



# **Annual General Meeting of Knorr-Bremse AG**

Address by the Chairman of the Supervisory Board  
Dr. Reinhard Ploss

Munich, April 30, 2024

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*The words spoken on the day of the Annual General Meeting  
are the authoritative version of this speech.*

Ladies and gentlemen, my dear shareholders and proxies,  
On behalf of the Executive Board and Supervisory Board, I wish to extend you a very warm welcome to the 2024 Annual General Meeting of Knorr-Bremse AG. I am very happy that you are again here watching us via the online portal this year. We will be available for questions and answers at today's Annual General Meeting, just as we usually are. You will surely want to know how Knorr-Bremse performed in the last fiscal year, how we are performing right now – and what our plans are for next year.

As the Chairman of the Supervisory Board, it is my privilege to hereby open this year's Annual General Meeting of Knorr-Bremse AG and chair it in accordance with the Articles of Association.

Before we start the official part of our meeting, please allow me a few words beforehand.

“Knorr-Bremse can conquer a crisis” – these are words that guide Knorr-Bremse. However, Knorr-Bremse can conquer the future, too. A crisis means being in a difficult situation and emerging from it stronger than before. Yet we also have goals that go beyond that – we have a future.

The 2023 fiscal year was another one in which Knorr-Bremse successfully responded to a large number of burdensome factors in the global markets. The prices of commodities, material, and energy remained high, the macroeconomic environments in our core regions developed very differently, and overall inflation only went down slowly. On top of that, there was geopolitical upheaval that burdened the global markets.

This makes it all the more remarkable that Knorr-Bremse had such success in such a volatile environment. We closed the 2023 fiscal year breaking three records at once, with revenues, order intake, and order books reaching historic highs. Our announced turnaround got off to an impressive start, and with the BOOST 2026 program, Knorr-Bremse has communicated clear signs for its ongoing development.

In relation to this turnaround and BOOST, 2023 was the first fiscal year under the leadership of our new CEO Marc Llistosella, who is going to speak to you just a little bit later. Mr. Llistosella, I am delighted that your first year with us was so successful and that you were able to unlock important ideas for the successful future of Knorr-Bremse. You will report a lot about this in your speech later on. Right now, I would like to speak on behalf of the entire Supervisory Board and thank you and the entire Executive Board team, along with all the employees of Knorr-Bremse, very deeply for your enormous dedication over the past year.

My dear shareholders,

Initiative, competence, and enthusiasm for success are the basis of our actions. This basis delivers excellent results, especially in a very challenging environment, with Knorr-Bremse remaining profitable even in hard times like these. The figures we published on February 22 this year are evidence of this.

We are making sure that you, our shareholders, are also included in this success. We are today proposing a dividend of € 1.64 per share for you – a distribution that is a significant 13 percent

increase on last year.

As you can see, the dividend strategy of Knorr-Bremse AG remains reliable. Our payout ratio is consistently within a range of 40 to 50 percent of consolidated net income, just as we announced for our IPO in 2018. This means you are investing in a company that not only sets ambitious targets, but also meets these targets and gives you, the shareholders, an appropriate share of the profit.

When considering the overall constraints throughout the year, 2023 was a successful one in the many years of Knorr-Bremse's history. Next year, we will be celebrating the 120th anniversary of our company together with you.

The success of Knorr-Bremse AG is, of course, only possible with targeted and sincere cooperation. That applies in particular to the cooperation between the Executive Board and Supervisory Board.

For this reason, I want to express my gratitude not only for the enormous dedication, but also particularly for the trusting relationship, which is a key success factor in challenging times. A deep thank you to the ladies and gentlemen on the Executive Board and Supervisory Board!

My dear shareholders,

I am now going to speak about the changes that occurred on the Supervisory and Executive Boards of Knorr-Bremse AG last year.

On the Supervisory Board, Mr. Wolfgang Nirschl was succeeded as union representative by Mr. Erich Starkl as planned in July 2023, after the latter retired at the end of June. We thank Mr. Starkl for his many years of service.

On the Executive Board of Knorr-Bremse AG, Dr. Nicolas Lange succeeded Dr. Jürgen Wilder on October 1, 2023, becoming responsible for the company's international rail vehicle business. We thank Dr. Wilder for his outstanding commitment and major dedication as a member of the Executive Board.

His successor, Dr. Lange, has been part of the company for more than 20 years and was most recently Chairman of the Management Board of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH. His technical expertise and international experience make him the perfect person for the job of further expanding our global rail business and driving it with fresh ideas. This rapid, internal succession not only enabled a seamless transition, but also proves that high-potential individuals can rise all the way to the top level of management at our company.

The Executive Board has again decided to hold today's Annual General Meeting as a virtual meeting, which means that the shareholders and their proxies are not physically present at the meeting venue.

The basis for this decision is the positive experience that we had with the virtual format last year and the authorization in our Articles of Association that was passed by a large majority at the

Annual General Meeting in May 2023. Just like last year, you, our shareholders, will again have the opportunity to participate actively in the Annual General Meeting and exercise your shareholder rights. You can also exercise all your rights to ask questions, receive answers, and propose motions at this virtual meeting, and without any extra effort for traveling to and from the meeting – which makes it efficient and resource-friendly.

Ladies and gentlemen and shareholders,

It is now time to turn to the agenda for the day, for which I will call every item.

The agenda for the day has seven items. The relevant texts for them are the motions as published in the meeting invitation in the Federal Gazette. The full text of the agenda has been published in the Federal Gazette and made available to download on the company's website, and so I now deem the agenda and motions as being known by the attendees.

The company has not received any counterproposals to the motions of the Executive Board and Supervisory Board.

Agenda item 1 concerns the presentation of the adopted annual financial statements and approved consolidated financial statements as well as the combined management report for Knorr-Bremse AG and the Group for the 2023 fiscal year as well as the report of the Supervisory Board for the 2023 fiscal year.

The annual and consolidated financial statements as well as the combined management report for Knorr-Bremse AG and the Group for the 2023 fiscal year were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, and each awarded an unqualified auditor's opinion.

The Supervisory Board has audited and approved the annual and consolidated financial statements in accordance with section 171 of the German Stock Corporation Act. This means that the annual financial statements of Knorr-Bremse AG for the 2023 fiscal year have been adopted. A resolution regarding agenda item 1 is therefore not required.

The proposal for appropriating net profit that has been approved by the Supervisory Board includes the distribution of a dividend of € 1.64 per share and the carryforward of the remaining net profit. The value of the dividend is an increase of 19 cents on the previous year. By raising the dividend, the company is maintaining its continuous dividend policy even in a challenging macroeconomic environment. Today's Annual General Meeting will see a vote on the proposal for appropriating net profit as well as on the Compensation Report, the preparation of which was decided by the Executive Board and Supervisory Board on March 20, 2024.

My dear shareholders, before I give the floor to the Executive Board, I would like to report on the Supervisory Board's work in the past and the current fiscal years. I will concentrate on the key points for this. You can find more information about the work done by the Supervisory Board in the written Report of the Supervisory Board, printed in the Annual Report starting on page 12. The Report of the Supervisory Board has been available for you on the company's website since the invitations to the Annual General Meeting were published and is still available today.

In the 2023 fiscal year, the Supervisory Board of Knorr-Bremse AG continued to fulfill its duties pursuant to the law, the Articles of Association, and the rules of procedure with great care. The Supervisory Board had intensive discussions with the Executive Board regarding the transactions that were significant to the company and was directly involved in all decisions that were of fundamental significance to the company.

As Chairman, I was also given regular information by the Executive Board about the current business conditions and significant transactions during regular business reviews outside of the Supervisory Board meetings. Furthermore, I held regular talks with important investors on key topics and issues relating to the Supervisory Board. One recent important point, for example, was the new remuneration system for the Executive Board, which we are going to propose for your approval at today's Annual General Meeting. More on that later.

### My dear shareholders,

I would now like to explain a few substantive focuses of the work done by the Supervisory Board during the 2023 fiscal year.

- At its two-day strategy meeting on July 6 and 7, 2023, the Supervisory Board made decisions regarding fundamental preparations for the future: firstly, on the new BOOST 2026 growth strategy and, secondly, the revision of the system for Executive Board remuneration.

With the BOOST 2026 efficiency program, which stands for "Knorr-Bremse Operational Optimization Strategy and Transformation," we want to ensure sustainable, profitable growth and achieve a specific profitability target by the 2026 fiscal year.

The strategic initiatives under BOOST include consistent optimization of the product portfolio, the reduction of structural costs, the expansion of the lucrative aftermarket business in both Group divisions, and the developments in the core business of Knorr-Bremse and beyond.

A recent major step toward the future was the acquisition of Alstom's conventional signal technology business in North America just under two weeks ago. The entry into the global market for rail signal technology unlocks new potential and is a major step forward for digitalization and system-based business. With its heavy requirements for reliability, technological sophistication, and sustainable service business, it is an excellent match for our rail business. Mr. Llistosella will report on this further in just a second.

With BOOST 2026, the Supervisory Board simultaneously sees itself as a sparring partner for the Executive Board and a driving force. We will review strategy, the potential of individual initiatives, and the status of implementation on a regular basis.

- The second focus of the two-day strategy meeting was the modification of the Executive Board remuneration system, which we will present to you today for your approval. The modifications are described in detail in the invitation to the Annual General Meeting, specifically in attachment 6. Another aim of these revisions is to establish a transparent and

consistent link between the Executive Board's earnings and the company's commercial success, and therefore the conceptualization and implementation of the BOOST program. The aim is also to introduce a malus and clawback provision. The latter makes it possible to reclaim variable remuneration that has already been paid out, or stop the payment of variable salary components that are due, if certain company targets have not been met. With this proposed modification, we are also considering the suggestions of investors and proxy advisers regarding the current remuneration system.

- At the meeting on September 22, 2023, we made unanimous decisions regarding two important positions on the Executive Board.

Firstly, the Supervisory Board extended the appointment of Dr. Claudia Mayfeld by a further five years to April 30, 2029. Dr. Mayfeld has been on the Executive Board since 2021 and is General Counsel responsible for Legal & Integrity and, since May 2022, has also been the global Chief Human Resources Officer of Knorr-Bremse AG. With her professional expertise, high acceptance, and passionate commitment to diversity, she influences and supports the successful further development of our company.

Secondly, as already mentioned, the Supervisory Board appointed Dr. Nicolas Lange as the successor to Dr. Jürgen Wilder, responsible for the international rail vehicle business, with effect from October 1, 2023. Dr. Lange is an excellent complement to the Executive Board team under Chief Executive Officer Marc Llistosella.

#### My dear shareholders,

I would now like to report to you briefly on the work of the Audit Committee in the 2023 fiscal year as well as the current year, as well as the work of the Supervisory Board this current year.

The Supervisory Board and the Audit Committee ensured that the annual and consolidated financial statements and further financial statements for the 2023 fiscal year met the applicable requirements.

During the 2023 reporting period, the Audit Committee, led by committee chairwoman Ms. Kathrin Dahnke, met for a total of six meetings. The committee members focused in particular on the preliminary consolidated figures for the fiscal year, on the financial reporting of the quarterly and half-year results, on the KPMG AG audit reports, on the dependent company report, on the sustainability report, and on the Executive Board's proposal for appropriating the net profit.

- During the current fiscal year, the Audit Committee held two meetings, the first on February 21, 2024, for an initial check of the preliminary business figures. On March 15, 2024, it carried out a comprehensive examination of the full documentation for the 2023 fiscal year. The auditor appointed at the Annual General Meeting, KPMG AG Wirtschaftsprüfungsgesellschaft Munich, audited the annual financial statements of Knorr-Bremse AG as prepared by the Executive Board in accordance with the accounting provisions of the German Commercial Code, the combined management report of Knorr-Bremse AG, and the consolidated financial statements for the 2023 fiscal year prepared according to IFRS and awarded them an unqualified opinion.

- After their own examination, the members of the Audit Committee agreed with the assessment of the Executive Board regarding the status of Knorr-Bremse AG and the Knorr-Bremse Group. Moreover, the Audit Committee did not find any form of vulnerability in the risk management system, internal control system, internal audit system, or compliance management system of Knorr-Bremse AG.
- After the Executive Board presented the annual and consolidated financial statements and other financial reporting to the Supervisory Board, the Supervisory Board held intensive discussions regarding the suggestion for appropriating the net profit and seconded the Executive Board's proposal to distribute a dividend of € 1.64 for each share with dividend rights for the 2023 fiscal year.
- After our own audit of the annual financial statements, consolidated financial statements, and combined management report, we – as the Supervisory Board – do not have any cause to raise objections, for which reason we agreed with the Executive Board's assessment of the position of Knorr-Bremse AG and the Knorr-Bremse Group. The Supervisory Board approved the annual and consolidated financial statements for the 2023 fiscal year in line with the recommendation of the Audit Committee. The annual financial statements of Knorr-Bremse AG were therefore adopted.

My dear shareholders,

The previous fiscal year came with major challenges for Knorr-Bremse AG, for the management, and for the workforce due to the adverse economic environment. Despite the many burdening factors, our company closed the 2023 fiscal year breaking three records at once for revenues, order intake, and order books.

This great success is evidence not only of our business model's resilience, but also of our global team's willingness and ability to perform. The team is composed of more than 30,000 people doing amazing work at over 100 locations globally in roughly 30 countries, and we owe them our gratitude for this.

We are also extending our gratitude to you, our shareholders. You support our long-term strategy and, in doing this, provide us with the commercial freedom that we need.

I explicitly also wish to thank my colleagues on the Supervisory Board, Executive Committee, Audit Committee, and Strategy Committee for the intensive and productive cooperation. We will continue to oversee the Executive Board constructively in the future.

I thank you, Mr. Llistosella and Mr. Weber, for your presentations.

In addition to the explanations provided by the Executive Board as well as by myself, I also wish to make explicit reference to:

- the Report of the Supervisory Board included in the Annual Report
- the Corporate Governance Statement



- the Compensation Report included in the Annual Report and invitation to the Annual General Meeting, and
- the annual and consolidated financial statements, including the Combined Management Report, which also contains the explanatory report on the disclosures under sections 289a and 315a of the German Commercial Code

In the corresponding chapters of these documents, you can find detailed explanations of many of the matters addressed by us. All documents have been accessible from our website since the invitation to the Annual General Meeting was published, and are still accessible today. The company's Sustainability Report has also been published on this website since today.

The invitation to the Annual General Meeting includes the administration's motions for all agenda items, which I now therefore deem to be known by the attendees. I now wish to move onto just the following points:

The resolution to discharge the members of the Executive Board and Supervisory Board of their duties for the previous fiscal year will be passed for the boards as a whole and not individually.

The resolutions for the proposals under agenda item 5, regarding the appointment of KPMG AG Wirtschaftsprüfungsgesellschaft Munich as the auditor of the annual and consolidated financial statements and the reviewer of the half-year financial report, will be passed through a single vote due to the close connections between these resolutions.

Based on the recommendation of its Executive Committee, the Supervisory Board is proposing with agenda item 6 that the remuneration system for the Executive Board members be approved. The Supervisory Board regularly reviews whether the remuneration system supports the short- and long-term development of the company's value and has a motivating effect. The current system, which was approved at the Annual General Meeting on May 20, 2021, with 96.37% of the valid votes cast, has already largely achieved these aims, though the Supervisory Board sees potential for improvement. The Supervisory Board takes into consideration findings from the course of business in recent years, the development of the company's peer group, general remuneration trends, and shareholder feedback regarding the remuneration system and compensation reports. For this reason, the Supervisory Board is presenting a revised remuneration system for approval at this Annual General Meeting. The proposed remuneration system is printed in the invitation. It has also been available on our website since the invitation was published and is still available today.

The 2023 Compensation Report, presented for approval under agenda item 7, has been audited by our auditor. The legally required audit of the statutory disclosures was carried out along with a voluntary audit of the report contents, going beyond the legal requirements. The auditor's report and unqualified opinion are enclosed in the Compensation Report. The Compensation Report has been available on our website since the invitation to the Annual General Meeting was published, and is still accessible today.

The Executive Board and Supervisory Board are proposing that the presented Compensation Report be approved.