

### **3. Information on Agenda Item 8: Authorization to issue convertible bonds and/or bonds with warrants, profit participation rights and/or profit participation bonds with the option of excluding subscription rights, creation of new conditional capital 2024 and corresponding amendment of the Articles of Association**

#### **Report by the Executive Board on the reasons for the authorization to exclude subscription rights**

In Agenda Item 8, the Executive Board and the Supervisory Board propose to the Annual General Meeting of Vossloh Aktiengesellschaft taking place on May 15, 2024, to resolve on a new authorization of the Executive Board to issue convertible bonds and/or bonds with warrants, profit participation bonds and/or profit participation rights (or any combination of these instruments) for a total nominal amount of up to €150,000,000 and to create new conditional capital (conditional capital 2024) in the amount of €4,985,768 (this corresponds to 10% of the Company's share capital at the time of the Annual General Meeting's resolution on this authorization). The new authorization is to provide the Company with the greatest possible degree of flexibility and more leeway over the next five years for financing its activities and, in particular, to enable the management to react quickly and flexibly to favorable conditions on capital markets.

Under the authorization, the Company is to be allowed to issue bonds with the subscription rights being excluded in certain cases. Therefore, pursuant to Section 221(4) Sentence 2 of the German Stock Corporation Act in conjunction with Section 186(4) Sentence 2 of the German Stock Corporation Act, the Executive Board reports as follows on the reasons for the exclusion of subscription rights:

Pursuant to the resolution proposed under Agenda Item 8, the Executive Board is to be authorized for the period until May 14, 2029, to issue, with the consent of the Supervisory Board, on one or several occasions, also simultaneously in different series, subordinated or unsubordinated bearer or registered convertible bonds and/or bonds with warrants, profit participation rights and/or profit participation bonds (in each case including hybrid bonds) (or any combination of these instruments) (hereinafter also collectively referred to as "bonds") for a total nominal amount of up to €150,000,000. The shareholders are, in principle, entitled to the statutory right to subscribe for bonds to which conversion or option rights or conversion or option obligations are attached (Section 221(4) of the German Stock Corporation Act in conjunction with Section 186(1) of the German Stock Corporation Act). To facilitate the settlement, the option is to be made available that the bonds be issued to a credit institution or the members of a syndicate of credit institutions or companies equivalent to credit institutions pursuant to Section 186(5) Sentence 1 of the German Stock Corporation Act with the obligation to offer the bonds to the shareholders according to their subscription rights (indirect subscription rights). If bonds are issued by a company affiliated with Vossloh Aktiengesellschaft within the meaning of Section 18 of the German Stock Corporation Act, the Company must ensure accordingly that the shareholders of the Company are granted their statutory subscription rights.

Under this authorization, the Executive Board will also be authorized under certain conditions to exclude the statutory rights of the shareholders to subscribe for the bonds. The right to subscribe for the bonds may only be excluded with the Supervisory Board's consent and in the following cases:

- a) The Executive Board is authorized to exclude shareholders' subscription rights if bonds to which conversion or option rights or conversion or option obligations are attached are issued for cash and the Executive Board, upon due review, determines that the issue price of the bonds is not substantially below the theoretical market value of the bonds as calculated in accordance with generally accepted methods, in particular, methods of financial mathematics. This provides the Company with the option to take advantage of favorable market conditions at very short notice and rapidly and, by setting terms and conditions in line with market conditions, to achieve better terms and conditions for the bonds. If the subscription rights were respected, setting terms and conditions in line with market conditions and implementing a seamless issue would be impossible. While Section 186(2) of the German Stock Corporation Act does permit the announcement of the subscription price (and thus the terms and conditions of the bonds) up to three days before expiry of the subscription period at the latest, there would nevertheless be a market risk lasting several days given the volatility frequently observed on equity markets, which would lead to safety-margin deductions having to be taken into account in setting the terms and conditions of the bonds and, thus, to terms not being in line with market conditions. The retention of a subscription right also threatens the successful issue among third parties, or might entail additional expenditures, because of the uncertainty concerning its exercise (subscription behavior). Finally, if a subscription right is granted, the Company cannot respond to either favorable or unfavorable market conditions at short notice because of the length of the subscription period.

In this case, i.e., where the subscription rights are excluded in their entirety, the provision of Section 186(3) Sentence 4 of the German Stock Corporation Act applies mutatis mutandis pursuant to Section 221(4) Sentence 2 of the German Stock Corporation Act. In excess of the limit of 20% of the share capital applicable to exclusions of subscription rights provided for in that provision, the terms of the resolution also provide for a lower upper limit of up to 10% of the share capital. This limit set out in the resolution must not be exceeded either at the time the authorization becomes effective or, if this amount is lower, at the time when the authorization is used. In the calculation of that limit, the sale of treasury shares must be taken into account, provided that the sale occurs during the term of the authorization with the subscription rights being excluded in analogous application of Section 186(3) Sentence 4 of the German Stock Corporation Act. In addition, in the calculation of that limit, those shares must be taken into account that are issued during the term of the authorization from authorized capital with simplified exclusion of the subscription rights pursuant to Section 186(3) Sentence 4 of the German Stock Corporation Act. This allocation is for the protection of shareholders, as it serves to minimize the dilution of their shareholding. The foregoing allocation against this upper limit shall cease to apply at such time as, following the reduction, a new authorization approved by the Annual General Meeting for the exclusion of shareholders' subscription rights pursuant to or in analogous application of Section 186(3) Sentence 4 of the German Stock Corporation Act becomes effective, to the extent of the new authorization, however no more than 10% of the share capital under the provisions of Sentence 3 of this paragraph. In this case, the Annual General Meeting once again has the opportunity to decide on the simplified exclusion of the subscription rights, meaning that the reason for the allocation again ceases to apply. Once the new authorization on the simplified exclusion of the subscription rights becomes effective, the ban arising from the exercise of the respective authorization regarding the authorization to use conditional capital 2024 without shareholders' subscription rights no longer applies. As a result of the identical majority requirements for such a resolution, the renewal of the authorization to exclude shareholders' subscription rights – insofar as statutory requirements are satisfied – should also be viewed as a confirmation with regard to this authorization resolution. In the event that an authorization to exclude shareholders' subscription rights is again used in direct or analogous application of Section 186(3) Sentence 4 of the German Stock Corporation Act, the allocation shall be performed again.

Section 186(3) Sentence 4 of the German Stock Corporation Act stipulates that where shares are issued with the subscription rights being excluded, the issue price of the shares must not be significantly below the stock exchange price. This is to ensure that no significant dilution of the economic value of the shares occurs. Whether or not such a dilutive effect occurs in the event of an issue of bonds to which conversion or option rights or conversion or option obligations are attached with the subscription rights being excluded can be determined by calculating the notional stock exchange price (market value) of the bonds in accordance with recognized calculation methods, in particular, methods of financial mathematics, and comparing such price with the issue price. If, following due review by the Executive Board, the issue price is deemed to be only insignificantly lower than the market value at the time of issue of the bonds, the exclusion of the subscription rights is deemed permissible in accordance with the intent and purpose of the provision laid down in Section 186(3) Sentence 4 of the German Stock Corporation Act owing to the insignificant discount. This means that the notional market value of a subscription right would decrease to almost zero, with the effect that the shareholders will not suffer any significant economic disadvantage on account of the exclusion of their subscription rights.

The review by the Executive Board notwithstanding, it is ensured that terms and conditions will be set in line with market conditions and that a notable dilution will thereby be prevented if a bookbuilding procedure is implemented. In that procedure, the terms and conditions of the bonds will be set on the basis of the purchase orders of investors and, thus, the total value of the bonds will be determined in line with market conditions. All this serves to ensure that no notable dilution of the value of the Company's shares will occur as a result of the exclusion of the subscription rights.

Moreover, the shareholders have the option of maintaining their proportionate holding in the Company's share capital, even after the exercise of conversion or option rights or after option or conversion obligations take effect, at any time by buying more shares via the stock market. By comparison, the authorization to exclude the subscription rights allows the Company to set terms in line with market conditions, to have the greatest degree of certainty possible with regard to the possibility to place the bonds with third parties, and to benefit from favorable market conditions on short notice.

- b) The Executive Board is to also be authorized to exclude the subscription rights of the shareholders if the bonds are to be issued for consideration in kind. This makes it possible to issue bonds – where the individual circumstances are conducive – in the context of mergers or for the purpose of (also indirect) acquisitions of enterprises, parts of enterprises, participations in other enterprises or of other assets or claims for the acquisition of assets, including receivables from the Company or its Group companies within the meaning of Section 18 of the German Stock Corporation Act. This may also be expedient with a view to optimizing the financing structure. Furthermore, this allows the Company to reacquire existing bonds in return for issuing new bonds, for example in order to facilitate the substitution of existing bonds, if doing so is reasonable from a business perspective. In each individual case, the Executive Board will carefully consider whether it will make use of the authorization to issue bonds against consideration in kind with the subscription rights being excluded. The Executive Board will do so only if it is in the interest of the Company and, therefore, of its shareholders.
- c) The exclusion of the subscription rights to the benefit of holders of bonds previously issued by the Company or by affiliated companies within the meaning of Section 18 of the German Stock Corporation Act will be done taking dilution protection into account; such protection is owed to the holders, as a general rule, under the terms and conditions of the bonds. In order to facilitate the issuance, a dilution protection provision usually provides that, in addition to the possibility of reducing the conversion or option price, the holders or creditors of the bonds or warrants can be granted the same subscription rights to new shares as the shareholders in the event of subsequent capital changes in the Company during the term of the bonds (such as a capital increase or capital reduction or a share split), as well as in conjunction with dividend payments, the issuance of additional bonds, conversion measures and in the case of other events having an impact on the value of the conversion or option rights or obligations or conversion rights that arise during the term of the bonds (e.g. in the event that a third party should gain control). They are thus treated as if they were shareholders already. Such granting of a subscription right allows the Company to avoid having to reduce the conversion or option price for previously issued bonds. This ensures a higher issue price of the shares that are issued upon conversion or exercise of the option. In order to be able to grant subscription rights for dilution protection purposes to the holders of previously issued bonds, the right of the shareholders to subscribe for the new bonds used for those purposes must be excluded.
- d) The authorization to exclude the subscription rights for fractional shares serves to ensure that a practicable subscription ratio is achieved as regards the amount of an issue in each case. Without the exclusion of the subscription rights for fractional shares, the technical execution of the capital increase and the exercise of the subscription rights would be made much more difficult, especially in the case of bonds that are issued in round amounts. The bonds excluded from the subscription rights of shareholders for being free fractions will be realized to the best possible benefit of the Company, either through a sale on the stock market or another way.

In addition, by incorporating a clause to this effect, it is to be ensured, in the interests of the shareholders, that the authorizations to exclude subscription rights that are contained in the foregoing paragraphs, taking into account other shares in the Company that are issued or sold during the term of this authorization and with the exclusion of shareholders' subscription rights, or, as the case may be, that are issued or are to be issued to satisfy claims under bonds with conversion or option rights or with conversion or option obligations, provided that these bonds are issued during the term of the authorization with the exclusion of subscription rights (with the exception of issuance with the exclusion of subscription rights for fractional shares) are to be limited to a pro-rata amount of the share capital of 10% of the share capital at the time that this authorization takes effect or – should this value be lower – at the time this authorization is exercised. The foregoing allocation against this upper limit shall cease to apply at such time as, following the reduction, a new authorization approved by the Annual General Meeting for the exclusion of shareholders' subscription rights becomes effective, to the extent of the new authorization, however no more than 10% of the share capital under the provisions of Sentence 1 of this paragraph. In this case as well, the Annual General Meeting once again has the opportunity to decide on the exclusion of the subscription rights, meaning that the reason for the allocation again ceases to apply. Once the new authorization on the exclusion of the subscription rights becomes effective, the ban arising from the exercise of the respective authorization regarding the authorization to use conditional capital 2024 without shareholders' subscription rights no longer applies. As a result of the identical majority requirements for such a resolution, the renewal of the authorization to exclude shareholders' subscription rights – insofar as statutory requirements are satisfied – should also be viewed as a confirmation with regard to this authorization resolution. In the event that an authorization to exclude shareholders' subscription rights is again used, the allocation shall be performed again.

The Executive Board believes, and the Supervisory Board concurs, that the exclusion of the subscription rights is objectively justified in the aforementioned cases for the reasons given above – also taking into account a possible dilutive effect – and reasonable with regard to the shareholders.

Such anticipatory resolutions with the possibility to exclude subscription rights are common practice both nationally and internationally. The Executive Board will in each case carefully examine whether the utilization of the authorization and, in particular, an exclusion of subscription rights is in the interests of the Company and its shareholders. If the proposed authorization is used, the Executive Board will report on it at the next Annual General Meeting.