enabling green mobility

Interim financial report as of June 30, 2023

Key group figures		H1/2023	H1/2022
Orders received	€ mill.	688.8	693.0
Order backlog	€ mill.	859.4	827.9
Income statement data			
Sales revenues	€ mill.	600.6	476.4
Core Components	€ mill.	263.8	212.9
Customized Modules	€ mill.	276.8	216.0
Lifecycle Solutions	€ mill.	76.9	56.5
EBITDA	€ mill.	78.5	53.8
EBITDA margin	%	13.1	11.3
EBIT	€ mill.	49.3	28.9
EBIT margin	%	8.2	6.1
Net interest result	€ mill.	(8.4)	(3.4)
EBT	€ mill.	40.9	25.5
Net income	€ mill.	29.4	17.3
Attributable to shareholders of Vossloh AG	€ mill.	20.2	11.0
Earnings per share	€	1.15	0.63
Return on capital employed (ROCE)[1]	%	10.5	6.2
Value added[1]	€ mill.	9.3	(3.7)
Balance sheet data			
Fixed assets[2]	€ mill.	720.1	733.3
Capital expenditure	€ mill.	21.6	19.9
Depreciation/amortization	€ mill.	29.2	24.9
Closing working capital[3]	€ mill.	194.2	229.2
Closing capital employed[4]	€ mill.	914.3	962.5
Equity	€ mill.	625.6	596.0
Net financial debt (including lease liabilities)	€ mill.	234.7	281.2
Total assets	€ mill.	1,424.8	1,373.1
Equity ratio	%	43.9	43.4
Cash flow statement data			
Gross cash flow	€ mill.	82.3	53.9
Cash flow from operating activities	€ mill.	59.3	(25.2)
Cash flow from investing activities	€ mill.	(19.7)	(18.6)
Cash flow from financing activities	€ mill.	(22.1)	(3.5)
Free cash flow	€ mill.	37.5	(42.0)
Work force data			
Average headcount during the period	Number	3,972	3,750
Core Components	Number	1,026	906
Customized Modules	Number	2,277	2,236
Lifecycle Solutions	Number	591	542
Vossloh AG	Number	78	66
Personnel expenses	€ mill.	127.9	111.1
Share data			
Share price as of June 30	€	41.00	30.35
Closing market capitalization as of June 30	€ mill.	720.1	533.1

[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,

During the first half of the year, we were able to continue our course of sustainable and profitable growth in an impressive way and consolidate our position as a major systems house for all aspects of the rail track. Our customers around the world trust our products, services, and increasingly also our digital solutions, with which we generate decisive added value.

The dynamics in the rail industry are increasing worldwide. In the light of the need to achieve national and international climate protection targets, environmentally friendly mobility solutions and thus rail-based transport are becoming increasingly important. With our products and services for all aspects of the rail track, we are helping to ensure that people and goods are transported safely and in an environmentally compatible manner worldwide – an excellent starting position for our company.

We have successfully positioned ourselves to best meet the needs of our customers. This is also reflected in the development of business in the past six months: Orders received reached €688.8 million and were thus on a par with the previous year's historic high of €693.0 million. As of June 30, 2023, the order backlog reached €859.4 million, up 3.8 percent on the prior-year level of €827.9 million. One of the contributing factors was a major order for rail fastening systems for the construction of a new high-speed line in China worth a total of just under €50 million, which was received in June 2023.

Sales revenues also developed very well. During the reporting period, Group sales rose to €600.6 million, exceeding the previous year's figure of €476.4 million by 26.1 percent. It is particularly positive to note that all divisions again reported year-on-year sales increases. Core Components increased sales by 23.9 percent, Customized Modules grew by 28.1 percent and Lifecycle Solutions reported a 35.9 percent increase in sales revenues. At the same time, we succeeded in further boosting our profitability. EBIT increased significantly from €28.9 million in the prior-year period to €49.3 million in the first half of 2023. This corresponds to an increase of 70.4 percent. The EBIT margin increased by 2.1 percentage points to 8.2 percent.

Our particularly strong operating performance and the favorable development of working capital compared with the previous year resulted in a significant improvement in free cash flow from €(42.0) million to €37.5 million during the reporting period. The bottom line is that we have thus been able to reduce net financial debt (excluding finance leases) since the previous year's reporting date from €241.0 million to €197.4 million as of June 30, 2023.

Ladies and gentlemen, our business model is not only crisis-resistant, but also sustainable. Governments around the world are launching investment programs worth billions to drive forward the green transport revolution. Just recently, Deutsche Bahn and international partners published a study on the expansion of high-speed rail in Europe. In this study, the creation of a Europe-wide metropolitan network by means of extensive new line construction as well as expansion for fast passenger trains is suggested. This supports the politically desired shift of traffic to environmentally friendly rail, which ultimately serves to achieve the climate protection targets from the EU Commission's Green Deal. High-speed rail traffic is to be doubled by 2030 and even tripled by 2050. Vossloh is ideally positioned to make an important contribution to achieving these goals and will accordingly benefit from such an expansion – both in the construction of new lines and in the maintenance of existing connections. Europe is our most important sales market: In the financial year 2022, we had generated well over 50 percent of our sales revenues here.

All over the world, Vossloh is already making major contributions to noticeably reducing climate-damaging emissions as well as energy and land requirements in the transport sector because rail is indisputably the most eco-friendly mode of transport. Our business model achieves excellent results according to the EU Taxonomy Regulation. According to this standardized classification system for ecologically sustainable economic activities, 100 percent of our sales revenues are classified as taxonomy-eligible and 64 percent as taxonomy-aligned. In this respect, Vossloh ranks among Germany's leading companies and keeps the promise expressed in its guiding principle "enabling green mobility". Our clear commitment to climate protection is also expressed by the fact that in July 2023 we issued two Schuldschein loans totaling €60 million by way of a private placement, the interest burden of which is linked to the alignment rate of our sales revenues under the EU Taxonomy Regulation as part of a bonus-malus scheme. With this innovative financing instrument, we are not only increasing our financial stability but also demonstrating our firm commitment to environmentally and socially responsible action.

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

Ladies and gentlemen, you can certainly understand that my colleagues on the Executive Board and I are looking ahead with confidence for the reasons outlined above. In mid-June 2023, we therefore raised our sales revenues and earnings outlook for the current financial year. As a result, we now expect sales to be between €1.125 billion and €1.2 billion, compared with our original forecast of between €1.05 billion and €1.15 billion. It is highly likely that we will again achieve double-digit percentage growth in the financial year 2023. Furthermore, from today's perspective EBIT will be above the originally forecast level. As things stand today, we expect operating profit for the current financial year to settle between €87 million and €94 million. The previous forecast for 2023, which we published with the annual report 2022, was in a corridor between €79 million and €88 million. The main reason for the significant increase is a more profitable project mix in the Core Components division, which according to current estimates means that this division can again expect a double-digit EBIT margin in 2023.

On behalf of the entire Executive Board, I would like to thank you, our shareholders, business partners and employees, for the trust you have again placed in us over the course of this financial year. Let us continue to advance green mobility in our world and accompany the Vossloh Group together into a successful future.

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.	H1/2023	H1/2022	6/30/2023	6/30/2022
Core Components	350.5	359.8	358.8	367.6
Customized Modules	268.2	267.0	467.9	435.2
Lifecycle Solutions	87.8	78.8	44.9	35.1
Vossloh AG/consolidation	(17.7)	(12.6)	(12.2)	(10.0)
Group	**688.8**	**693.0**	**859.4**	**827.9**

Orders received and order backlog unchanged at peak level

Vossloh AG and its Group companies (hereinafter referred to as Vossloh) continued the strong development in orders received in the second quarter of 2023 and achieved a value of €343.9 million, which was significantly higher than the prior-year quarterly value of €314.8 million. Orders received in the first half of 2023 were thus on a par with the previous year's level, after orders received in the first quarter had still been significantly below the prior-year figure. The book-to-bill ratio at Group level as a ratio of orders received to sales revenues was at 1.15 in the first half of 2023. The order backlog at June 30, 2023, was unchanged at a high level and exceeded the prior-year figure by 3.8 percent.

At the division level, Core Components again achieved high orders received in the first six months of 2023, only 2.6 percent below the record level of the prior-year period. As expected, orders received by the Fastening Systems business unit fell short of the year-earlier figure, which had been particularly strong due to several major orders in China and Egypt. This contrasted with a major order in China worth just under €50 million in the first half of 2023. The decline was partly offset by higher orders received, especially in Romania, Germany and India. By contrast, orders received at Vossloh Tie Technologies, the second business unit in the Core Components division, significantly exceeded the previous year. Higher orders in Mexico and the US contributed to the increase (for further details on the Core Components division, see pages 11 et seq.). Orders received in the Customized Modules division were on a par with the previous year. Whereas orders received were higher mainly in Serbia, France, Switzerland and Germany, they remained below the previous year's level, particularly in Poland and Egypt (see the comments on page 13). In the Lifecycle Solutions division, orders received in the first half of 2023 significantly exceeded the prior-year figure by 11.5 percent. Higher demand in Germany and the Netherlands in particular contributed to this development (see the comments on page 14).

Sales revenues at Group level in the second quarter of 2023 reached a very high level. They exceeded the prior-year quarter by 35.4 percent. A significantly higher demand for rail infrastructure products and services in numerous regions worldwide led to the significant increase. On a half-year basis, sales revenues in the first six months of 2023 rose to a new record in the infrastructure business. They were 26.1 percent higher than in the comparable prior-year period. All divisions contributed considerably to the significant increase in sales.

Vossloh Group – Sales revenues by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	H1/2023		H1/2022		Q2/2023		Q2/2022	
Germany	69.4	11.6	44.5	9.3	40.7	11.8	27.4	10.8
France	45.5	7.6	42.4	8.9	23.2	6.8	20.4	8.0
Rest of Western Europe	54.4	9.1	44.6	9.4	27.9	8.1	26.4	10.4
Northern Europe	74.1	12.3	63.1	13.2	48.1	14.0	36.7	14.5
Southern Europe	56.0	9.3	46.1	9.7	31.1	9.0	22.9	9.0
Eastern Europe	41.4	6.9	38.6	8.1	23.7	6.9	21.4	8.4
Total of Europe	**340.8**	**56.8**	**279.3**	**58.6**	**194.7**	**56.6**	**155.2**	**61.1**
The Americas	76.9	12.8	43.4	9.1	40.0	11.6	26.5	10.4
Asia	112.0	18.6	89.4	18.8	71.9	20.9	40.2	15.8
Africa	11.8	2.0	10.4	2.2	6.3	1.8	2.8	1.1
Australia	59.1	9.8	53.9	11.3	31.3	9.1	29.5	11.6
Total	**600.6**	**100.0**	**476.4**	**100.0**	**344.2**	**100.0**	**254.2**	**100.0**

In the first six months of the financial year 2023, the Group significantly increased its sales revenues in Europe by €61.5 million or 22.0 percent compared to the previous year. The increase in sales was attributable in particular to the Western Europe region. Here, the Lifecycle Solutions division and the Fastening Systems business unit generated higher sales revenues, especially in Germany. The other European regions also contributed to the sales growth. In Northern Europe, sales were up by 17.3 percent year on year, partly due to higher sales revenues at the Customized Modules division in Sweden. Sales revenues in Southern Europe also increased strongly by 21.5 percent. Higher sales revenues in the Customized Modules division in Italy were primarily responsible for the increase. Sales revenues in Eastern Europe rose by 7.3 percent, led by Serbia in the Customized Modules division.

Sales revenues in the Americas region increased by €33.5 million or 77.1 percent year on year in the first half of 2023. The significant rise was particularly related to higher sales revenues in Mexico in the Core Components and Customized Modules divisions. In the US, an increase in sales was achieved above all in the Core Components division.

In Asia, sales revenues in the first half of 2023 exceeded the prior-year figure by 25.3 percent. The main reason for the significant increase in sales was higher contributions in China from the Fastening Systems business unit. In addition, higher sales revenues in the Customized Modules division, for example, contributed to the sales development in Asia.

Group sales in Australia also increased in the reporting period (by €5.2 million or 9.7 percent). Higher sales revenues in the Customized Modules division and the Tie Technologies business unit outweighed significantly lower sales contributions from the Fastening Systems business unit.

Sales revenues in Africa also increased in the first half of the year (by €1.4 million or 13.5 percent).
In the Customized Modules division in particular, lower sales revenues in Egypt were more than offset by higher sales contributions in Liberia.

Vossloh Group – Sales revenues and earnings

		H1/2023	H1/2022	Q2/2023	Q2/2022
Sales revenues	€ mill.	600.6	476.4	344.2	254.2
EBITDA	€ mill.	78.5	53.8	51.6	33.7
EBITDA margin	%	13.1	11.3	15.0	13.2
EBIT	€ mill.	49.3	28.9	35.2	20.8
EBIT margin	%	8.2	6.1	10.2	8.2
Net income	€ mill.	29.4	17.3	24.6	13.6
Earnings per share	€	1.15	0.63	1.08	0.60

Significant EBIT increase compared to the previous year

Vossloh continued the strong earnings development of the start of the year in the second quarter of 2023. EBIT in the first half of 2023 exceeded the prior-year figure by 70.4 percent. The strong improvement in earnings was primarily attributable to the Core Components division. The main drivers were higher earnings contributions from companies in China and Germany. In addition, the Customized Modules and Lifecycle Solutions divisions also contributed significantly to the EBIT increase. Vossloh's profitability – measured by the EBIT margin – was also substantially higher in the first half of 2023 compared to the previous year.

Net interest result fell to €(8.4) million in the first half of 2023 (previous year: €(3.4) million). This was mainly due to currency translation losses from reporting date valuations of existing foreign currency positions related to Group financing and higher financing costs from financial liabilities as a result of the general interest rate development.

Earnings per share in the second quarter of 2023 significantly above the prior-year quarter

In the first half of 2023, tax expense amounted to €12.5 million (previous year: €9.2 million). The increase is mainly attributable to the higher operating result. Net income in the first half of 2023 improved accordingly by a significant €12.1 million compared with the prior-year period. As in the previous year, €3.0 million of the net income is attributable to hybrid capital investors, while €6.2 million is attributable to minority interests (previous year: €3.3 million). Net income attributable to Vossloh AG's shareholders amounted to €20.2 million, up from €11.0 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 2023 were also significantly higher than a year earlier due to the EBIT trend.

Vossloh Group – Value management

		H1/2023	H1/2022	Q2/2023	Q2/2022
Average capital employed[1]	€ mill.	940.8	931.0	938.6	946.2
ROCE[2]	%	10.5	6.2	15.0	8.8
Value added[3]	€ mill.	9.3	(3.7)	15.3	4.3

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

Value added significantly above previous year despite higher capital costs

Return on capital employed (ROCE) in the first half of 2023 was significantly higher than in the prior-year period as a result of the EBIT trend. The WACC used for internal management – the weighted cost of capital for providers of equity and debt – was raised to 8.5 percent as a result of the general interest rate trend (prior year: 7.0 percent). Nevertheless, the value added in the first half of 2023 was positive and distinctly exceeded the prior-year figure.

Net assets and financial position

Total assets increased by 4.1 percent compared with the end of 2022. Equity at June 30, 2023 remained almost unchanged compared to the end of 2022. In the first half of 2023, the dividend payments and the negative currency translation differences recognized in equity were mainly offset by the positive net income.

Vossloh Group

		H1/2023/ 6/30/2023	Fiscal year 2022/ 12/31/2022	H1/2022/ 6/30/2022
Total assets	€ mill.	1,424.8	1,368.8	1,373.1
Equity	€ mill.	625.6	625.1	596.0
Equity ratio	%	43.9	45.7	43.4
Closing working capital[1]	€ mill.	194.2	191.6	229.2
Average working capital	€ mill.	215.3	218.1	201.6
Average working capital intensity[2]	%	17.9	20.8	21.2
Fixed assets[3]	€ mill.	720.1	731.6	733.3
Closing capital employed[4]	€ mill.	914.3	923.2	962.5
Average capital employed	€ mill.	940.8	950.6	931.0
Free cash flow[5]	€ mill.	37.5	27.9	(42.0)
Net financial debt (including lease liabilities)[6]	€ mill.	234.7	237.5	281.2

[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

Free cash flow clearly positive in the first half of 2023

Working capital at the reporting date of June 30, 2023, was down noticeably by 15.3 percent compared with the end of the first half of 2022, despite the significantly higher sales revenues. The average working capital intensity decreased by 3.3 percentage points in the first half of 2023. A project to sustainably reduce working capital was launched in the second quarter of 2023. Initial successes of the project contributed to the positive development. In the second quarter of 2023 alone, working capital was reduced by more than €40 million. In conjunction with the positive development of operating profit, this resulted in a significantly improved free cash flow of €65.0 million in the second quarter of 2023 (second quarter of 2022: €(30.3) million). Free cash flow in the first half of 2023 thus also showed a strong year-on-year improvement and was clearly positive. Vossloh's net financial debt (including lease liabilities) accordingly decreased significantly by €46.5 million compared to the end of the first half of 2022.

Capital expenditure[1]

€ mill.	H1/2023	H1/2022	Q2/2023	Q2/2022
Core Components	7.5	7.8	4.2	4.9
Customized Modules	6.8	6.0	3.7	3.8
Lifecycle Solutions	5.6	5.0	3.3	1.8
Vossloh AG/consolidation	1.7	1.1	1.1	0.7
Total	**21.6**	**19.9**	**12.3**	**11.2**

[1] The capital expenditures shown here do not match the figures in the cash flow statement, as only cash-effective capital expenditures including those from discontinued operations are included there.

Capital expenditure in the first half of 2023 slightly above the previous year

Capital expenditure at Group level in the first half of 2023 was slightly above the prior-year level. Capital expenditure in the Core Components division was only marginally down on the prior-year level. The largest single investment related to the establishment of serial production for the composite sleeper at the Fastening Systems business unit's Polish production site. Capital expenditure in the Customized Modules division increased slightly. A major capital expenditure was made in connection with the strategically important project for digital-based switch monitoring in Sweden. Capital expenditure in the Lifecycle Solutions division in the first half of 2023 was also slightly higher than a year earlier. Among other things, technical revisions were made to individual milling machines.

Business performance Core Components

In the Core Components division, Vossloh has pooled its range of industrially manufactured series products which are required in large quantities in rail infrastructure. The Fastening Systems business unit is a world-leading supplier of rail fastening systems. Its products are developed, manufactured and marketed for all applications worldwide – from heavy-haul to high-speed lines and regional transportation. The Tie Technologies business unit is the leading manufacturer of concrete mainline ties in North America and Australia. In addition to concrete mainline ties, it produces turnout ties, concrete elements for slab tracks and level crossing systems.

Core Components

		H1/2023/ 6/30/2023	H1/2022/ 6/30/2022	Q2/2023	Q2/2022
Orders received	€ mill.	350.5	359.8	184.3	163.2
Order backlog	€ mill.	358.8	367.6	–	–
Sales revenues[1]	€ mill.	263.8	212.9	148.7	111.5
EBITDA	€ mill.	46.8	28.3	28.9	14.0
EBITDA margin	%	17.7	13.3	19.4	12.6
EBIT	€ mill.	33.8	17.3	21.4	8.3
EBIT margin	%	12.8	8.1	14.4	7.4
ROCE[2]	%	19.8	9.8	25.7	9.2
Value added[2]	€ mill.	19.3	5.0	14.3	2.0

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

Orders received at the high level of the previous year

Orders received by the Core Components division in the first half of 2023 were slightly below the prior-year figure (by (2.6) percent). Lower order volumes in the Fastening Systems business unit were almost compensated by Vossloh Tie Technologies. The division's overall book-to-bill ratio after six months was at a pleasing 1.33.

In the first half of 2023, new orders at the Fastening Systems business unit totaled €233.6 million. This was partly due to the major contract worth just under €50 million won at the beginning of June for the supply of rail fastening systems for the construction of a new high-speed line in China. The prior-year figure had been €274.1 million. However, this figure included three major orders with a total volume of over €130 million: two projects in China and an order to supply rail fastening systems for the construction of a new high-speed line in the north of Egypt. At the end of the first half of 2023, the Fastening Systems business unit's order backlog stood at €235.7 million (previous year: €283.1 million).

In the Tie Technologies business unit, new orders in the first half of 2023 increased to €133.7 million (previous year: €94.6 million). The main driver here was an order won in Mexico at the beginning of the year. The order backlog as of June 30, 2023 increased to €128.8 million (previous year: €93.2 million).

Significant increase in sales in both business units

Revenues in the Core Components division increased significantly compared to the first half of 2022. Both business units contributed to the sales growth. The Fastening Systems business unit recorded a considerable increase in sales revenues in the first half of 2023 to €186.1 million (previous year: €148.9 million). This was primarily due to higher project sales in China and Mexico. The previous year's figure was also exceeded in the German market.

The Tie Technologies business unit generated sales revenues of €92.1 million in the first six months of the current year (previous year: €67.4 million). Sales revenues increased in the US in particular thanks to higher call-off orders from the Class I companies. Revenues in Mexico were also higher as a result of the execution of the order won at the beginning of the year. In the Australian market, sales also rose slightly compared to 2022.

The volume of intercompany sales revenues in the Core Components division increased noticeably in the first half of the year compared to the previous year. This is due to Vossloh Tie Technologies' higher demand for rail fastening systems for the contract won in Mexico in early 2023, as well as the Class I companies in the US.

EBIT distinctly increased in the first half of 2023

EBIT in the Core Components division also increased significantly in the first half of 2023 compared with the first six months of 2022. This was primarily due to higher sales and a higher-margin project mix. In the previous year, a sharp rise in material and energy prices had weighed heavily on profitability.

ROCE in the Core Components division in the first half of the year was appreciably higher year on year in particular as a result of the EBIT performance. Average working capital intensity fell considerably compared with 2022, with significantly higher sales revenues, mainly due to further optimized receivables management. The Core Components division's value added also increased despite the higher weighted average cost of capital. At the Fastening Systems business unit, value added more than tripled to €21.2 million (up from €6.8 million), mainly due to higher sales revenues and a better project mix, especially in China and at the German location. The Tie Technologies business unit's value added was still slightly negative at €(1.3) million (prior year: €(1.8) million).

Core Components

		H1/2023	Fiscal year 2022	H1/2022
Average working capital	€ mill.	110.1	125.1	112.0
Average working capital intensity	%	20.9	26.0	26.3
Average capital employed	€ mill.	340.4	367.6	351.7

Business performance Customized Modules

The Customized Modules division bundles together all the Group's services relating to the manufacture, installation and maintenance of customized infrastructure modules for the rail sector. The division includes the Switch Systems business unit, one of the world's biggest suppliers of switch systems. The product portfolio covers a very broad spectrum of applications, ranging from light rail to high-speed lines.

Customized Modules

		H1/2023/ 6/30/2023	H1/2022/ 6/30/2022	Q2/2023	Q2/2022
Orders received	€ mill.	268.2	267.0	124.0	121.0
Order backlog	€ mill.	467.9	435.2	–	–
Sales revenues[1]	€ mill.	276.8	216.0	156.6	111.4
EBITDA	€ mill.	31.1	22.5	20.0	13.8
EBITDA margin	%	11.2	10.4	12.8	12.4
EBIT	€ mill.	22.0	15.2	14.8	10.0
EBIT margin	%	7.9	7.0	9.5	9.0
ROCE[2]	%	11.7	8.0	15.6	10.5
Value added[2]	€ mill.	5.9	2.0	6.7	3.4

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

Orders received at prior-year level

Orders received in the Customized Modules division in the first half of 2023 were on a par with the previous year. Higher orders received were primarily recorded in Eastern and Western Europe, especially in Serbia, France, Switzerland, and Germany. By contrast, orders received in Poland and Egypt in particular were down year on year. The order backlog increased by €32.7 million compared to the previous year.

Sales revenues significantly higher in the first half of 2023

Sales revenues in the Customized Modules division significantly exceeded the first half of 2022. Higher sales revenues, particularly in Mexico, Italy and Serbia, contributed to this development and more than compensated for lower sales primarily in Egypt.

Positive earnings trend continues

The Customized Modules division significantly increased EBIT year on year in the first six months of the current year. This was mainly due to higher earnings contributions from the sites in Luxembourg and Serbia. EBIT margin increased slightly.

ROCE in the Customized Modules division in the first half of 2023 increased significantly as a result of the positive EBIT development compared with the prior year. Average capital employed, however, remained virtually unchanged from the first half of 2022. Value added improved significantly overall compared with the prior-year period despite the increase in the weighted average cost of capital.

Customized Modules

		H1/2023	Fiscal year 2022	H1/2022
Average working capital	€ mill.	77.5	73.1	74.5
Average working capital intensity	%	14.0	16.0	17.3
Average capital employed	€ mill.	376.9	376.2	378.7

Business performance Lifecycle Solutions

With its Rail Services business unit, the Lifecycle Solutions division focuses on specialized services relating to the maintenance of rails and switches. The innovative technologies promote the safety of rail lines and help to extend the service life of rails and switches and increase track availability. The service portfolio includes above all maintenance, corrective and preventive care of rails and switches by milling and grinding, welding services, and rail and switch logistics. The comprehensive services of Lifecycle Solutions complement the product offerings of Core Components and Customized Modules.

Lifecycle Solutions

		H1/2023/ 6/30/2023	H1/2022/ 6/30/2022	Q2/2023	Q2/2022
Orders received	€ mill.	87.8	78.8	40.9	36.4
Order backlog	€ mill.	44.9	35.1	–	–
Sales revenues[1]	€ mill.	76.9	56.5	45.5	36.6
EBITDA	€ mill.	10.9	7.8	8.5	7.0
EBITDA margin	%	14.2	13.8	18.7	19.2
EBIT	€ mill.	4.1	1.6	5.1	3.9
EBIT margin	%	5.4	2.8	11.1	10.6
ROCE[2]	%	3.8	1.6	9.3	7.7
Value added[2]	€ mill.	(5.1)	(5.4)	0.4	0.3

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

Orders received up on previous year

Orders received in the Lifecycle Solutions division developed well in the first half of 2023, exceeding the prior-year figure by 11.5 percent. Lower orders received, especially in China and Norway, were more than offset by higher orders received, particularly in the home market of Germany and in the Netherlands.

Sales revenues significantly increased compared to previous year

Sales revenues in the Lifecycle Solutions division in the first half of 2023 were significantly higher than a year earlier. The increase was mainly due to the framework agreement signed last year with Deutsche Bahn for preventive rail maintenance (high-speed grinding) and to sales of maintenance machines. The degree of internationalization of the activities of the Lifecycle Solutions division, measured in terms of the share of sales outside Germany, was 49.8 percent (previous year: 55.7 percent). The decline is related to the above-average sales growth in Germany.

EBIT and EBIT margin further improved year on year

EBIT and EBIT margin of the Lifecycle Solutions division in the first six months of the current year significantly exceeded the prior-year figures. The positive development was mainly due to improved earnings from the maintenance business (high-speed grinding and milling) and from machine sales.

ROCE in the Lifecycle Solutions division increased significantly compared with the first half of 2022 due to the EBIT development. The improvement was slightly weakened by a year-on-year increase in average capital employed. The increase in capital employed was mainly due to higher average working capital. Value added after six months improved only slightly due to the increase in the weighted average cost of capital.

Lifecycle Solutions

		H1/2023	Fiscal year 2022	H1/2022
Average working capital	€ mill.	32.1	24.2	19.5
Average working capital intensity	%	20.9	17.8	17.3
Average capital employed	€ mill.	216.9	205.0	199.9

Workforce

As of June 30, 2023, the Group employed a total of 4,020 people worldwide. The number of employees has thus increased by 258 people, or 6.9 percent, from 3,762 in the past twelve months.

4,020 employees employed by Vossloh at the end of June 2023

Workforce	Closing date		Average	
	6/30/2023	6/30/2022	H1/2023	H1/2022
Core Components	1,057	893	1,026	906
Customized Modules	2,278	2,257	2,277	2,236
Lifecycle Solutions	606	546	591	542
Vossloh AG	79	66	78	66
Group	**4,020**	**3,762**	**3,972**	**3,750**

In the Core Components division, the average number of employees in the first half of 2023 was 13.3 percent higher than in the prior-year period. The increase is attributable to both business units. In the Fastening Systems business unit, the average number of employees rose from 552 in the previous year to 589 in the first half of 2023. The average number of employees at Vossloh Tie Technologies, the second business unit of the Core Components division, increased to 437 employees compared to the previous year's level (354 employees). The significant rise is due in particular to sharply increased business activities in Mexico. In the Customized Modules division, the average number of employees in the first half of 2023 slightly exceeded the prior-year figure by 1.8 percent. The average number of employees in the Lifecycle Solutions division increased noticeably by 8.9 percent. The increase is related to the good order situation in Germany.

Of the average total number of employees, 72.7 percent (previous year: 73.8 percent) were employed at the European sites. Of the remaining 27.3 percent, 48.9 percent (previous year: 53.3 percent) were employed in Asia, 28.1 percent (previous year: 25.8 percent) in the North American region, and 23.0 percent (previous year: 20.9 percent) in Australia.

Forecast, opportunities and risks

Material risks and rewards impacting on the Vossloh Group's expected development are described in the group management report on the financial year 2022. Further risks cannot be ruled out and could affect the business trend. Overall, no risks are identifiable which individually, in combination or in the aggregate could jeopardize the Group's continued existence as a going concern.

On March 16, 2023, Vossloh published a detailed forecast for the financial year 2023 with the presentation of the annual report for the year 2022 (see annual report 2022, page 76 et seq.). The sales revenues and earnings forecast was raised on June 15, 2023. For the current financial year, the Executive Board now expects significantly higher sales revenues. From today's perspective, the Executive Board expects sales revenues of between €1.125 billion and €1.2 billion. The expectation expressed in the 2022 annual report was in a corridor between €1.05 billion and €1.15 billion. Higher sales contributions compared to the original forecast are expected in particular in the Core Components division, above all in Mexico, Germany and Italy. In addition, Vossloh forecasts a stronger sales increase in the Customized Modules division, especially in Serbia and Italy. The Executive Board again expects a significant growth of sales for the Group, which is expected to be in the double-digit percentage range once again.

Moreover, Vossloh expects to generate a much higher EBIT than originally forecast. For the current financial year, the Company now expects an operating profit of between €87 million and €94 million. The original forecast for the financial year 2023 was in a corridor between €79 million and €88 million. Based on the mean value of the updated sales forecast, the EBIT margin range for the financial year 2023 is now between 7.5 percent and 8.1 percent. Previously, the expectation was between 7.2 percent and 8.0 percent. The reason for the increase is the more profitable project mix in the Core Components division, which is expected to return to a double-digit EBIT margin in 2023 according to current estimates.

The pre-tax weighted average cost of capital (WACC) for the financial year 2023, which is relevant for internal management, was raised by 1.5 percentage points to 8.5 percent due to the general interest rate development. Despite the increase in the weighted average cost of capital (WACC), Vossloh previously assumed a positive value added of between €0 million and €10 million. After raising the earnings forecast, Vossloh now expects a value added of between €5 million and €12 million.

Condensed interim financial statements of the Vossloh Group as of June 30, 2023

Income statement

€ mill.	H1/2023	H1/2022	Q2/2023	Q2/2022
Sales revenues	600.6	476.4	344.2	254.2
Cost of sales	(453.6)	(376.4)	(254.8)	(197.6)
General administrative and selling expenses	(92.6)	(75.2)	(50.2)	(37.6)
Allowances and write-ups of financial assets	(1.9)	(0.2)	(1.3)	(0.1)
Research and development costs	(4.9)	(4.3)	(2.6)	(2.4)
Other operating income	9.7	9.2	5.8	3.1
Other operating expense	(7.7)	(1.8)	(5.3)	0.3
Operating result	**49.6**	**27.7**	**35.8**	**19.9**
Result from investments in companies accounted for using the equity method	3.3	1.2	2.7	0.9
Other financial expense	(3.6)	0.0	(3.3)	0.0
Earnings before interest and taxes (EBIT)	**49.3**	**28.9**	**35.2**	**20.8**
Interest income	2.5	0.0	2.0	(0.2)
Interest and similar expense	(10.9)	(3.4)	(5.4)	(1.9)
Earnings before taxes (EBT)	**40.9**	**25.5**	**31.8**	**18.7**
Income taxes	(12.5)	(9.2)	(8.2)	(6.1)
Result from continuing operations	**28.4**	**16.3**	**23.6**	**12.6**
Result from discontinued operations	1.0	1.0	1.0	1.0
Net income	**29.4**	**17.3**	**24.6**	**13.6**
thereof attributable to shareholders of Vossloh AG	**20.2**	**11.0**	**18.9**	**10.6**
thereof attributable to hybrid capital investors	3.0	3.0	1.5	1.5
thereof attributable to noncontrolling interests	6.2	3.3	4.2	1.5
Earnings per share				
Basic/diluted earnings per share (€)	1.15	0.63	1.08	0.60
thereof attributable to continuing operations	1.09	0.57	1.02	0.54
thereof attributable to discontinued operations	0.06	0.06	0.06	0.06

Statement of comprehensive income

€ mill.	H1/2023	H1/2022	Q2/2023	Q2/2022
Net income	**29.4**	**17.3**	**24.6**	**13.6**
Changes in fair value of hedging instruments (cash flow hedges)	(0.7)	0.0	0.1	(0.1)
Currency translation differences	(7.0)	10.0	(5.4)	3.9
Income taxes	0.2	0.0	0.0	0.0
Amounts that will potentially be transferred to profit or loss in future periods	**(7.5)**	**10.0**	**(5.3)**	**3.8**
Remeasurement of defined benefit plans	0.1	0.0	0.1	0.0
Amounts that will not be transferred to profit or loss in future periods	**0.1**	**0.0**	**0.1**	**0.0**
Income and expenses recognized directly in equity	**(7.4)**	**10.0**	**(5.2)**	**3.8**
Total comprehensive income	**22.0**	**27.3**	**19.4**	**17.4**
thereof attributable to shareholders of Vossloh AG	**14.9**	**19.8**	**15.5**	**14.1**
thereof attributable to hybrid capital investors	3.0	3.0	1.5	1.5
thereof attributable to noncontrolling interests	4.1	4.5	2.4	1.8

Cash flow statement for the period from January 1 to June 30, 2023

€ mill.	H1/2023	H1/2022
Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	49.3	28.9
EBIT from discontinued operations	1.0	1.0
Amortization/depreciation/impairment losses/reversal of impairment losses of noncurrent assets	29.4	24.9
Change in noncurrent provisions	2.6	(0.9)
Gross cash flow	**82.3**	**53.9**
Noncash change in investments in companies accounted for using the equity method	(3.3)	(1.2)
Other noncash income/expenses, net	3.5	(3.5)
Gains/losses from the disposal of noncurrent assets	0.0	0.0
Income taxes paid	(11.4)	(11.2)
Change in working capital	(2.1)	(52.8)
Changes in other assets/liabilities, net	(9.7)	(10.4)
Cash flow from operating activities	**59.3**	**(25.2)**
Cash flow from investing activities		
Investments in intangible assets and property, plant and equipment	(22.1)	(16.8)
Cash-effective dividends from companies accounted for using the equity method	0.3	0.0
Free cash flow	**37.5**	**(42.0)**
Proceeds from the disposal of intangible assets and property, plant and equipment	0.6	0.2
Disbursements/proceeds from the purchase/sale of short-term securities	1.3	(2.0)
Proceeds from disposals of noncurrent financial instruments	0.2	0.0
Cash flow from investing activities	**(19.7)**	**(18.6)**
Cash flow from financing activities		
Disbursements to shareholders and noncontrolling interests	(18.6)	(18.1)
Payments to hybrid capital investors	(6.0)	(6.0)
Net financing from short-term loans	(2.4)	(23.9)
Net financing from medium-term and long-term loans	17.8	52.0
Repayments from leases	(6.9)	(5.5)
Interest received	2.5	0.1
Interest paid and similar expenses	(8.5)	(2.1)
Cash flow from financing activities	**(22.1)**	**(3.5)**
Net cash inflow/outflow	17.5	(47.3)
Change in cash and cash equivalents from the first-time consolidation of companies	–	1.5
Exchange rate effects	(2.2)	2.0
Opening cash and cash equivalents	**28.9**	**29.6**
Closing cash and cash equivalents	**44.2**	**(14.2)**

For more information on the cash flow statement, see page 27 et seq.

Balance sheet

Assets in € mill.	6/30/2023	12/31/2022	6/30/2022
Intangible assets	342.2	345.0	349.4
Property, plant and equipment	320.4	326.4	323.3
Investment properties	1.1	1.3	7.3
Investments in companies accounted for using the equity method	47.7	49.4	49.0
Other noncurrent financial instruments	12.4	13.7	4.6
Other noncurrent assets	1.5	1.5	3.3
Deferred tax assets	17.6	17.1	11.9
Noncurrent assets	**742.9**	**754.4**	**748.8**
Inventories	254.6	236.5	252.4
Trade receivables	240.4	228.0	241.2
Contract assets	3.9	1.4	7.5
Income tax assets	10.2	8.9	8.6
Other current financial instruments	18.1	15.5	13.9
Other current assets	40.0	28.9	37.8
Short-term securities	1.0	2.3	2.9
Cash and cash equivalents	97.4	76.8	60.0
Current assets	**665.6**	**598.3**	**624.3**
Assets held for sale	16.3	16.1	0.0
Assets	**1,424.8**	**1,368.8**	**1,373.1**

Equity and liabilities in € mill.	6/30/2023	12/31/2022	6/30/2022
Capital stock	49.9	49.9	49.9
Additional paid-in capital	190.4	190.4	190.4
Retained earnings and net income	210.4	199.0	168.2
Hybrid capital	148.3	148.3	148.3
Accumulated other comprehensive income	(3.8)	10.3	6.6
Equity excluding noncontrolling interests	**595.2**	**597.9**	**563.4**
Noncontrolling interests	30.4	27.2	32.6
Equity	**625.6**	**625.1**	**596.0**
Pension provisions/provisions for other post-employment benefits	22.2	21.9	34.9
Other noncurrent provisions	19.6	17.5	12.7
Noncurrent financial liabilities	282.8	267.4	300.5
Noncurrent trade payables	0.0	1.7	0.0
Other noncurrent liabilities	4.6	10.4	5.8
Deferred tax liabilities	8.6	9.4	12.3
Noncurrent liabilities	**337.8**	**328.3**	**366.2**
Other current provisions	61.7	52.7	58.5
Current financial liabilities	50.3	49.2	43.6
Current trade payables	174.2	167.3	161.1
Current income tax liabilities	13.3	9.8	5.9
Other current liabilities	152.5	126.6	141.8
Current liabilities	**452.0**	**405.6**	**410.9**
Liabilities related to assets held for sale	9.4	9.8	0.0
Equity and liabilities	**1,424.8**	**1,368.8**	**1,373.1**

Statement of changes in equity

€ mill.	Capital stock	Additional paid-in capital	Retained earnings and net income	Hybrid capital	Accumulated other comprehensive income: Reserves for currency translation	Accumulated other comprehensive income: Reserves for hedging transactions	Accumulated other comprehensive income: Reserves for the remeasurement of defined benefit plans	Equity excluding non-controlling interests	Noncontrolling interests	Total
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		1.9
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**
Change in the scope of consolidation			0.1		(0.1)			0.0		0.0
Net income			30.7	3.0				33.7	5.0	38.7
Income and expenses recognized directly in equity after taxes					(7.9)	2.9	8.8	3.8	(2.0)	1.8
Dividend payments			0.0					0.0	(8.4)	(8.4)
Compensation to hybrid capital investors				(3.0)				(3.0)		(3.0)
As of 12/31/22	**49.9**	**190.4**	**199.0**	**148.3**	**(1.1)**	**2.6**	**8.8**	**597.9**	**27.2**	**625.1**
Transfer to retained earnings			8.8				(8.8)	0.0		0.0
Net income			20.2	3.0				23.2	6.3	29.5
Income and expenses recognized directly in equity after taxes					(4.9)	(0.5)	0.1	(5.3)	(2.1)	(7.4)
Dividend payments			(17.6)					(17.6)	(1.0)	(18.6)
Compensation to hybrid capital investors				(3.0)				(3.0)		(3.0)
As of 6/30/23	**49.9**	**190.4**	**210.4**	**148.3**	**(6.0)**	**2.1**	**0.1**	**595.2**	**30.4**	**625.6**

Explanatory notes

Segment information by division and business unit*

			Vossloh Fastening Systems	Vossloh Tie Technologies	Consolidation
Value added	H1/2023	€ mill.	21.2	(1.3)	(0.6)
	H1/2022	€ mill.	6.8	(1.8)	0.0
	Q2/2023	€ mill.	13.8	1.2	(0.7)
	Q2/2022	€ mill.	2.3	(0.3)	0.0
Information from income statement/flow figures					
External sales revenues	H1/2023	€ mill.	161.2	91.3	0.0
	H1/2022	€ mill.	140.8	66.6	0.0
	Q2/2023	€ mill.	94.7	50.0	0.0
	Q2/2022	€ mill.	69.9	38.6	0.0
Internal sales revenues	H1/2023	€ mill.	24.9	0.8	(14.4)
	H1/2022	€ mill.	8.1	0.8	(3.4)
	Q2/2023	€ mill.	12.2	0.4	(8.6)
	Q2/2022	€ mill.	5.0	0.3	(2.3)
Depreciation/amortization	H1/2023	€ mill.	5.1	5.7	0.0
	H1/2022	€ mill.	5.2	5.8	0.0
	Q2/2023	€ mill.	2.5	2.8	0.0
	Q2/2022	€ mill.	2.7	3.0	0.0
Investments in noncurrent assets	H1/2023	€ mill.	4.8	2.7	0.0
	H1/2022	€ mill.	5.0	2.8	0.0
	Q2/2023	€ mill.	3.2	1.0	0.0
	Q2/2022	€ mill.	2.9	2.0	0.0
Result from investments in companies accounted for using the equity method	H1/2023	€ mill.	(0.1)	0.0	0.0
	H1/2022	€ mill.	0.4	0.0	0.0
	Q2/2023	€ mill.	(0.1)	0.0	0.0
	Q2/2022	€ mill.	0.3	0.0	0.0
Result from discontinued operations	H1/2023	€ mill.	0.0	0.0	0.0
	H1/2022	€ mill.	0.0	0.0	0.0
	Q2/2023	€ mill.	0.0	0.0	0.0
	Q2/2022	€ mill.	0.0	0.0	0.0
Impairment losses	H1/2023	€ mill.	2.2	0.0	0.0
	H1/2022	€ mill.	0.0	0.0	0.0
	Q2/2023	€ mill.	2.2	0.0	0.0
	Q2/2022	€ mill.	0.0	0.0	0.0
Information from the balance sheet					
Total assets	6/30/2023	€ mill.	323.7	220.5	(6.4)
	6/30/2022	€ mill.	340.3	223.6	(5.4)
Liabilities	6/30/2023	€ mill.	167.5	61.4	(5.7)
	6/30/2022	€ mill.	185.9	64.6	(5.4)
Investments in companies accounted for using the equity method	6/30/2023	€ mill.	1.2	0.0	0.0
	6/30/2022	€ mill.	5.4	0.0	0.0
Average headcount of the reporting period	H1/2023	Number	589	437	0
	H1/2022	Number	552	354	0

* For more segment information, see page 28 et seq.

	Core Components	Customized Modules (Vossloh Switch Systems)	Lifecycle Solutions (Vossloh Rail Services)	Holding companies	Consolidation/result from discontinued operations	Group
	19.3	**5.9**	**(5.1)**	(11.8)	1.0	**9.3**
	5.0	**2.0**	**(5.4)**	(6.4)	1.1	**(3.7)**
	14.3	**6.7**	**0.4**	(6.8)	0.7	**15.3**
	2.0	**3.4**	**0.3**	(1.8)	0.4	**4.3**
	252.5	**274.5**	**73.5**	0.0	0.0	**600.5**
	207.4	**215.1**	**53.9**	0.0	0.0	**476.4**
	144.7	**155.5**	**43.9**	0.0	0.0	**344.1**
	108.5	**110.8**	**34.9**	0.0	0.0	**254.2**
	11.3	**2.3**	**3.4**	0.0	(16.9)	**0.1**
	5.5	**0.9**	**2.6**	0.0	(9.0)	**0.0**
	4.0	**1.1**	**1.6**	0.0	(6.6)	**0.1**
	3.0	**0.6**	**1.7**	0.0	(5.3)	**0.0**
	10.8	**7.5**	**6.8**	0.2	0.0	**25.3**
	11.0	**7.4**	**6.2**	0.3	0.0	**24.9**
	5.3	**3.7**	**3.5**	0.2	0.0	**12.7**
	5.7	**3.8**	**3.1**	0.2	0.0	**12.8**
	7.5	**6.8**	**5.6**	1.7	0.0	**21.6**
	7.8	**6.0**	**5.0**	1.1	0.0	**19.9**
	4.2	**3.7**	**3.3**	1.1	0.0	**12.3**
	4.9	**3.8**	**1.8**	0.7	0.0	**11.2**
	(0.1)	**2.8**	**0.6**	0.0	0.0	**3.3**
	0.4	**0.1**	**0.7**	0.0	0.0	**1.2**
	(0.1)	**1.9**	**0.9**	0.0	0.0	**2.7**
	0.3	**0.1**	**0.5**	0.0	0.0	**0.9**
	0.0	**0.0**	**0.0**	0.0	1.0	**1.0**
	0.0	**0.0**	**0.0**	0.0	1.0	**1.0**
	0.0	**0.0**	**0.0**	0.0	1.0	**1.0**
	0.0	**0.0**	**0.0**	0.0	1.0	**1.0**
	2.2	**1.7**	**0.0**	0.0	0.0	**3.9**
	0.0	**0.0**	**0.0**	1.0	(1.0)	**0.0**
	2.2	**1.4**	**0.0**	0.0	0.0	**3.6**
	0.0	**0.0**	**0.0**	1.0	(1.0)	**0.0**
	537.8	**636.8**	**271.9**	1,197.1	(1,218.8)	**1,424.8**
	558.5	**588.2**	**270.6**	1,294.1	(1,338.3)	**1,373.1**
	223.2	**361.8**	**236.1**	422.3	(453.6)	**789.8**
	245.1	**328.2**	**251.8**	431.4	(479.4)	**777.1**
	1.2	**32.8**	**13.7**	0.0	0.0	**47.7**
	5.4	**31.4**	**12.2**	0.0	0.0	**49.0**
	1,026	**2,277**	**591**	78	0	**3,972**
	906	**2,236**	**542**	66	0	**3,750**

Corporate background

Vossloh AG is a listed company headquartered in Werdohl, Germany, and is registered in the Commercial Register of the Iserlohn Local Court under HRB 5292. The Vossloh Group's main business activities are the development, manufacture and sale of rail infrastructure products and the provision of rail-related services (logistics, welding, preventive and corrective maintenance).

Accounting principles

The interim financial statements of the Vossloh Group as of June 30, 2023, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In fiscal 2023, new or amended rules in IFRS 17, IAS 1, IAS 8 and IAS 12 have been applied for the first time. This had no effect on the interim financial statements. Apart from this, the accounting policies used in the preparation of the interim report correspond to those applied in the consolidated financial statements as of December 31, 2022, taking into account International Accounting Standard (IAS) 34 „Interim Financial Reporting" and German Accounting Standard (GAS) 16 „Half-Year Financial Reporting".

The preparation of the interim report requires management to make a number of assumptions and estimates. This may result in differences between the figures reported in the interim report and the actual future figures.

The Vossloh Group's business operations are to some extent subject to seasonal effects; usually, the second quarter shows a stronger business trend compared to the first quarter. The calculation of income taxes for German companies is based on a tax rate of 31.98 percent. The calculation of income taxes for foreign companies is based on the respective national tax rates. The prior-year figures generally relate to the first half of 2022 or June 30, 2022, unless otherwise stated.

Material impact of the war in Ukraine

Due to the uncertain situation in Russia triggered by the war in Ukraine, Vossloh AG's Executive Board is currently examining possible alternative scenarios, including the discontinuation of business there. Against the backdrop of the significantly gloomier expectations, the assets were subjected to an impairment test and subsequently the carrying amount of the joint venture accounted for using the equity method and the assets recognized in another sales company were largely impaired.

Assets and liabilities held for sale and discontinued operations

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

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

€ mill.	H1/2023	H1/2022	Q2/2023	Q2/2022
Subsequent effects from former business units	1.0	1.0	1.0	1.0
Result from discontinued operations	**1.0**	**1.0**	**1.0**	**1.0**
thereof attributable to shareholders of Vossloh AG	1.0	1.0	1.0	1.0
thereof attributable to noncontrolling interests	–	–	–	–

The items reported in the balance sheet under „Assets held for sale" and „Liabilities related to assets held for sale" pertain to an activity in the Switch Systems business unit that was classified as a disposal group in accordance with IFRS 5. The disposal process was finalized in the reporting period; the legal closing will take place in the further course of the financial year.

Scope of consolidation

The scope of consolidation has not changed compared with the balance sheet date as of December 31, 2022.

Thus, as of June 30, 2023, 52 companies (June 30, 2022: 53), nine of them based in Germany, were fully consolidated in Vossloh AG's interim consolidated financial statements. Likewise unchanged, seven investments in associated companies or joint ventures were accounted for using the equity method, including, as in the previous year, one German company.

€ mill.	H1/2023	H1/2022	Q2/2023	Q2/2022
Sales of products				
Vossloh Fastening Systems	186.1	148.9	106.9	74.9
Vossloh Tie Technologies	92.1	67.4	50.4	38.9
Consolidation	(14.4)	(3.4)	(8.6)	(2.3)
Core Components	263.8	212.9	148.7	111.5
Customized Modules	276.6	215.4	156.9	111.5
Lifecycle Solutions	28.3	7.3	22.9	4.9
Consolidation	(16.9)	(9.0)	(6.6)	(5.3)
Group	**551.8**	**426.6**	**321.9**	**222.6**
Sales revenues from rendering services				
Lifecycle Solutions	48.6	44.6	22.6	29.1
Group	**48.6**	**44.6**	**22.6**	**29.1**
Sales revenues from customer-specific manufacturing				
Customized Modules	0.2	0.6	(0.3)	(0.1)
Lifecycle Solutions	0.0	4.6	0.0	2.6
Group	**0.2**	**5.2**	**(0.3)**	**2.5**
Total Group sales across all activities	**600.6**	**476.4**	**344.2**	**254.2**
Sales revenues by division and business unit				
Vossloh Fastening Systems	186.1	148.9	106.9	74.9
Vossloh Tie Technologies	92.1	67.4	50.4	38.9
Consolidation	(14.4)	(3.4)	(8.6)	(2.3)
Core Components	263.8	212.9	148.7	111.5
Customized Modules	276.8	216.0	156.6	111.4
Lifecycle Solutions	76.9	56.5	45.5	36.6
Consolidation	(16.9)	(9.0)	(6.6)	(5.3)
Group	**600.6**	**476.4**	**344.2**	**254.2**

Equity

Compared to June 30, 2022, Vossloh AG's capital stock has not changed and still amounts to €49,857,682.23, divided into 17,564,180 shares. These are fully outstanding outside the Company. The average number of shares outstanding in the first half of 2023 thus also amounted to 17,564,180 (previous year: 17,564,180).

Earnings per share

		H1/2023	H1/2022
Weighted average of shares outstanding	Number	17,564,180	17,564,180
Net income attributable to Vossloh AG shareholders	€ mill.	20.2	11.0
Basic/diluted earnings per share	**€**	**1.15**	**0.63**
thereof attributable to continuing operations	€	1.09	0.57
thereof attributable to discontinued operations	€	0.06	0.06

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

€ mill.	H1/2023	H1/2022	Q2/2023	Q2/2022
Result from continuing operations	3.3	1.2	2.7	0.9
Income and expenses recognized directly in equity	(2.0)	0.6	(1.6)	0.2
Total comprehensive income	**1.3**	**1.8**	**1.1**	**1.1**

Other financial expenses in the income statement mainly include impairment losses on joint ventures accounted for using the equity method.

Additional disclosures on financial instruments

The following table shows the allocation of financial assets and liabilities measured at fair value to the measurement hierarchy of IFRS 7 and IFRS 13 (fair value hierarchy). There were no reclassifications between the various levels of the fair value hierarchy either in the financial year or in the previous year. The hierarchy levels are based on the factors used to determine the fair values. At level 1, the price is taken unchanged from identical assets and liabilities that are traded in an active market. At level 2, valuation factors are used that can be derived at least from observable market data for the financial asset or financial liability in question. At level 3, no observable market data is available, so that a valuation must be made using valuation models.

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.	6/30/2023	12/31/2022
Financial assets measured at fair value	9.9	10.9
Financial liabilities measured at fair value	0.5	0.2
Total	**10.4**	**11.1**

The carrying amounts of financial instruments, the breakdown by measurement category, and the disclosure of fair values and their measurement sources by class required by IFRS 9 are presented in the following tables. Derivatives from hedging relationships are also included, although they do not belong to any measurement category under IFRS 9.

Carrying amounts, measurement categories and fair values as of June 30, 2023

€ mill.	IFRS 9 carrying amounts according to balance sheet 6/30/2023	Measurement categories pursuant to IFRS 9			Fair values 6/30/2023
		Amortized cost	Fair value through OCI (FVOCI)	Fair value through profit or loss (FVTPL)	
Trade receivables	240.4	240.4	–	–	240.4
Securities	1.0	1.0	–	–	1.0
Other financial instruments and other assets	30.1	20.2	4.6	5.3	30.1
Cash and cash equivalents	97.4	97.4	–	–	97.4
Total financial assets	**368.9**	**359.0**	**4.6**	**5.3**	**368.9**
Financial liabilities	295.8	295.8	–	–	288.5
Trade payables	174.2	174.2	–	–	174.2
Other liabilities	129.6	129.1	0.4	0.1	129.6
Total financial liabilities	**599.6**	**599.1**	**0.4**	**0.1**	**592.3**

Carrying amounts, measurement categories and fair values as of December 31, 2022

€ mill.	IFRS 9 carrying amounts according to balance sheet 12/31/2022	Measurement categories pursuant to IFRS 9			Fair values 12/31/2022
		Amortized cost	Fair value through OCI (FVOCI)	Fair value through profit or loss (FVTPL)	
Trade receivables	228.0	228.0	–	–	228.0
Securities	2.3	1.1	–	1.2	2.3
Other financial instruments and other assets	28.7	19.3	4.8	4.6	28.7
Cash and cash equivalents	76.8	76.5	–	0.3	76.8
Total financial assets	**335.8**	**324.9**	**4.8**	**6.1**	**335.8**
Financial liabilities	276.7	276.7	–	–	276.7
Trade payables	169.0	169.0	–	–	169.0
Other liabilities	114.3	114.1	0.0	0.2	114.3
Total financial liabilities	**560.0**	**559.8**	**0.0**	**0.2**	**560.0**

Trade receivables, cash and cash equivalents, and other receivables and assets mainly have short remaining terms. Therefore, their carrying amounts at the half-year reporting date approximate their fair values.

Trade payables and other liabilities also regularly have short remaining terms. Therefore, their carrying amounts approximate their fair values. The fair values of noncurrent financial liabilities have been determined by discounting the expected future interest and principal payments on these liabilities on the basis of current market interest rates.

Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents, as well as bank overdrafts within the Vossloh Group. Cash and cash equivalents comprise checks, cash on hand, and bank balances. Cash equivalents comprise financial instruments with a maturity of three months or less that are readily convertible into cash. Bank overdrafts arise from debit balances of short-term bank deposits and from sub-lines under the credit agreement, which is generally due by November 2024, and are included in cash and cash equivalents. In balance sheet terms, these sub-lines are reported under noncurrent financial liabilities as part of the utilization of the aforementioned credit agreement. In addition to cash and cash equivalents of €97.4 million (previous year: €60.0 million), cash and cash equivalents also include current bank overdrafts of €53.5 million (previous year: €74.2 million). In addition, cash and cash equivalents amounting to €0.3 million are included in disposal groups at the end of the period (previous year: €0.0 million) and are reported in accordance with IFRS 5 in the line item “Assets held for sale”.

The cash flow statement has been prepared in accordance with IAS 7 and breaks down changes in cash and cash equivalents into cash flows from operating, investing and financing activities. In this context, the cash flow from operating activities is determined using the indirect method.

The cash flow statement data relate to the entire Group including the effects from discontinued operations. Of the total figures, €1.0 million (prior year: €1.0 million) in gross cash flow was attributable to discontinued operations.

Segment information

The primary reporting format of segment reporting is based on the internal organizational and reporting structure. This differentiates between the products and services offered by the Vossloh Group's various business units. In addition to the divisions, the individual business units are also presented separately. The segment structure has not changed from the previous year in the three divisions of the core business.

The Core Components division comprises the Group's range of industrially manufactured series products required in large quantities for rail infrastructure projects. The division includes the Fastening Systems and Tie Technologies business units. Vossloh Fastening Systems is a leading supplier of rail fastening systems. Its product range includes rail fasteners for all applications, 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.

As the sole business unit of the Customized Modules division, Vossloh Switch Systems is one of the world's leading switch manufacturers. The business unit equips rail networks with switches and related control and monitoring systems and is responsible for installing and maintaining these systems. Here, too, the range of applications extends from light rail to high-speed lines.

As the sole business unit of the Lifecycle Solutions division, Vossloh Rail Services is active in rail trading, long-rail loading services at construction sites, welding services for new rails, reconditioning of 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-time provision of approved loading systems.

Consolidation includes the elimination of intersegment transactions. Essentially, this involves the elimination of intercompany expenses and income, the elimination of intercompany income from dividends, and the elimination of intercompany receivables and payables. The consolidation column at the highest Group level contains the necessary eliminations from business relationships between companies of different divisions. In addition, Vossloh AG, which is not allocated to any segment, and other holding companies are shown in a separate column to reconcile to the consolidated figures of the Group as a whole.

The accounting policies applied are identical for all segments and comply with IFRS as adopted by the EU. Business relations between the individual segments are conducted on an arm's length basis.

A reconciliation of the value added by the Group as a whole reported in the segment information to the earnings before taxes (EBT) reported in the income statement is shown below:

Reconciliation of value added to EBT

€ mill.	H1/2023	H1/2022	Q2/2023	Q2/2022
Value added	9.3	(3.7)	15.3	4.3
Cost of capital on capital required for operations (WACC H1/2023: 8.5%; H1/2022: 7.0%)	40.0	32.6	19.9	16.5
Net interest result	(8.4)	(3.4)	(3.4)	(2.1)
EBT	**40.9**	**25.5**	**31.8**	**18.7**

Related party transactions

The consolidated companies of the Vossloh Group are conducting transactions in the ordinary course of business with companies not included in the consolidated financial statements, joint ventures, and associated companies of the Vossloh Group. In addition, business transactions are conducted with Knorr-Bremse Group companies, which are considered related parties due to KB Holding GmbH's majority stake in both Vossloh AG and Knorr-Bremse AG. Transactions with Knorr-Bremse Group companies during the period under review were insignificant and were conducted at arm's length. The following table shows the income and expenses as well as receivables and liabilities from transactions with related parties recognized in the consolidated financial statements. These are mainly transactions with nonconsolidated subsidiaries. There were no transactions with related individuals in the reporting period.

€ mill.	H1/2023/ 6/30/2023	H1/2022/ 6/30/2022
Sale or purchase of goods		
Sales revenues from the sale of finished goods and WIP	2.8	3.9
Cost of materials from the purchase of finished goods and WIP	8.6	10.3
Trade receivables	2.8	5.2
Trade payables	4.4	5.5
Expenses for irrecoverable/doubtful accounts	0.0	0.1
Provisions for doubtful debts from the sale of goods	0.0	0.2
Sale or purchase of other assets		
Income from the sale of other assets	0.0	0.5
Expenses from the purchase of other assets	0.5	0.0
Receivables from the sale of other assets	0.6	0.0
Liabilities from the purchase of other assets	0.0	0.6
Services rendered or received		
Income from services rendered	0.4	0.4
Expenses for services received	0.2	0.1
Leasing agreements		
Proceeds from leases	0.0	0.0
Licenses		
License income	0.0	0.0
License expenses	0.7	0.4
Financing		
Interest income from financial loans granted	0.0	0.0
Interest expenses for financing loans received	0.0	0.0
Receivables on financial loans granted	0.1	0.2
Liabilities from financing loans received	0.2	0.0
Provision of guarantees and collateral		
Provision of guarantees	0.7	2.0

Contingent liabilities

Contingent liabilities decreased by €24.9 million compared with June 30, 2022, from €55.6 million to €30.7 million. Of this amount, €24.8 million relates to contingent liabilities for the former Locomotives business unit, which was sold as of May 31, 2020, and an unchanged €0.3 million to contingent liabilities for the former Electrical Systems business unit sold as of January 31, 2017. For the contingent liabilities still existing for the former Locomotives business unit, Vossloh AG has received an irrevocable and unconditional guarantee at the first request of a first-class bank. The remaining liability for the former Electrical Systems business unit is secured by an irrevocable and unconditional guarantee from Knorr-Bremse AG. Contingent liabilities amounting to €1.2 million (previous year: €23.0 million) result from guarantees. Of this amount, €0.5 million relates to the former business units and €0.7 million (previous year: €2.0 million) to nonconsolidated affiliated companies. 29.5 million (previous year: €32.6 million) of the contingent liabilities are attributable to letters of comfort. Of this amount, €24.6 million relates to the former business units and €4.9 million (previous year: €5.1 million) to nonconsolidated affiliated companies. The risk of a claim is not considered probable for any of the contingent liabilities listed.

Events after the balance sheet date

On July 6, 2023, an option to sell an activity in the Switch Systems business unit, which is reported in the consolidated balance sheet as held for sale, was agreed. Until the sale is consummated, labor law steps are still being taken; upon completion of this process, Vossloh has a put option to transfer the assets and liabilities.

On July 20, 2023, Vossloh AG took up two Schuldschein loans with a total value of over €60 million. The inflow of the funds raised took place on July 26. The interest on both loans is variable and, via an ESG component, dependent on compliance with certain criteria of the EU taxonomy.

Werdohl, August 2, 2023

Vossloh AG
The Executive Board

Oliver Schuster, Dr. Thomas Triska, Jan Furnivall

Responsibility Statement

We confirm to the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, 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 financial year.

Werdohl, August 2, 2023

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 2023 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, 2 August 2023

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

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

Financial calendar 2023

Publication of quarterly statement as of September 30, 2023	October 26, 2023

For further dates, go to www.vossloh.com

Financial calendar 2024

Publication of consolidated financial statements 2023	March 2024
Press conference	March 2024
Investor and analyst conference	March 2024
Annual General Meeting	May 2024

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Vossloh AG's Board Members

Executive Board	Oliver Schuster (CEO)
	Dr. Thomas Triska
	Jan Furnivall
Supervisory Board	Prof. 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
	Martin Klaes, plant fitter, Werdohl
	Marcel Knüpfer, Technical Manager and Shift Leader, Zwenkau
	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, 2023	17,564,180
Share price (6/30/23)	€41.00
High price/low price (January to June 2023)	€43.25/€39.05
Reuters code	VOSG.DE
Bloomberg code	VOS:GR

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