

#### **4. Information on Agenda Item 9: Authorization to acquire and use treasury shares, as well the exclusion of subscription and tender rights**

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

In Agenda Item 9, the Executive Board and the Supervisory Board propose to the Annual General Meeting of Vossloh Aktiengesellschaft taking place on May 15, 2024, to authorize the Executive Board to acquire and use treasury shares pursuant to Section 71(1) No. 8 of the German Stock Corporation Act.

In this context, pursuant to Section 186(4) Sentence 2 of the German Stock Corporation Act in conjunction with Section 71(1) No. 8 of the German Stock Corporation Act, the Executive Board therefore reports as follows on the reasons for the exclusion of subscription rights:

The Executive Board shall be authorized until May 14, 2029, to acquire treasury shares in the Company totaling up to 10% of the share capital at the time at which this authorization comes into effect, or – if this amount is lower – at the time at which this authorization is exercised in each case for every permissible purpose within the framework of the statutory limitations. The shares acquired under this authorization, together with other treasury shares that the Company has already acquired and that are held by it or are attributable to it must not at any moment in time represent more than 10% of the share capital. The acquisition of treasury shares may be effected as a purchase via the stock exchange, via a public purchase offer addressed to all shareholders, by means of a public invitation to all shareholders to submit sale offers, or by granting tender rights.

If a public purchase offer or a public invitation to submit sale offers has been oversubscribed, the acquisition or, as the case may be, the acceptance must be effected based on the proportions of the offered shares to be considered in each case with any potential rights of the shareholders to tender their shares being partially excluded in this respect. In this way, the acquisition procedure can be simplified and the technical processing performed economically. Any potential rights of the shareholders to sell their shares may be partially excluded such that priority is given to acquiring or accepting smaller lots of up to 150 no-par value shares per shareholder and such that the number of shares is rounded according to commercial principles. This not only makes it possible to avoid small, generally uneconomical residual amounts, thereby preventing the risk of small shareholders being put at a de facto disadvantage, but also serves to simplify the acquisition procedure at a technical level. The Executive Board and the Supervisory Board believe that the exclusion of the subscription rights to this extent is objectively justified and reasonable with regard to the shareholders.

The authorization also covers the use or respectively sale of treasury shares as described in greater detail below, in particular to the extent that it involves an exclusion of the shareholders' subscription rights:

- a) Pursuant to b) aa) of the authorization proposed under Agenda Item 9, it is intended that, in the event of a sale of treasury shares by means of a public purchase offer made to all shareholders with the consent of the Supervisory Board, the subscription right for fractional amounts can be excluded in order to facilitate the settlement process.
- b) Pursuant to b) bb) of the authorization proposed under Agenda Item 9, the Company is to also be permitted to sell, with the consent of the Supervisory Board, acquired treasury shares against payment in cash with shareholders' subscription rights being excluded, e.g., to one or more institutional investors or in order to enhance the Company's investor base. Such a sale is subject to the sell price not being significantly lower than the stock exchange price of the Company's shares. The possibility of selling treasury shares against payment in cash with the shareholders' subscription rights being excluded serves the interests of the Company in obtaining the best price possible when selling the treasury shares. By excluding the subscription rights, it is possible to place the shares close to the stock exchange price, i.e., the discount normally associated with rights issues is eliminated. Compared to selling the shares on the stock exchange over a lengthy period of time, this approach results in an immediate inflow of funds and avoids the uncertainties of future stock exchange developments in relation to the total purchase price that is obtained. It enables the Company to quickly, flexibly and cost-effectively exploit opportunities that arise in the context of prevailing stock exchange conditions.

The notional amount of the share capital attributable to the authorizations granted under Agenda Item 9 lit. b) bb) must not in aggregate exceed 10% of the share capital that there is at the time this authorization takes effect or – if this value is lower – of the share capital that there is at the time the present authorization is exercised in each case. Using the stock exchange price as a basis for setting the sell price ensures that due consideration is given to the principle of protecting shareholders from dilution and that the shareholders' interests in terms of assets and voting rights are appropriately safeguarded. The management will seek to ensure – taking into account the market conditions prevailing at the time – that any discount on the stock exchange price is as low as possible. Shareholders are generally able to maintain their proportionate shareholdings by acquiring Company shares via the stock exchange at comparable terms, while the Company is provided with more leeway in the interests of all shareholders.

The proposed authorization also ensures that the number of treasury shares used pursuant to Agenda Item 9 lit. b) bb) with the simplified exclusion of the subscription rights in analogous application of Section 186(3) Sentence 4 of the German Stock Corporation Act together with other shares that were issued or sold in direct or analogous application of that provision during the term of this acquisition authorization will not exceed the limit of 10% of the share capital, neither at the point in time at which the General Meeting adopts the resolution nor at the point in time at which the authorization is used. Shares must also be taken into account that are issued or to be issued to satisfy claims under bonds with conversion or option rights or with conversion or option obligations issued during the term of the acquisition authorization with the subscription rights being excluded in analogous application of Section 186(3) Sentence 4 of the German Stock Corporation Act. The 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 1 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 use of treasury shares 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.

- c) In addition, the authorization proposed under lit. b) cc) of Agenda Item 9 is to permit the Executive Board to offer or transfer, with the consent of the Supervisory Board, treasury shares against contributions in kind and thereby use them, in particular, as (partial) consideration for the direct or indirect acquisition of enterprises, parts of enterprises or participations in enterprises or other assets, including receivables from the Company or its affiliated companies within the meaning of Section 15 of the German Stock Corporation Act, or of claims for the acquisition of assets or in the context of mergers. The authorization, proposed for that reason, is designed to enhance the Company's competitive edge on interesting acquisition targets and enable it to respond to opportunities to acquire such assets quickly, flexibly and with little detriment to liquidity by using treasury shares. The proposed exclusion of the shareholders' subscription rights is conducive to this objective. The decision whether and to what extent treasury shares or shares issued under authorized capital will be used as acquisition currency will be made by the Executive Board, which will base that decision solely on the interests of the Company and its shareholders. In defining the valuation ratio, the Executive Board will ensure that the interests of shareholders are suitably accommodated. The Executive Board will take into consideration the stock exchange price of the Company's shares. However, no schematic link to a stock exchange price is provided for in this context, in particular to ensure that fluctuations in the stock exchange price cannot jeopardize negotiation results that have been reached.

- d) In addition, pursuant to lit. b) dd) of the authorization proposed under Agenda Item 9, the Company is to be permitted to use treasury shares to service obligations or rights to acquire Company shares arising in particular from or in connection with convertible bonds, bonds with warrants, profit participation rights and/or profit participation bonds (or any combination of these instruments) of the Company or affiliated companies within the meaning of Section 18 of the German Stock Corporation Act. The proposed resolution does not establish any new or additional authorization to issue bonds. The Company is merely to be given the flexibility to service the acquisition obligations or rights by using treasury shares instead of conditional or authorized capital. In its decision whether to dispense treasury shares or new shares to service these obligations or rights, the Executive Board will duly consider the interests of the shareholders. The same applies to the question of the – also possibly exclusive – serviceability of convertible bonds, bonds with warrants, profit participation rights and/or profit participation bonds (or any combination of these instruments) using treasury shares. The exclusion of the shareholders' subscription rights is a prerequisite in all such cases.

Where required to protect against dilution, the Executive Board is also to be allowed the possibility of excluding the subscription rights in order to grant to the holders or creditors of convertible bonds, bonds with warrants, profit participation rights and/or profit participation bonds (or any combination of these instruments) issued by the Company or affiliated companies within the meaning of Section 18 of the German Stock Corporation Act subscription rights to Company shares in the amount in which they would be entitled to receive shares after having exercised the convertible bonds, bonds with warrants, profit participation rights and/or profit participation bonds or, as the case may be, after having fulfilled any option or conversion obligations as shareholders.

- e) Pursuant to lit. b) ee) of the authorization proposed under Agenda Item 9, it is to be possible that treasury shares can be canceled without the cancellation or implementation thereof requiring another resolution by the Annual General Meeting. Such a cancellation may also be carried out without a capital reduction, with the result that the pro-rata amount of the remaining no-par value shares in the Company's share capital is increased. In such event, the Executive Board is authorized to adjust the number of no-par value shares stated in the Articles of Association.
- f) Finally, pursuant to lit. b) ff) of the authorization proposed under Agenda Item 9, treasury shares may be used in connection with stock-based compensation and/or employee share programs of the Company or its affiliated companies. This authorization is capped at 5% of the share capital, both at the time this authorization takes effect and at the time the shares are used. The Company wants to use this instrument to promote an ownership culture within the enterprise and to enable employees and managers to participate in the Company and its performance by means of share programs and stock-based compensation. Such participation is also desired by lawmakers and is therefore facilitated in several ways. Issuing shares to staff of the Company or of its affiliated companies and to board members of affiliated companies can enhance the identification of these individuals with the enterprise. Their affiliation with the Company can thus be reinforced, and they can participate as shareholders in the Company's long-term performance. This will help, in the interest of the Company and its shareholders, to strengthen the understanding and willingness to accept greater, especially economic, co-responsibility. Issuing shares also makes it possible to create schemes with long-term incentive effects in which both positive and negative developments can be reflected. For example, this allows the granting of shares with a lock-up period, vesting period or sales-deferring inducements to have not just a bonus effect, but, in the case of negative developments, also a malus effect, and can therefore serve as a strong incentive to focus on a sustainable increase in the Company's value.

If this authorization is used, both the total number of issued shares and the preferential treatment granted to the beneficiaries as a result of the shares being granted at a reduced price or without any investment of their own should be in reasonable relation to the Company's situation and the anticipated advantages for the enterprise. The issue of the shares can be tied to further conditions, such as vesting periods, lock-up periods, achievement of specific targets or continued employment within the Group.



The above-described objectives of identification with the Company, affiliation with the Company and the acceptance of entrepreneurial co-responsibility are in the interest of the Company and its shareholders. The exclusion of the shareholders' subscription rights required for this use of the shares is thus generally in the interest of the Company and its shareholders.

The total quantity of shares sold with the exclusion of shareholders' subscription rights, 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), may not exceed a pro-rata amount of the share capital of 10% of the share capital, neither at the time that this authorization takes effect nor – 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 use of treasury shares 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.