensable shift from transport to rail for our business cannot be overestimated. You all know that. On the other hand, our customer structure with a high proportion of public-sector customers ensures a certain degree of independence, at least from short-term economic fluctuations. At the same time, the Covid-19 pandemic has shown that governments often classify rail infrastructure as critical and therefore particularly relevant. This is undoubtedly another stability factor, especially in times of crisis. And not to forget our globally diversified positioning in production and sales, which on the one hand increases the likelihood of being affected by regional crises. But at the same time - and this is even more important - it provides us with stability. You should also consider our uniquely broad range of rail-related products and services, which allows us

to address the **central customer need of track availability** holistically. And last but not least, we have the experience and critical mass to actively drive innovation in general and digital-based business models in particular. Dear shareholders, you may suspect or fear that this list could go on and on. Instead, however, I would prefer to prove that we once again achieved excellent results in the financial year 2023, which was a challenging year for the economy as a whole. In the spirit of the company's founder - with strength and passion.

In the past financial year, we recorded a significant **increase in sales** for the **third time in a row**, exceeding the previous record level from 2022 **by 16.1%**. The €1.21 billion achieved marks the highest value we have ever generated in terms of sales revenues during our long company history in the rail infrastructure business. Over the last three financial years, Vossloh has thus grown by a total of around 40%. In addition, we were even able to increase our **EBIT**, earnings before interest and taxes, **by 26.2%** year on year to a remarkable €98.5 million.

Orders received in 2023 were also at a record level once again, slightly exceeding sales revenues at €1.22 billion. The successful conclusion of significant, long-term framework agreements, which are only recognized as orders received over time, also underlines our sales success and reflects the deep trust that our customers have in us. In future, for example, we will exclusively supply the Danish operating company **Banedanmark** with complete switches and switch components.

I would particularly like to highlight two orders from **Deutsche Bahn** that will benefit our Customized Modules and Lifecycle Solutions divisions. Over a period of four years, we will supply Deutsche Bahn with at least 600 complete switches and a large number of switch components. DB Netz AG has also extended its existing contract for preventive rail maintenance using our HSG technology, including **digital condition monitoring**, and has even expanded the scope of the contract. This involves collecting and evaluating important data on the condition of the rails during the crossing. Our business in **Germany** developed extremely successfully in 2023 and recorded significant **revenue growth of 40%**. The two orders mentioned above will help us to build on this great success in Germany in the coming years.

Finally, I would like to draw your attention to our **free cash flow**. We succeeded in significantly exceeding the previous year's figure of EUR 27.9 million and achieved a figure of EUR 70.9 million in the past financial year. This vividly underlines how market developments, important sales successes, cost discipline and careful working capital management interact and lead to a great financial result.

Overall, the company's performance in 2023 was more positive than we had originally expected. We therefore had to raise our **outlook** both in June and October. Nevertheless, the results we ultimately achieved in terms of sales revenues and EBIT are at the upper end of the corridors we had recently forecast.

My colleague on the Executive Board, Dr. Triska, will explain and classify the comprehensive figures to you in a moment and is pleased to report that we were able to seamlessly build on the successes of 2023 with another outstanding performance in the first quarter of 2024. To close the circle, Dr. Triska will then also present our expectations for the rest of the 2024 financial year.

Ladies and gentlemen, let us now broaden our view together and allow me to provide you with some information on our market environment and important trends in our industry. Experts from the International Transport Forum ITF forecast in **Transport Outlook 2023** that global passenger transport will increase to around 110 trillion passenger-kilometers and freight transport to an astonishing 332 trillion ton-kilometers by 2050. These figures represent an almost doubling compared to today. At the same time, the **transport sector is responsible for around 23% of global energy-related CO₂ emissions** and therefore offers an important starting point for climate protection measures.

On the one hand, the indispensable **decarbonization of the transport sector** is an enormous challenge, as it requires a fundamental rethink. However, it also offers a unique opportunity to fundamentally redesign transportation systems and reassess the general benefits of cleaner air, reduced dependence on oil, more efficient land use and more livable cities. Naturally, more environmentally friendly modes of transport play a central role in this. And when it comes to the safe and sustainable transportation of large quantities of goods and large numbers of people, **rail is known to have no alternative.**

At last year's Annual General Meeting, I gave you a comprehensive overview of the **investment programs worth billions** that have been launched worldwide in the recent past to expand rail transport. This trend remains intact and we are already seeing the first positive effects on our sales revenues. For example, the significant increase in sales in Germany mentioned above is largely due to higher demand from Deutsche Bahn. After years of underinvestment, the signs of the times have been recognized and action is being taken consistently and purposefully. Politicians are making the necessary funds available and in future, even revenue from truck tolls will be invested in the expansion of the rail network.

However, financial resources for the renewal of existing rail networks or even for the construction of new lines alone will not be sufficient to meet the increasing demand for transportation and the additional shift of traffic to rail in the short and medium term. Limited planning and construction capacities, lengthy approval procedures and typically long construction phases stand in the way. For this reason, the main focus of network operators continues to be on increasing the availability of existing rail networks. Among other things, this requires maintenance measures to be planned and implemented as efficiently as possible. This is because the higher the load on the infrastructure, the greater the wear and tear and therefore the greater the need for maintenance. At the same time, the higher capacity utilization of the railways means that the time windows available for maintenance measures are getting smaller and smaller. Those of you who have been with us for some time are very familiar with these interrelationships.

With our comprehensive product and service portfolio, we are ideally positioned to benefit significantly from these developments. By linking products within a system and **digitally interconnect the system and service** to the solution, we address our customers' needs precisely. With this in mind, we are increasingly investing in our digital expertise, among other things. We currently employ around 150 digital experts across the Group, such as data analysts, software developers, IT security specialists and artificial intelligence experts. This highly specialized team is working on the ongoing further development of our digital-based solutions in order to derive valuable insights for product development and track maintenance from the continuous sensory status recording and analysis of the track system's reactions. We are therefore no longer just a supplier of high-quality products and services, but as **a system house for the rail track**, a holistic problem solver for our customers. In this way, we create the conditions for future-oriented business models with enormous potential for differentiation from the competition.

It was precisely against this background that we acquired the innovative camera-based monitoring technology from Bonn-based **RailWatch** GmbH in September 2023 and significantly expanded our expertise in the areas of sensor technology, computer vision and cloud computing by taking over the highly motivated team. The RailWatch solution uses artificial intelligence to identify passing wagons, locomotives and multiple units; above all, however, it can precisely determine the condition of wheels and brakes through to axle load distribution. Needless to say, the condition of the infrastructure is significantly influenced by the trains passing over it. The analysis of wheel-rail contact is therefore of paramount

importance to us. With RailWatch, we are expanding our focus to aspects above the track - the next logical step in expanding our holistic systemic understanding of the track .

Shortly afterwards, we established a strategic partnership with the Swedish company **Predge**. The digitalization experts there are specialized in data analysis and artificial intelligence. Together, we are working on models to reliably predict imminent failures or malfunctions of point machines. This allows us to supplement our existing expertise in the design and construction of switches and in monitoring the condition of point machines with a decisive look ahead.

In October 2023, after years of development, we successfully launched our cloud-based digital platform **Vossloh connect**. As a "one-stop-shop platform" for customers across the rail industry, Vossloh connect offers a range of state-of-the-art solutions that optimize the management and maintenance of rail infrastructure, contributing to higher safety, lower life cycle costs and improved overall performance. All digital solutions are integrated into one user-friendly system. The platform provides a convenient, holistic overview of rail infrastructure and operations. In addition, the platform includes advanced analysis and warning systems that reduce the risk of accidents, malfunctions and costly emergency repairs. The customer receives recommendations for action for their routes in real time.

With our **self-developed SMV solution**, which is also offered on Vossloh connect, displacements or vibrations can be precisely measured during the train's passage in the switch area using laser-equipped sensors, for example. This data makes it possible to determine the potential need for tamping the ballast bed under the track and to evaluate the effectiveness of maintenance measures. We are very much looking forward to presenting our many new developments, product innovations and extended services at the **InnoTrans** industry trade fair in Berlin at the end of September 2024.

Ladies and gentlemen, as you can see, we at Vossloh are not only **helping to shape the transformation of the rail industry**, we are actively driving it forward. Our market is on the move and, as one of the market leaders, this opens up undreamt-of opportunities for us. Increasing pressure to innovate, the growing importance of digitalization, the shift away from a component to a system or solution business and, last but not least, the enormously increasing demands in terms of sustainability will inevitably lead to a streamlined competitive environment. And we at Vossloh have the ambition and the prerequisites to benefit from this development. In terms of both our business volume and our profitability.

At the same time, we will invest more in **expanding our production capacities** in the coming years. We will prepare ourselves for the foreseeable increase in demand and the growing requirements of our customers. For example, we are currently making significant investments in new switch production facilities in Australia and Sweden. At the same time, we are well advanced in setting up the first series production of our highly innovative EPS composite sleeper in Poland. This is a sustainable alternative to conventional wooden sleepers, which often have to be preserved in carcinogenic tar oil. Our new composite sleeper consists of a good two thirds sand and one third secondary raw materials, has twice the lifespan of a conventional wooden sleeper and is 100% recyclable afterwards. I think this is an impressive example of how we can use our expertise and experience to promote green mobility at product level too.

The driving force behind our innovations and probably the most important **success factor** continues to be our **employees**, who stand behind our business model and bring it to life. It is ultimately thanks to their daily and tireless efforts that I can report to you today on such a positive development of our company. Just as Eduard Vossloh was only able to be successful 140 years ago because his employees trusted him, believed in his vision and stood behind him like one man, our employees today are the backbone of our success.

I would like to take this opportunity to thank you once again on behalf of my colleagues on the Executive Board. This gratitude also includes the valuable input from our employees, with whose support we are constantly improving and becoming more efficient. I am thinking here of our '**Fit 4 Future**' ideas program, which we launched back in 2021. The enthusiasm for it is unbroken: In 2023 alone, we received over 900 suggestions on how we can optimize our products, processes and costs. In total, we implemented more than 400 ideas in the 2023 reporting period.

Pulling together with passion and supporting each other with individual skills to achieve the next goal. This is the team spirit that prevails at Vossloh and that our employees value so much. In a recent survey, 84% of them stated that they identify with **Vossloh as an employer** - a very respectable figure.

Ladies and gentlemen, we have excellently qualified, committed and creative employees. Nevertheless, the growth course we have embarked on must also go hand in hand with further personnel growth. If we want to attract new colleagues, we are now in fierce competition for the best-trained talents in their respective fields. A modern, motivating and attractive working environment in every respect is a key success factor. We have therefore decided to open an

office location at Dusseldorf Airport in addition to our headquarters in Werdohl, Sauerland. The "EUREF-Campus Düsseldorf" building complex is currently still under construction, but the space we have rented will be ready for occupation in the fourth quarter of 2024. The airport, a long-distance train station and a S-Bahn station can be reached by employees and business partners within minutes, which is an enormous locational advantage, especially for an internationally positioned company like Vossloh. The space and utilization concept promotes the exchange of employees across departmental boundaries and ultimately creates appreciation and understanding for one another. The modern, innovative architecture and the building's completely CO₂ -neutral energy system are evidence of a pioneering spirit and are therefore a perfect fit for our company. Several universities will also offer degree courses in mobility, digital and sustainability directly at the site, which will literally bring us a significant step closer to the talents of tomorrow.

Another aspect in attracting qualified specialists and already an important argument for Vossloh as an employer is the fact that our business model is demonstrably ecologically sustainable. In job interviews, we have noticed that this is becoming increasingly important, especially for young people. It is no longer just a question of what a company does, but above all how it does it.

Vossloh's positioning in this context is evidenced, among other things, by our excellent performance under the **EU taxonomy** classification system. For example, 100% of our sales revenues are classified as taxonomy-eligible and 63% as taxonomy-aligned. This makes us one of the leading companies in Germany. To further underline the importance of sustainability for us as a company, we linked another part of our Group financing to our sustainability performance in the last financial year, in addition to our existing hybrid note. The interest coupon of the sustainability-linked Schuldschein loan of €60 million placed in July 2023 and the syndicated loan with a volume of up to €240 million concluded at the end of February 2024 is linked to the sales revenues alignment rate achieved via a bonus-malus rule.

At Vossloh, we take sustainability seriously and assume responsibility for the environment in which we live and operate and for the society of which we are an integral part. We do everything in our power to protect our planet for future generations and to maintain a livable and diverse environment for them. If you would like to find out more about our activities in this regard, you will find extensive information on this in our nonfinancial Group statement, which you will find for 2023 in the accompanying annual report from page 80 onwards. The Vossloh Group's diverse sustainability activities are regularly reviewed by renowned international rating agencies - including ISS ESG, MSCI ESG Research and EcoVadis - and awarded top marks.

In addition to employees and business partners, investors are also increasingly attaching importance to these assessments and often make their investment decisions dependent on the corresponding results. We were also in the final of last year's **German Sustainability Award** together with two other companies. This is Europe's most important award for ecological and social commitment and pioneers in sustainability.

Ladies and gentlemen, please allow me to make a brief comment "on my own behalf" towards the end of my speech. As just mentioned by our esteemed Supervisory Board Chairman, Dr. Rüdiger Grube, my contract as CEO of your Vossloh AG has been extended for a further five years until the end of February 2030. I would like to thank the Supervisory Board for the trust they have placed in me and I am very pleased to be able to continue to accompany and contribute to Vossloh's great development. With our great team of competent, committed and loyal employees behind me and a highly valued Executive Board colleague at each side, I am confident that we will achieve a great deal together.

I would like to thank you, our shareholders, for your attention, your continued interest and your much appreciated commitment to Vossloh.

I would now like to hand the floor back to our Supervisory Board Chairman, Dr. Grube.

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