ANNUAL REPORT

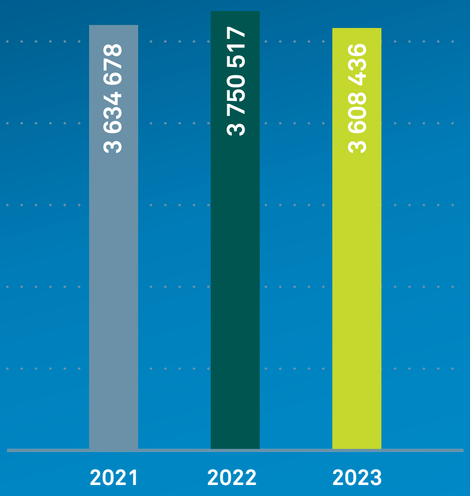
2023

2023 results at a glance

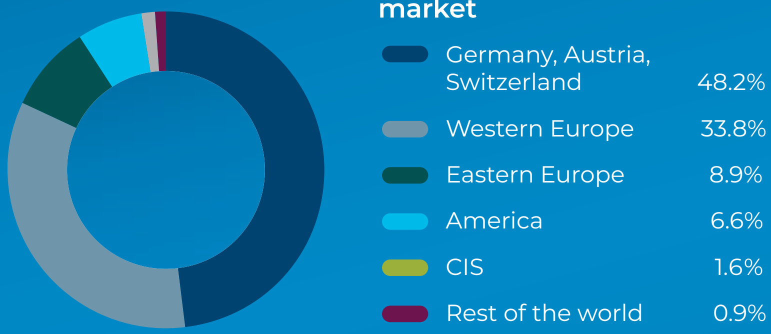
24.4

Order backlog in CHF billion
Previous year: 22.0

Net revenue
in thousands of CHF



Net revenue by geographical market



6.8

Order intake in CHF billion
Previous year: 8.6

37,159

Registered shareholders as at 31 December 2023
Previous year: 38,943

5.1%

EBIT margin
Previous year: 5.5%

183.3

EBIT in CHF million
Previous year: 205.1

138.6

Net profit in CHF million
Previous year: 75.1

13,944

Employees worldwide
(average FTE 01.01.–31.12.2023)
Previous year: 13,431

Stadler – the system provider of mobility solutions in rail vehicle construction, service and signalling technology

Key figures

in millions of CHF or as noted	2023	as % of net revenue	2022	as % of net revenue	Change in %
Stadler					
Order intake	6,803.9		8,557.2		(20%)
Order backlog	24,414.1		21,983.7		11%
Net revenue	3,608.4	100.0%	3,750.5	100.0%	(4%)
Gross margin [1]	404.6	11.2%	385.4	10.3%	5%
EBITDA [2]	295.2	8.2%	308.9	8.2%	(4%)
Operating result (EBIT)	183.3	5.1%	205.1	5.5%	(11%)
Profit for the year	138.6	3.8%	75.1	2.0%	84%
Earnings per share (in CHF)	1.24		0.73		71%
Net cash flow from operating activities	905.3		441.3		105%
Capital expenditure [3]	244.3		184.5		32%
Free cash flow [4]	749.1		396.4		89%
Net working capital [5]	(855.6)		(157.4)		
Work in progress (net) [6]	(1,591.7)		(808.1)		
Net cash [7]	398.9		(230.8)		
Equity	819.3		779.1		
Staff as FTEs	13,944		13,431		4%
“Rolling Stock” segment					
Order intake	5,034.6		7,347.8		(31%)
Order backlog	18,381.4		17,047.9		8%
Net revenue (third parties)	3,080.7	85.4%	3,247.1	86.6%	(5%)
“Service & Components” segment					
Order intake	1,713.3		1,160.4		48%
Order backlog	5,870.5		4,765.7		23%
Net revenue (third parties)	463.6	12.8%	453.3	12.1%	2%
“Signalling” segment					
Order intake	56.0		49.0		14%
Order backlog	162.2		170.1		(5%)
Net revenue (third parties)	64.1	1.8%	50.1	1.3%	28%

[1] Gross margin is calculated as net revenue less cost of goods sold and services provided
[2] EBITDA is calculated as the sum of EBIT and depreciation and amortisation
[3] Capital expenditure is calculated as the sum of investments in property, plant and equipment and intangible assets
[4] Free cash flow is calculated as EBITDA less capital expenditure less change in net working capital
[5] Net working capital is calculated by subtracting the sum of trade payables, liabilities from work in progress, other current liabilities, current provisions and deferred income and accrued expenses from the sum of trade receivables, inventories, work in progress, other current receivables, compensation claims from work in progress and accrued income and deferred expenses
[6] Work in progress (net) is calculated as work in progress (asset) less liabilities from work in progress
[7] Net cash is calculated as cash and cash equivalents less current and non-current financial liabilities

Decarbonisiation of freight transport

The decarbonisation of rail transport is on everyone's lips. This usually refers to promoting CO_2-free drive systems for passenger transport. However, approaches for more sustainable mobility are also available when it comes to freight transport. Hybrid locomotives from Stadler, which combine up to three different drive systems, are helping to decarbonise freight transport – thereby strengthening freight transport by rail rather than by road.

First maintenance centre for FLIRT Akku trains

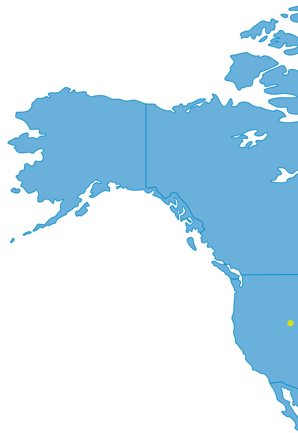
By replacing its diesel fleet with battery-powered FLIRT Akku trains, the Nahverkehrsverbund Schleswig-Holstein has taken an important step towards a CO_2-free future. The associated contract for the 30-year maintenance of the trains is equally unprecedented. Stadler is building a maintenance workshop specially designed to take into account the specific features of the trains, and the batteries in particular, making it the only one of its kind in Germany to date.

Focus on signalling technology

Over the next few years, the "ETCS" automatic train protection system is set to replace the 20 different systems currently in use in Europe. Stadler and its joint venture AngelStar converted Deutsche Bahn locomotives to ETCS in 2023. It was the first time that this had been done without the involvement of the locomotive manufacturer. For the operator, Stadler's process offers key advantages, especially given that around 13,000 locomotives and multiple units in Germany will need to be retrofitted with ETCS in the coming years.

Contents

For the best rail vehicles in the world



At Stadler, there is one thing that gives us fresh motivation every day: the desire to do everything we can to produce the best rail vehicles in the world. The engineering office founded by Ernst Stadler in 1942 has grown into a company that operates internationally. We have come from humble beginnings to become a group with 16 production locations and component plants, five engineering locations and over 80 service locations around the world.

Stadler builds rail vehicles and offers solutions in the areas of service and signalling technology. The “Rolling Stock” segment focuses on the development, design and production of high-speed, intercity and regional trains, locomotives, metros, light rail vehicles and passenger coaches.

With innovative solutions in the “Signalling” segment, Stadler supports the interplay between vehicles and infrastructure.

The “Service & Components” segment offers customers a variety of services, ranging from the supply of individual spare parts, vehicle repairs, modernisation and overhauls to complete full-service packages. This ensures that after delivery, the vehicles continue to meet our customers’ most demanding requirements in terms of reliability, availability and environmental sustainability over their entire life cycle of 30 years on average.

Every step of the way, Stadler does its best to make sure that wherever they are in the world, passengers get to their destination safely, quickly and in comfort.

8 Production locations

8 Component plants

5 Engineering locations

>80 Service locations

Market position expanded thanks to innovative product portfolio

Peter Spuhler, Executive Chairman of the Board of Directors (l.), and Markus Bernsteiner, Group CEO (r.)

Dear Shareholders

Stadler performed very well in 2023, a year that continued to be marked by inflation, currency distortions and supply chain difficulties. Our diversified product portfolio brought us success on a number of markets. We were largely able to compensate for the higher prices of materials and procurement bottlenecks by persistently implementing efficiency measures in production technology. Revenue and EBIT remained at a solid level despite the considerable impact of negative currency effects.

The order situation progressed well once again in 2023. Thanks to ongoing extremely dynamic demand, order intake totalled CHF 6.8 billion, well above the strategic target of 1.5x the previous year's revenue. The decrease in relation to the previous year (2022: CHF 8.6 billion) is attributable to the recognition of several major orders worth several billion in the 2022 financial year. In addition, two major orders totalling around CHF 1.2 billion were postponed until after year-end 2023. Given that the order intake remained significantly higher than revenue, the order backlog rose to CHF 24.4 billion as at 31 December 2023 (31 December 2022: CHF 22.0 billion).

The order intake and order backlog do not include any orders for vehicles or services from framework agreements that have not yet been called off on a binding basis by the customer.

Before negative currency effects of around 3 percent, revenue reached a comparable level to the previous year (2022: CHF 3.8 billion). After currency effects, revenue stood at CHF 3.6 billion, around 4 percent below the previous year's figure.

EBIT and Group result

Negative currency effects due to the strong appreciation of the Swiss franc, particularly against the euro, continued to have a significant negative impact on the operating result in the past financial year. The currency effects of around CHF 25 million stem mainly from orders that are processed in Switzerland and invoiced in foreign currencies. In general, foreign currency risks are minimised as far as possible by natural hedging and supplemented by financial hedging.

In the phase between the submission of an offer and the final signing of a contract, which can sometimes take several years, the corresponding currency risks cannot be fully hedged. Nor can the currency risks be fully hedged over the entire processing period due to the long lead times of certain orders, which can span several years.

Allowing for negative currency effects, EBIT totalled CHF 183.3 million (previous year: CHF 205.1 million) with an EBIT margin of 5.1 percent (previous year: 5.5 percent). EBIT is in line with expectations before taking into account negative currency effects.

In terms of its Group result, Stadler posted a profit of CHF 138.6 million in the past financial year, compared to CHF 75.1 million in the previous year. The significant increase in the Group result is due in particular to lower currency losses in the financial result of CHF 11.4 million (2022: CHF 56.7 million). In addition, much higher interest income was recognised due to the high level of liquidity.

Cash flow and balance sheet

In particular following the even greater focus on cash management, free cash flow reached CHF 749.1 million in 2023 (2022: CHF 396.4 million). At CHF 244.3 million, capital expenditure was in line with our expectations on account of the favourable order situation (2022: CHF 184.5 million). Due to the very satisfactory free cash flow, the net cash position as at 31 December 2023 improved considerably to CHF 398.9 million compared to CHF –230.8 million as at 31 December 2022.

“Rolling Stock” segment
The “Rolling Stock” reporting segment recorded orders totalling CHF 5.0 billion in the 2023 financial year. The previous year’s figure of CHF 7.3 billion includes major orders worth several billion. As a result, the order backlog in the reporting segment grew by another 8 percent to CHF 18.4 billion compared to year-end 2022 (31 December 2022: CHF 17.0 billion). Revenue in the “Rolling Stock” reporting segment reached CHF 3.1 billion, down 5 percent (including 2 percent of negative currency effects) on the prior-year period (2022: CHF 3.2 billion).

“Service & Components” segment
Order intake in the “Service & Components” segment once again rose significantly compared to the previous year and amounted to CHF 1.7 billion in 2023. This represents an increase of 48 percent compared to the prior-year period, which was already very strong (2022: CHF 1.2 billion). As a result, the order backlog in the strategically important service business increased by a further 23 percent to CHF 5.9 billion compared to the backlog of CHF 4.8 billion at the end of 2022. At CHF 463.6 million, revenue in the 2023 financial year was 2 percent above the previous year’s level (2022: CHF 453.3 million). The strong appreciation of the Swiss franc in particular had a negative impact of around 5 percent on revenue.

“Signalling” segment
The “Signalling” reporting segment also recorded strong growth in the past financial year. Order intake rose to CHF 56.0 million compared to CHF 49.0 million in the previous year. The order backlog as at 31 December 2023 decreased to CHF 162.2 million compared to CHF 70.1 million as at 31 December 2022. Revenue increased by 14 percent in the financial year (including negative currency effects of 2 percent) to CHF 64.1 million from CHF 50.1 million in the previous year.

Main orders received
Stadler achieved very encouraging market success in all product segments and in certain regions in 2023. At the beginning of the year, Stadler and Kazakhstan Railways (KTZ) finalised a long-term contract for the delivery of 537 sleeper and couchette cars. The contract, which is worth EUR 2.3 billion, also includes the maintenance of the sleeper and couchette cars over a period of 20 years. In March, Norske tog awarded Stadler a contract for the construction of 17 FLIRT trains for use in Norwegian long-distance transport. The contract includes an option for up to 83 additional vehicles.

“We are continuing to generate a promising order intake with our innovative, sustainable and high-quality products and solutions. We have achieved particularly noteworthy market success in Kazakhstan, Lithuania, Italy and the USA, for example.”

Peter Spuhler,
Executive Chairman of the Board of Directors

Stadler received an order from Italy for electric multiple units for regional transport around Mount Vesuvius. The framework agreement with EAV is for the delivery of up to 60 vehicles, with an initial order for 16 trains, including maintenance, for a period of 5 years.

What is more, Austrian Federal Railways (ÖBB) ordered a further 38 KISS double-decker trains. The order is part of the framework agreement for 186 vehicles signed in 2022. ÖBB has placed call-off orders for a total of 79 trains so far.

In the tram segment, Stadler and the Italian operator Azienda Trasporti Milanesi S.p.A (ATM) signed a further framework agreement for up to 50 TRAMLINK trams. Stadler will deliver 14 trams for the metropolis of Milan in an initial call-off order. In addition, the Spanish operator Ferrocarrils de la Generalitat Valenciana (FGV) placed an order for 16 TRAMLINK trams for the cities of Alicante and Valencia. The contract includes an option for up to twelve additional vehicles.

In the locomotives sector, Stadler was awarded a framework contract by Trenitalia for up to 50 EUROLIGHT locomotives. The Italian rail operator has placed an initial call-off order for 13 bimodal locomotives. The contract also covers the maintenance of the vehicles over a period of ten years.

Sustained high demand for alternative drives

Stadler is ideally positioned worldwide with innovative products and solutions. Stadler has consistently expanded its alternative drive portfolio in recent years and is currently assisting rail operators worldwide with the decarbonisation of rail transport. Depending on the area of application, Stadler offers its customers tailor-made solutions with battery, hydrogen or even hybrid drives.

Stadler built the world's first battery-electric multiple unit approved for passenger use back in 2017. The first FLIRT Akku fleet was put into regular operation in Schleswig-Holstein in the reporting year.

The first FLIRT H2 vehicles were also very well received on the market. The hydrogen train successfully completed intensive tests on Swiss rails in 2023. It is being subjected to additional rounds of tests in Colorado before it reaches its final destination at the San Bernardino County Transportation Authority in California.

Several sales successes were achieved with alternative drive systems: Utah State University (USU), the ASPIRE Engineering Research Center and Stadler have signed a contract to develop and test a battery-powered passenger train. This will allow Stadler to bring the first multiple-unit train with battery drive to North America, based on the successful FLIRT Akku concept.

An order was received from Lithuania for the first time: the railway operator LTG Link is procuring 54 FLIRT multiple units. In line with an initial call-off order, Stadler will supply nine electric FLIRT vehicles for intercity operations and six battery-electric FLIRT vehicles for operation on non-electrified railway lines. With their battery-electric drive, these trains will allow sustainable rail transport on lines that are only partially electrified in Lithuania.

"Stadler is extremely well positioned in the growing rail market thanks to an innovative product portfolio. We are firmly convinced that this combination will enable us to shape the future of mobility. Our motivated and dedicated team is committed to developing sustainable solutions that contribute to achieving the global climate targets."

Markus Bernsteiner,
Group CEO

In July 2023, Stadler also won a tender held by ÖBB for a framework agreement for up to 120 FLIRT Akku vehicles. The first call-off order comprises 16 Cityjet battery-powered multiple units, which will be deployed along the Kamptal railway in Lower Austria from 2028.

Also in July, the two Italian rail operators Azienda Regionale Sarda Trasporti (ARST) and Ferrovie della Calabria (FdC) awarded Stadler two framework agreements. The contracts comprise the supply and maintenance of ten hydrogen trains for ARST in Sardinia and 15 similar vehicles for FdC in Calabria. This makes Stadler the first train manufacturer in the world to produce narrow-gauge hydrogen trains. The two operators have ordered a total of twelve trains in an initial call-off order.

In the USA, the Californian rail operator Caltrain awarded Stadler the contract for the development of the first battery-electric double-decker multiple unit for the American market. Like the FLIRT Akku model, this vehicle enables low-emission local operation on lines that are only partially electrified. Furthermore, a contract for the delivery up to of 29 hydrogen-powered trains for the California State Transportation Agency (CalSTA) and Caltrans was signed in October. The first call-off order comprises four hydrogen trains, and a firm order for six more hydrogen trains was placed at the beginning of 2024.

Stadler has once again confirmed its leading position in this field thanks to these successes and to the sales of around 180 rail vehicles with alternative drive systems already achieved in the USA, Germany, Italy, Austria, UK and Lithuania.

An international best-seller: more than 2,500 FLIRT multiple units sold

Stadler also celebrated a special anniversary thanks to the incoming orders in the first half of 2023: 2,500 FLIRT vehicles sold. Around 20 years since the first vehicle was ordered, Stadler has now sold the 2,500th multiple unit from the FLIRT family. An international best-seller, the FLIRT boasts an innovative design and is appreciated by customers for its high quality and unrivalled performance.

The FLIRT combines intelligent, innovative design with tried-and-tested technology. It is also extremely versatile thanks to Stadler's proven module concept. The FLIRT's drive system, acceleration and braking characteristics, as well as its ergonomic driving properties, comfortable interior design and modular set-up, make it a cost-effective response to urbanisation and increasing pressure in the transport market.

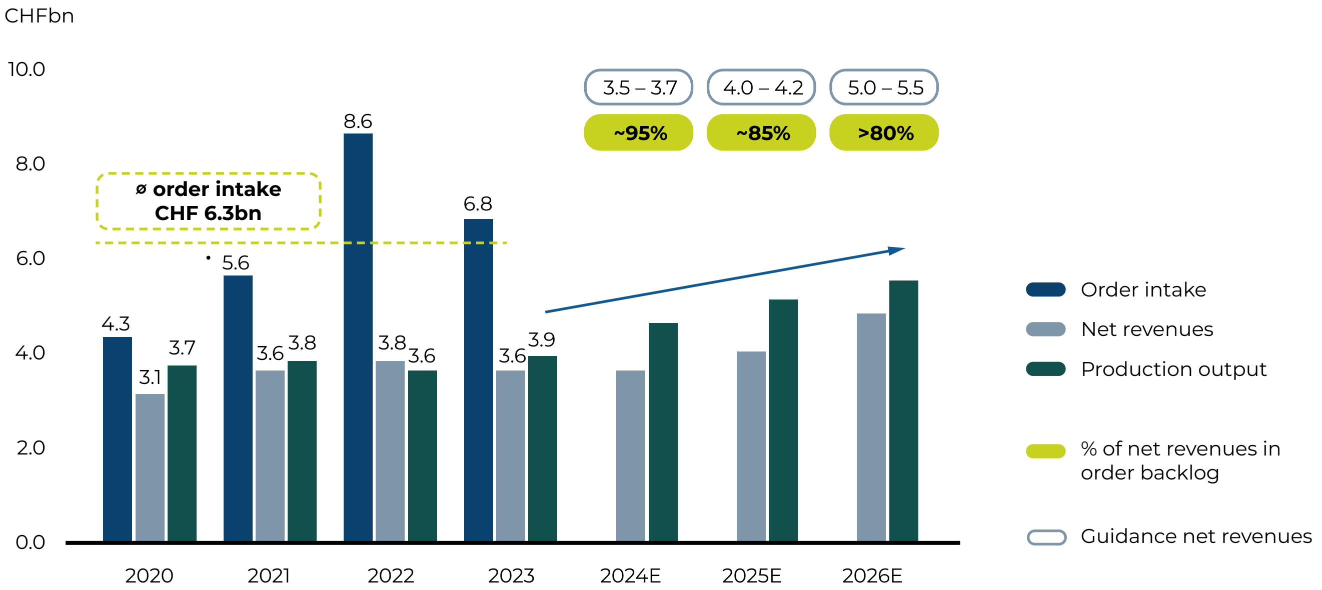
Management change within the Division Components

The Board of Directors appointed Benjamin Niederhauser (36) as the new Head of the Division Components and a member of Stadler's Group Executive Board with effect from 1 October 2023. He took over from Christian Spichiger. Christian Spichiger has made a significant contribution to Stadler's success in various capacities over the past 21 years. As part of the company's long-term succession planning, he handed over the management of the Division Components as of 1 October 2023. In the future, he will continue to develop and expand the power converter sector, which is an important area for Stadler.

Outlook for 2024 to 2026

Stadler has made a very successful start to 2024 and rapidly recorded a promising order intake in the first few months of the year. Nevertheless, Stadler expects the global economic environment to remain challenging in the current financial year. Despite the recessionary trends, Stadler is set to face a significant increase in production output in the coming years thanks to its strong order backlog.

Production output vs revenues



Notes: Production output equals net revenues plus delta gross work in progress. Bar heights for net revenue 2024E to 2026E correspond to midpoints of guidance ranges. Production output 2024E to 2025E is for illustration only.

In contrast to its competitors, Stadler applies the conservative units-of-delivery accounting method in the “Rolling Stock” segment. Vehicles must generally be completed and accepted by the customer before the corresponding sales and earnings can be recognised. This conservative approach means that there may be several years between the signature of the contract and the realisation of sales and earnings. On account of the high order intake in recent years, production output and gross work in progress will increase substantially from 2024 onwards. Stadler therefore expects a strong increase in sales and earnings, particularly in the 2026 financial year.

With this in mind, Stadler anticipates revenue of between CHF 3.5 and 3.7 billion for the current financial year and an EBIT margin comparable to that of 2023. Due to the high order intake, Stadler forecasts investments of around CHF 200 million. The increase in work in progress associated with the rise in production output may have a negative impact on free cash flow in the current financial year despite progress payments from current orders. However, we continue to expect solid advance payments from new orders and improved payment terms for current orders.

The Board of Directors intends to put forward a proposal to the General Meeting for the payment of a dividend of CHF 90.0 million (CHF 0.90 per share) for the 2023 financial year compared to CHF 90 million (CHF 0.90 per share) in the previous year.

For the 2025 financial year, Stadler expects revenue of between CHF 4.0 and CHF 4.2 billion and an EBIT margin of approximately 7 percent. Stadler also anticipates investments totalling around CHF 200 million in 2025.

Stadler expects revenue of between CHF 5.0 and 5.5 billion in the 2026 financial year in connection with the strong increase in the number of vehicle acceptances. The EBIT margin should be between 7 and 8 percent and investments are likely to total around CHF 200 million.

Stadler anticipates an average book-to-bill ratio of 1.5x until 2026 and is maintaining its dividend policy with a payout of around 60 percent of consolidated net profit. Stadler remains convinced that an EBIT margin of 8 to 9 percent can be achieved in the medium term under normal economic conditions.

All the information on the outlook is based on the assumption that the framework conditions will remain stable, particularly with regard to the currency situation and global geopolitical tensions.

Thanks to employees and shareholders

We would like to take this opportunity to thank our employees at each of our locations for all their hard work. Their commitment and the joy of making the impossible possible never ceases to amaze us. Once again this year, the teamwork put into practice in all areas at Stadler continued to form the basis for the success of the company, and in particular for its ability to react rapidly and appropriately to challenges.

We would like to thank you – our shareholders – for joining us on this journey. We look forward to continuing to fulfil your expectations in the years to come. We would also be delighted to welcome you again in person to this year’s General Meeting on 22 May 2024.

Peter Spuhler
Executive Chairman of the Board

Markus Bernsteiner
Group CEO

2023 highlights

January

Digital rail

GUARDIA, Stadler's automatic train protection system, was used for the first time for maintenance purposes at Deutsche Bahn to improve safety standards. Up to 80 maintenance and track work vehicles will ultimately be equipped with Stadler's automatic train protection system.

March

Flexibility in the far north

From 2027, Norske tog will set new standards thanks to a contract for 17 FLIRT Nordic Express trains, expandable to 83. The replacement of the fleet on the Bergensbanen, Sørlandsbanen, Dovrebanen and Nordlandsbanen lines marks the beginning of a new era of travel in Norway.

May

New travel quality

Ostdeutsche Eisenbahn (ODEG) and Stadler jointly completed the modernisation of 16 traction units. Thanks to this modernisation work, the comfortable, innovative KISS vehicles now offer even better travel quality on regional services.

June

An international best-seller

More than 20 years after receiving the initial order from SBB in 2002, Stadler celebrated a significant milestone: the sale of the 2,500th FLIRT multiple unit. FLIRT vehicles are in operation in over 20 countries, setting standards for reliability and comfort in international rail transport.

June

Baltic success story

LTG Link, based in Vilnius, ordered 9 electric intercity and 6 battery-electric regional multiple units from Stadler, with options for a further 13 electric intercity and 26 battery-electric regional multiple units. The contract also includes technical support and spare parts deliveries, and marks a significant step towards a more modern future for Lithuanian rail transport.

July

Innovation on narrow-gauge track

The Italian operators in Sardinia and Calabria concluded contracts with Stadler for the delivery of twelve hydrogen trains with options for 13 additional trains. This makes Stadler the first train manufacturer in the world to produce narrow-gauge hydrogen trains. These vehicles will promote sustainable mobility in regional transport on the narrow-gauge network (950 mm).

July

Low-floor railjet

ÖBB continued to focus on establishing a modern railway infrastructure by ordering an additional 14 long-distance trains, 21 local trains and three airport express trains. So far, a total of 79 vehicles have been ordered, which will be deployed in stages from mid-2026. The long-distance trains not only offer high speeds of 200 kilometres per hour, but also ensure maximum comfort with low-floor access.

August

Achieving great things together

In the summer of 2023, Stadler opened a new training centre for its apprentices in Bussnang. This emphasises Stadler's commitment to training the next generation and to promoting the skilled workers of the future. The new centre makes it possible to increase the number of apprentices from around 80 to 150. The training workshops at other locations were also modernised and expanded. This enables the number of trainees from 200 to around 300.

September

Berlin S-Bahn now complete

The Berlin S-Bahn reached a milestone: the entire fleet of the new generation of S-Bahn trains, consisting of 106 vehicles, is now in operation. For the 1.4 million people in Berlin who use S-Bahn trains every day, this represents significant progress on the path towards more efficient and convenient mobility.

October

Green mobility

ÖBB awarded Stadler the tender for a framework agreement for up to 120 battery-powered trains. The first call-off order comprised 16 electric Cityjet battery-powered multiple units, which will be deployed along the Kamptal railway in Lower Austria from the end of 2027.

November

Milestone for rack railways

Matterhorn Gotthard Bahn ordered 25 additional ORION multiple units to follow on from the 12 trains from the first phase that are already in operation. This is the largest single order for rack railways in Stadler's history. Production will begin in 2025, and the first train will be delivered in December of the same year. The ORION multiple units will be used on the MGBahn network from Zermatt to Disentis.

November

Expansion in Berlin

Stadler opened its modern logistics centre, thereby completing the expansion of its site in Berlin and establishing a state-of-the-art innovation centre for rail vehicles. The site now covers a total of 80,000 square metres, around 17,700 square metres of which are taken up by the new logistics centre.

December

Award-winning trains

The Stadler FLIRT train for the Greater Anglia network once again received the gold medal at the Golden Spanner Awards. Based on statistical data, the jury described the FLIRT vehicles as "the most reliable trains of their kind" in Great Britain. This is the second year in a row that the Class 755 has won this award, after the three-car double traction units were given the same title in 2021.

Markus Bernsteiner, Group CEO

"We are doers, we get things done"

Markus Bernsteiner was appointed CEO of Stadler in a year of global challenges. The knowledge he has gained at Stadler over the past 25 years stands him in good stead for the role. In this interview, he explains why Stadler's decentralised business model with equally decentralised supply chains is particularly important in the current economic situation.

Mr Bernsteiner, how was your first year as CEO?
I enjoyed it a great deal. It was a demanding year in a volatile environment full of challenges. We faced issues such as currency distortions, inflation and supply chain difficulties in particular. But we have worked hard, and I'm proud of the success we have achieved, of the good result and especially of the team I have behind me. The atmosphere throughout the organisation, from the Group Executive Board right down to each individual location, is very positive, and the divisions work together extremely well.

What surprised you about your new role?
I've been working for Stadler in various management roles since 1 September 1999 and have been part of the Group Executive Board since day one. When I arrived, there were 68 employees. Today we have around 14,000. I know the company from the ground up. So from that point of view, there were no surprises for me.

What are your priorities?
Just over a year ago, I had the honour of taking over an extremely well managed company. I am now continuing the work of my predecessors and am focusing on implementing the corporate strategy, achieving the business objectives and managing the overall organisation and the operational business. Our goal remains unchanged: to bring the best trains and mobility solutions to market around the world. To meet this objective, product innovation is of vital importance. Our ambition also applies to the way we build vehicles. We are constantly improving our production technologies, processes and systems so that we can achieve efficiency gains. With this in mind, I am keen to drive forward digitalisation. To do so, I am focussing on transforming the fast-growing company from an SME into a robust, modern group structure, but without losing our SME spirit. For me, this corresponds to the values that have made Stadler successful: entrepreneurial thinking and action, pragmatism, speed and strength of realisation and a personal approach.

What is it like for you as CEO to have a very active Chairman of the Board of Directors as your boss?
I've been working alongside Peter Spuhler in various management roles for more than 25 years. So having him as my boss is nothing new. The 25 years speak for themselves: our cooperation is based on trust. We get on very well and enjoy working together.

What are the main challenges facing Stadler?
The main difficulties at the moment are currency distortions, inflation, especially in Europe, unstable supply chains, the shortage of skilled labour and the geopolitical conditions.

"We are all united by a common endeavour: the ambition to allow people around the globe to travel in the best rail vehicles in the world."

Markus Bernsteiner, Group CEO

How are you tackling these issues?
The same problems are affecting the whole industry. At Stadler, we generally welcome challenges and see them as opportunities. Our decentralised structures allow us to respond flexibly and quickly to local conditions so that we can create a competitive advantage over the competition.

What specific measures are you introducing to combat unstable supply chains?
We previously had to wait 52 weeks for system components, whereas delivery times are now twice as long. This requires a great deal of flexibility on our part, as well as strategic foresight, robust processes and proximity – both to our suppliers and to our customers. That's why we are investing in the development of new strategic suppliers and are increasingly opting for decentralised supply chains.

Does Stadler have a remedy for last year's high inflation?
Inflation in Switzerland is not even the biggest problem. It was reasonably moderate at just over three per cent at the beginning of 2023 and has now fallen to 1.2 percent. The real difficulties are caused by the inflation rates of 15 to 20 percent in regions such as Central Europe or the Baltic states, where Stadler also operates. One specific measure we have taken is to protect ourselves more effectively against inflation and currency fluctuations in our contracts.

What is Stadler doing with regard to sustainability?
We are in the fortunate position of being able to develop and build a product that is sustainable and environmentally friendly per se. Measured in terms of emissions per passenger kilometre, rail is one of the most environmentally friendly means of transport of all. As a society, our goal must be to transport more people from A to B by rail and to optimise our technology to achieve greater sustainability through innovation. We are helping our customers to expand their capacities with our vehicles and integrated mobility solutions, with alternative drive technologies, predictive service solutions and a more efficient driving style thanks to the most advanced signalling technology.

It goes without saying that we are also assuming our corporate and social responsibility and are constantly examining how we can make our entire value chain more efficient in terms of resources. In more specific terms, we intend to reduce our CO_2 emissions by 50 percent by 2030 and by 100 percent by 2050. Our new sustainability report, which has been prepared in accordance with the GRI standards for the first time, will be published on 5 April 2024.

What is in the product pipeline at Stadler?
There are several examples that I am extremely proud of. Our FLIRT H_2 hydrogen train has been very well received on the market. In response to the excellent performance seen during test operation for the San Bernardino County Transportation Authority (SBCTA), the state of California has already opted for four more FLIRT H_2 vehicles. This time, the order is for four-car units. It also includes an option for six further vehicles, so we should deliver a total of ten four-car FLIRT H_2 trains overall. We are also the first train manufacturer in the world to produce narrow-gauge hydrogen trains. The Italian railway operators Ferrovie della Calabria (FdC) and ARST have already exercised options, which means that we will now be supplying a total of 15 vehicles. We have another new product up our sleeves that builds on the success of our Regio Shuttle – it's for the same segment, but with an alternative drive. We will reveal more at InnoTrans in Berlin. The rescue train for ÖBB is also an impressive model: it is designed to rescue passengers from a burning vehicle in a tunnel.

What is the latest innovation in the field of digitalisation?
Digitalisation offers many exciting opportunities and is therefore a particularly high priority for us. We are building the world's first depot in which all shunting manoeuvres are carried out fully automatically for the maintenance of the Waldenburgerbahn railway operated by BLT in Basel.

Markus Bernsteiner knows Stadler like the back of his hand. He and his team have been driving the company forward for 25 years.
He has had overall responsibility as CEO for just over a year.

It is also the first time that Stadler is supplying vehicles, infrastructure, service and automation technology for a product from a single source, across all segments and with the highest level of innovation. This is a very good example of how we have developed from a vehicle manufacturer into a provider of complete mobility solutions.

Will Stadler manage to process its huge order intake on time whilst meeting the expected quality standards and conserving its anticipated margin?
Stadler has proven time and again that we are able to process record levels of order intake on schedule, delivering high quality and generating good margins. To ensure that we can continue to do so in the future, we have further optimised our production processes in recent years. COVID also demonstrated how important it is establish good partnerships with suppliers. In addition, the ever-increasing complexity of our vehicles makes it essential to invest in the development of our employees. We have done a great deal in this area in recent years. Ultimately, it takes flexibility, functioning processes and good decision-making to respond rapidly to external influences.

And what about margins?
External influences such as the strength of the Swiss franc or very high inflation, especially in a number of European countries that are important for Stadler, are working against our margins. Although 2023 was a difficult year due to these global conditions, we managed to achieve the best net profit since the IPO in 2019.

What makes Stadler stand out?
We are all united by a common endeavour: the ambition to allow people around the globe to travel in the best rail vehicles in the world. The following principles have always guided our entrepreneurial thinking and action, and will continue to do so in the future as we seek to achieve this ambitious goal. At Stadler, we stand out for going about our work with passion. For consistently guaranteeing unrivalled quality and reliability, and for doing our best day after day to actively make things happen as part of a well coordinated team, not just acting as administrators behind the scenes.

The HSL Logistik “2019 307”, designed as a colourful “Jubilee Rider” to mark a company anniversary, was one of the first Euro9000 series locomotives to be leased by ELP. The brand-new train could be seen at Hamburg Central Station on 28 June 2023.

Stadler is also driving forward decarbonisation in freight transport

When people talk about the decarbonisation of rail transport, they are mostly referring to railcars with alternative drive systems for passenger transport. However, approaches for more sustainable mobility are also needed when it comes to freight transport. The EURO9000 hybrid locomotive is Stadler’s answer to the current challenges of rail freight transport.

For a long time, Stadler was the only manufacturer with a dual-mode locomotive in its portfolio. This refers to a locomotive with two different drive systems (electric and diesel) installed at the same time. Since then, other manufacturers have also introduced dual-mode locomotives. Stadler has therefore gone one step further and is now able to offer a whole family of hybrid locomotives that can be operated with up to three different drive systems (electric, battery and/or diesel). One of these is the six-axle EURO9000. With a power output of 9 megawatts and a tractive force of 500 kilonewtons, it is currently also the most powerful locomotive on the European market. It pulls heavy goods trains up steep slopes that would usually require two locomotives.

Seamless drive change
The hybrid locomotive can be used without interruption on only partially electrified lines. It switches effortlessly from diesel or battery operation when there are no overhead contact lines to electric operation when there is an overhead contact line. When the locomotive is running in electric or battery mode, it does not produce any emissions, thereby making a significant contribution to the decarbonisation of its main area of application: freight transport. The benefits of the EURO9000 strengthen freight transport by rail in general and make it more competitive, for example compared to freight transport by road, which helps to reduce CO_2 emissions even further.

A whole range of advantages
Another advantage of the hybrid technology is that the locomotive can switch to lines that require a different type of drive in the event of a line closure, which means that it can also be used for rerouting. This is particularly useful for making sure that transport times can be observed in line with market demands on the highly congested network in Central Europe.

The EURO9000 is also currently the only locomotive that can already be fitted with the new, fully automatic coupling system. Tedious, dangerous manual coupling is then no longer necessary – significantly improving workplace safety for shunting personnel whilst considerably reducing the time needed to assemble freight trains. However, as very few goods trains can be equipped with automatic coupling for the time being, Stadler's EURO series locomotives can also be fitted with hybrid couplings that offer manual and fully automated coupling options.

Other innovative features of the EURO9000 that lead to a reduction in energy consumption and emissions include regenerative braking for energy recovery and an efficient three-phase traction system with axle-selective drive. The EURO9000 combines energy efficiency, performance and reliability, which results in optimum life cycle costing and long-term cost efficiency in railway operations.

In the year under review, the EURO9000 received type approval in Switzerland, Germany, Austria, Belgium and the Netherlands. An operating licence is expected to be granted in Italy this year.

Innovative decarbonisation concept in Norway

Stadler was able to introduce an innovative decarbonisation concept in Norway in 2023. This concept, based on the EURO9000, proved very popular. The legendary Nordland Railway is the northernmost line in Norway, which connects the cities of Trondheim and Bodø. It is set to become the first important line in the country to be modernised through electrification and the use of battery-powered locomotives. Both passengers and goods are transported on the route. The line is just over 700 kilometres long and has not yet been electrified. As a result, it is currently operated with diesel vehicles. Electrification of the line would be very costly, since a sufficient electrical power supply network is not available everywhere in remote parts of Norway.

Stadler therefore made a detailed proposal to decarbonise the Norwegian Nordland Railway through partial electrification and the use of hybrid locomotives with battery and electric drive. The study attracted a great deal of attention and was selected as one of the preferred options of the Norwegian infrastructure manager. According to the partial electrification concept, the hybrid locomotive charges the battery on the electrified sections of track, then covers the non-electrified sections in battery mode. With Stadler's concept, only around 219 kilometres would have to be electrified instead of 700 kilometres, reducing the investment by 76 percent. The concept was well received in Norway – and was selected over other options such as full electrification or hydrogen operation.

This is a good example of how Stadler has developed from a simple supplier of rolling stock to a provider of integrated mobility solutions. Stadler is capable of analysing operational issues, making calculations regarding deployment, loads or ranges, and developing sustainable operating concepts accordingly. Thanks to this expertise, Stadler can successfully advise not only vehicle operators, but also infrastructure operators.

The leasing company European Loc Pool (ELP) was the first customer to order EURO9000 locomotives. It has so far acquired 40 locomotives, seven of which have already been delivered and are in operation. In autumn 2023, Alpha Trains also ordered twelve EURO9000 locomotives, which will be delivered in 2025 and, as decided in 2024, will also be serviced by Stadler.

For technology fans: a few details about the EURO9000

The EURO9000 was specially designed for use on international routes along the most important European railway corridors. The locomotive meets the technical specifications for interoperability (TSI) and is intended to be equipped with various country packages, including conventional automatic train protection systems and the European Train Control System (ETCS) to ensure smooth cross-border operations. The EURO9000 was developed in response to the challenges of rail freight transport. Its more powerful, more versatile design represents an efficient solution to the increasing demands of cross-border transport. The basic configuration designed for Germany, Austria, Switzerland, Italy, the Netherlands and Belgium will be extended to other countries in the future.

The most powerful locomotive currently on the European market can be operated on electrified lines with alternating current and direct current. The modular design allows the installation of up to three different drive systems: electric, diesel and battery drive. What is more, the diesel motors provide additional power when the locomotive is travelling under a 3-kilovolt DC overhead contact line, making it possible to exceed the technical limit of 6 megawatts of electrical drive power on 3-kilovolt DC networks. The diesel motors are designed to run on HVO diesel, which allows CO_2-neutral operation in both electric and diesel mode. The EURO9000 is equipped with an electronic door-locking system, side-mounted controls in each driver's cab and a radio remote control system. As the latest member of Stadler's locomotive family, the EURO9000 has the same high performance, the same compact design, the same lightweight monocoque structure and the same state-of-the-art bogie technology as the other members of the family. The locomotives also offer outstanding comfort, a high level of safety and excellent visibility for drivers.

The EURO9000 is capable of travelling at high speed on the main European corridors with mixed traffic. It often enables longer and heavier trains to be pulled by a single locomotive rather than the two locomotives that are usually required. This results in a higher payload and lower transport costs.

The benefits and CO_2-free operating options offered by the EURO9000 strengthen freight transport by rail in general and make it more competitive, for example compared to freight transport by road.

Stadler is preparing locomotives for ETCS, thereby allowing a faster roll-out of ETCS in Germany

In association with its joint venture AngelStar, Stadler has converted locomotives made by another manufacturer to the pioneering ETCS system on behalf of Deutsche Bahn. This approach, which is independent of the locomotive manufacturer, is ideal for making upcoming retrofitting projects faster and more efficient.

The abbreviation “ETCS” stands for European Train Control System. This is an automatic train protection system that will replace the current 20 different systems in Europe over the next few years. The aim is to ensure a standardised, high level of safety for trains and infrastructure throughout Europe and to simplify cross-border traffic. The standard-gauge networks in Luxembourg and Switzerland are already fully equipped with ETCS. Conversion is underway in other European countries, where it has progressed to varying degrees. The ETCS infrastructure will also serve as the basis for the further digitalisation and automation of rail operations in Europe, which is set to take place to differing extents.

Key advantages

Stadler and its joint venture AngelStar converted Deutsche Bahn (DB) locomotives to ETCS in 2023. It was the first time that this had been done without the involvement of the locomotive manufacturer, a competitor of Stadler. For the operator, the fact that the process is independent of the locomotive manufacturer offers key advantages, given that manufacturer capacities are considered to be one of the bottlenecks that could cause delays when around 13,000 locomotives and multiple units in Germany need to be retrofitted with ETCS in the coming years. The process developed by Stadler and AngelStar will therefore help to speed up the roll-out of ETCS at Deutsche Bahn. Following their successful conversion to the GUARDIA Baseline 3.4.0 ETCS automatic train protection system, the two DB locomotives went back on track in the course of 2023.

Satisfied project stakeholders

According to Hans Peter Lang, Chief Technology Officer at DB and Chairman of the Management Board of DB Systemtechnik, “Equipping routes and vehicles with standardised ETCS technology across Europe is the basis for the further digitalisation of rail operations. This will create more capacity for travel and freight transport by rail.

The fact that Stadler and AngelStar, DB Cargo and DB Systemtechnik have now together succeeded in retrofitting ETCS without the involvement of the vehicle manufacturer opens up new paths and strengthens competition. This will significantly facilitate the ETCS roll-out for the entire industry in Germany.”

Opportunities in other market regions

According to Manuel Ayala, Project Manager at Stadler Signalling, “Thanks to this innovation partnership, Stadler is now in a position to equip vehicles made by other manufacturers with its own system without the involvement of the initial manufacturer. This is not only of great importance for rail transport in Germany, but will also open up opportunities in other market regions. We would like to thank Deutsche Bahn for the trust they have placed in us and look forward to continuing our successful collaboration.” According to Oliver Kaiser, Chief Operation Officer of AngelStar, “In the course of this challenging retrofit project, we were once again able to demonstrate the quality and flexibility of the GUARDIA system. Along with the agile organisation, these are the best possible prerequisites for further retrofit projects.”

Another milestone

Prior to this retrofit order for third-party vehicles, Stadler had already equipped many of its own new vehicles with its ETCS solution and carried out retrofit orders for its own fleets. The demanding task of equipping third-party vehicles represents a further milestone in the development of expertise in the area of signalling.

The ETCS automatic train protection system GUARDIA from AngelStar, a joint venture between Stadler and the MERMEC Group, has already been approved in several European countries and is in operation in Germany, Poland, Hungary, Austria, Slovenia, Belgium, Switzerland and the Netherlands. The system allows the train driver to visualise the position of the train, its speed and other data. All this data is also transmitted to a control centre. Data such as track warrants can be collected at the same time.

"Stadler has deliberately broken new ground with this retrofit project in order to simplify the retrofitting of modern signalling technology in existing vehicles. This innovation will allow us to create the urgently needed capacity in the rail industry to take the high number of existing vehicles in Europe into the digital future."

Ansgar Brockmeyer, Head of the Marketing & Sales Division and Deputy Group CEO of Stadler

Stadler and its joint venture AngelStar have converted Deutsche Bahn locomotives to ETCS for the first time without the involvement of the locomotive manufacturer.

Visualisation of the ultra-modern maintenance centre in Rendsburg: a maintenance, depot and charging infrastructure of a kind never seen before for servicing battery-electric trains.

Pioneering maintenance of Stadler's new battery-powered trains in Rendsburg

Stadler is building a state-of-the-art maintenance centre in Rendsburg to service the new FLIRT Akku battery-powered fleet for the Nahverkehrsverbund Schleswig-Holstein.

Four years ago, Stadler won an order organised by the Nahverkehrsverbund Schleswig-Holstein (NAH.SH) for the delivery of 55 FLIRT Akku battery-powered multiple units, including maintenance of the vehicle fleet over a period of 30 years. The trains were needed to replace the old diesel fleet and have been in service since autumn 2023. Each vehicle covers around 200,000 kilometres a year. The FLIRT Akku model will run on 11 railway lines, which account for 40 percent of rail traffic on the previously non-electrified rail network in Schleswig-Holstein. This will enable NAH.SH to take an important step towards the CO_2-free future of local transport.

Unique contract to date

This represented Stadler's first order for the newly developed FLIRT Akku battery-powered train. The associated contract for the 30-year maintenance of the trains was equally unprecedented. Stadler therefore decided to build a maintenance workshop specially designed to take into account the specific features of the trains, and the batteries in particular. It would be a unique maintenance, depot and charging infrastructure for the maintenance of battery-electric rail vehicles in Germany. Stadler has invested 30 million euros in this new service centre in Rendsburg and will start operations there in spring 2024, creating up to 30 new jobs in a state-of-the-art working environment.

Laying of the foundation stone with prominent figures from business and politics

The foundation stone for the new centre was laid in the reporting year in the presence of many prominent figures from local business and politics. As the highlight of the ceremony, Stadler representatives placed a time capsule in the foundations of the maintenance centre in the presence of Claus Ruhe Madsen, Minister of Transport and Economic Affairs of Schleswig-Holstein, Dr. Arne Beck, Managing Director of the Nahverkehrsverbund Schleswig-Holstein and other guests from politics and business.

Diesel-free routes doubled in one fell swoop

"The battery-powered trains will enable us to more than double the number of diesel-free routes in Schleswig-Holstein in one fell swoop. The maintenance workshop in Rendsburg is an important cornerstone for the climate-neutral battery-powered future of rail transport in Switzerland. For the town of Rendsburg, the workshop also means that skilled labour can be retained in an industry with a secure future. This is an excellent development both for our climate protection targets and for Schleswig-Holstein as a business location," said Transport Minister Claus Ruhe Madsen.

According to Dr. Arne Beck, Managing Director of NAH.SH, "The battery-powered trains are a real asset, not only for climate protection, but also for our passengers, who will be able to travel even more comfortably across the country from this year onwards in ultra-modern, much quieter, air-conditioned and accessible vehicles. The fact that good maintenance can be carried out just a short distance away will make a key contribution to ensuring stable operation with the new battery-powered trains. What's more, this maintenance will be performed by absolute experts in the hands of the manufacturer."

The depot will cater for the special needs of the FLIRT Akku model and its batteries.

Specially designed for batteries
The new maintenance centre is located on a 77,000 square-metre site in Rendsburg. It comprises a vehicle hall with two tracks with pits and roof work stands, workshops, an office and communal area, as well as an outdoor cleaning facility. The centre also specifically caters for the handling, charging and storage of vehicle batteries. In addition to transfer tracks, there are eight outdoor bays for cleaning the insides of the vehicles, with overhead contact line systems for recharging the batteries.

Batteries that are removed from vehicles must be stored carefully. The new maintenance workshop has diagnostic containers specially intended for monitoring train batteries. They thoroughly check and analyse the data from the power storage systems that have been removed from the vehicles in order to decide whether additional maintenance measures are required.

Optimum service life
"We are very pleased to be able to make a significant contribution to the decarbonisation of public rail transport on the non-electrified lines in Schleswig-Holstein, firstly with the new maintenance depot, which is precisely tailored to the special features of battery-operated trains, and secondly, with the delivery of the innovative FLIRT Akku battery-powered vehicles," said Daniel Baer, Head of Stadler's Service Division, at the groundbreaking ceremony. "By combining the production of new rail vehicles with their maintenance over a number of years by a single provider, we are creating sustainable added value. This will not only help to maintain the value of the trains, but also optimise the service life of the batteries." According to Edzard Lübben, who heads Stadler's German service company, "My team and I would like to thank all the parties involved in the project for their constructive, cooperative partnership, which has made it possible to reach this important milestone for the new site in Rendsburg."


The FLIRT Akku is the battery-operated version of Stadler's FLIRT model.

About the FLIRT Akku train
The FLIRT Akku model is the battery-powered version of Stadler's FLIRT series. In July 2019, the Nahverkehrsverbund Schleswig-Holstein ordered 55 two-car FLIRT Akku vehicles as part of an innovation partnership. The battery-powered multiple units have been operating on eastern network routes since autumn 2023. The FLIRT Akku model is designed for non-electrified or only partially electrified lines, making it particularly versatile. The batteries can be charged while travelling under overhead contact lines and at electrified terminal stops. In addition, the braking energy is stored in the batteries. This means that the vehicle can be used efficiently and in an energy-saving manner. The provision of all maintenance and service work for 30 years by Stadler, as the manufacturer, guarantees reliable availability of the trains.

NAH.SH has ordered 55 two-car FLIRT Akku trains.

Stadler sees the growing importance of sustainability as a great opportunity, since its products are already designed to be sustainable from the ground up, and mobility by rail can be a major lever for decarbonisation.

Responsible mobility on rails

The mobility of people and goods generates a variety of positive and negative effects on the economy, the environment, society and individuals. Rail transport makes a significant contribution to sustainable mobility. However, the manufacture of rail vehicles also requires large quantities of critical resources, and the operation of trains uses considerable amounts of energy. Consequently, it is important to have fully responsible corporate governance in place along the entire value chain.

Stadler attaches great importance to focussed, effective sustainability management. Identifying key topics is a crucial part of this. In 2023, suitable issues were identified by means of a double materiality analysis. The resulting 14 material topics form the basis for the company's strategic sustainability management and for this non-financial report.

Sustainable products and solutions
Given that rail mobility is the form of transport that makes the most sense from an environmental point of view, Stadler aims to make rail transport increasingly attractive by offering a range of innovative products and services. Stadler's fields of innovation have long focussed on efficient and sustainable drives. As a technology and market leader in the field of alternative drive systems, Stadler makes a significant contribution to ensuring more sustainable mobility and offers its customers environmentally friendly and economical options.

Stadler's commitment to climate protection covers greenhouse gas emissions along the entire value chain. In terms of its own emissions, Stadler is aiming to halve Scope 1 and 2 emissions by 2030 and to achieve "net zero" by 2050. This reduction in emissions is in line with a reduction pathway from the Science Based Targets initiative (SBTi). Stadler also favours robust, durable vehicles in order to conserve resources, consistently reduces production waste and uses materials with a high recycled content.

Attractive employer
Employees are another focus of the sustainability strategy, as they ensure the economic success of the company. Stadler wants to be and remain an attractive employer and is committed to providing a motivating working atmosphere and favourable employment conditions. In addition, Stadler does everything it can to protect its employees from occupational accidents and health hazards, and to continuously reduce the number of accidents at work. Diversity is part of Stadler's corporate culture and is valued and perceived as enriching. The aim is to offer all employees equal opportunities, regardless of gender, age, nationality, sexual orientation, educational background or religion. Stadler employs people of over 75 nationalities and offers jobs for people with a wide variety of educational backgrounds and CVs.

Responsibility along the value chain
As part of its corporate responsibility, Stadler upholds human rights along the entire value chain. The safety of vehicles and fair working conditions in our own factories and throughout the entire supply chain are essential aspects of this. Internationally recognised standards and principles of action such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the UN Conventions on the Rights of the Child, the ILO Conventions and the UK Modern Slavery Act form a framework for guidance.

It goes without saying that Stadler work of all local, national and international laws, guidelines and regulations in all its activities. The Group is also committed to high ethical principles and assumes its social responsibility.

More information on Stadler's commitment to sustainability can be found in the separate Sustainability Report, which will be published on Stadler's website on 5 April 2024.


FLIRT H2

SUSTAINABILITY

For the mobility of tomorrow

With the introduction of the FLIRT H_2, the first hydrogen train for American passenger transport, Stadler has come up with an innovative solution for non-electrified railway lines that were previously operated with diesel vehicles. The FLIRT H_2 is characterised by its electric drive using hydrogen fuel cells, enabling emission-free passenger transport on non-electrified or partially electrified routes.

Following the vehicle presentation at InnoTrans 2022, Stadler subjected the FLIRT H_2 to intensive testing on Swiss tracks. The test programme focused on evaluating new components and subsystems. Once the tests had been completed, the train was delivered to the USA.

In the USA, the FLIRT H_2 multiple unit is completing further rounds of tests on the Colorado site, where vehicle trials and homologation will take place before it finally reaches its final destination.

The start of commercial operations with passengers at the San Bernardino County Transportation Authority in California is planned for 2024.

At a time when sustainability is crucial, Stadler's FLIRT H_2 offers a pioneering solution for emission-free rail transport in the USA.


STADLER

INNOVATION

Innovative urban travel

Following the initial order from HEAG mobilo GmbH from Darmstadt in 2020, five other customers have already opted for Stadler's modern tram. HEAG mobilo GmbH has placed an order for the delivery of 25 tram vehicles of the latest TINA generation from Stadler. After extensive testing, the first TINA trams in Darmstadt started trial operations with passengers in October 2023.

The innovative tram sets new standards in terms of passenger comfort, with a high proportion of low-floor seats, panoramic windows, a spacious interior and fully accessible multi-purpose areas.

Special bogies ensure smooth running and protect wheels and rails alike at speeds of up to 80 kilometres per hour. TINA has an integrated collision warning system and a digital, interactive control panel. Driving assistance systems increase safety, while efficient energy transmission and environmentally friendly HVAC systems with CO_2 improve environmental performance.

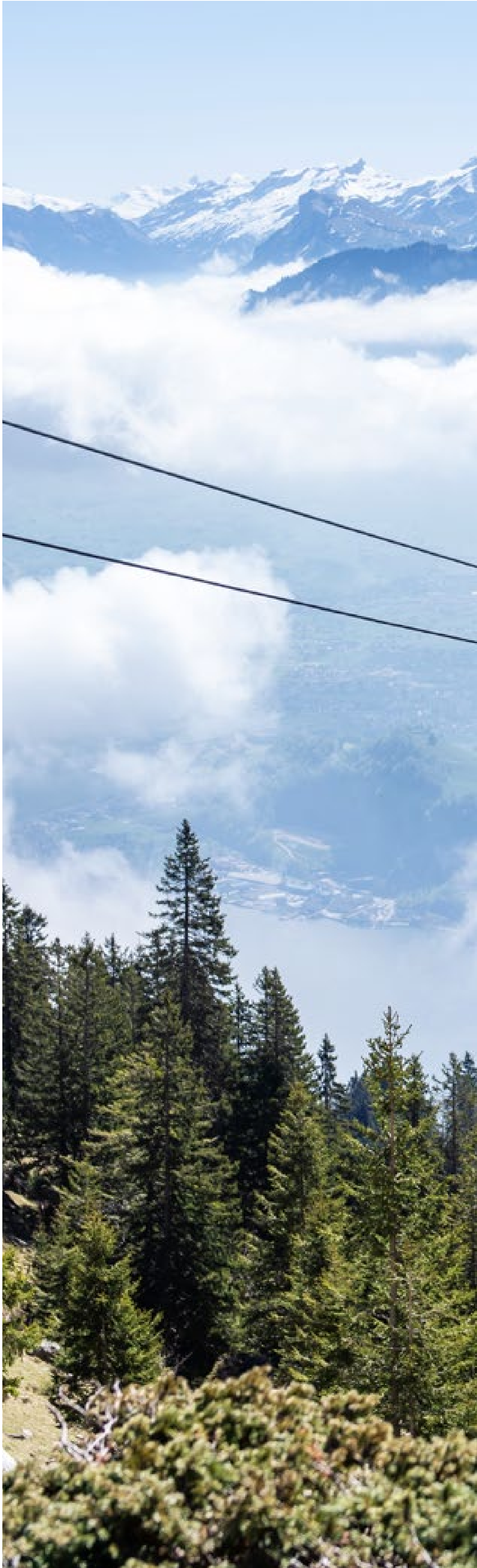
TEAM

New heights on the Pilatus

In 2018, Stadler was awarded the contract to develop and manufacture eight electric rack-and-pinion rail vehicles for use on the world's steepest personal rack railway. These ultra-modern vehicles are specially designed for the route from Alpnachstad (440 metres above sea level) to Pilatus Kulm (2132 m above sea level). The outstanding feature of these railcars is their ability to adapt to the maximum gradient of 480% on this demanding route. Thanks to this order, Stadler is establishing a milestone in the field of rail vehicle technology and helping to replace the 86-year-old railcars that were previously in use on this unique railway line.

After years of work on this centennial project, Pilatus-Bahnen AG started its 135th season with the new panoramic railcars in 2023.

The eight new panoramic vehicles offer modern travelling comfort in double traction, transporting guests to Pilatus-Kulm at a top speed of 15 km/h and offering a spectacular view through large glass fronts and a panoramic roof.




43


001
H-START
406 001

Corporate Governance

The principles and rules of corporate governance at Stadler are laid down in numerous documents, in particular the Articles of Association*, the Organisational Regulations and the Regulations of the Board of Directors' Committees. In terms of content and structure, in this report Stadler follows the Directive on information relating to Corporate Governance (DCG) published by SIX Exchange Regulation AG and the associated guidelines.

Unless otherwise stated, all figures refer to 31 December 2023. Information is continuously updated at https://www.stadlerrail.com/en/investor-relations/. The Articles of Association* of Stadler Rail AG, to which reference is made regularly throughout this report, are also available on this website. Reference is in some cases made to the financial section of this Annual Report. The Remuneration Report is shown starting on page 63.

1. Group structure and shareholders

Group structure

Stadler Rail AG is a company incorporated under Swiss law headquartered in Bussnang. The shares of the company are listed on the SIX Swiss Exchange (security number 217818, ISIN CH0002178181, security symbol SRAIL). The market capitalisation as at 31 December 2023 stood at CHF 3,028 million.

The Group Executive Board consists of the Group CEO and nine other members who report directly to the Group CEO. Cross-group functions include the Heads of Finance, Sales, the General Secretariat, IT, Legal/Compliance and Communications. Seven Executive Vice Presidents (EVPs) are currently responsible for the economic performance and operational management of the Service, Signalling and Components divisions and the geographical regions Switzerland, Germany, Spain and Central Europe. Subsidiaries are established for legal, commercial and financial reasons.

As at 31 December 2023, the Stadler Group comprised 45 companies worldwide (fully consolidated: 42 companies; consolidated at equity: 3 companies). An overview of Group companies, including the company name, registered office and share capital, as well as the percentage of shares held by the Stadler Group, is shown on pages 111 to 113. The management organisation of the Stadler Group is independent of the legal structure of the Group and of the individual companies.

Significant shareholders

As at 31 December 2023, Stadler was aware that the following shareholders held three percent or more of all voting rights of the company:

PCS Holding AG, Frauenfeld, Switzerland; Peter Spuhler, Warth-Weiningen; 41.6 percent (30.5 percent indirectly via PCS Holding, 11.1 percent directly).

All notifications from shareholders holding 3 percent or more of all voting rights in the company were reported to the Disclosure Office of the SIX Swiss Exchange pursuant to Article 120 of the Financial Market Infrastructure Act (FinMIA) and published on its electronic publication platform. They can be viewed via the search function at https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/.

As at 31 December 2023, Stadler Rail AG held 252 treasury shares.

Cross-investments

Stadler is not aware of any cross-investments in which the capital or voting shareholdings on either side exceed a threshold of 5 percent.

2. Capital structure

Share capital

As at 31 December 2023, the share capital of Stadler Rail AG amounted to CHF 20,000,000.00 and was divided into 100,000,000 fully paid-up registered shares with a nominal value of CHF 0.20 each. The shares are listed on the SIX Swiss Exchange (security number 217818, ISIN CH0002178181, security symbol SRAIL).

Capital band

In accordance with Article 5 of the Articles of Association, Stadler Rail AG has a capital band of between CHF 19 million (lower limit) and CHF 22 million (upper limit). Within the scope of the capital band, the Board of Directors is authorised to increase or reduce the share capital once or several times by any amount, or to acquire or sell shares directly or indirectly, until 11 May 2026 or the earlier expiry of the capital band. The capital increase or reduction may be effected by issuing up to 10 million fully paid-up registered shares with a nominal value of CHF 0.20 each, or by cancelling up to 5 million registered shares with a nominal value of CHF 0.20 each, or by increasing or reducing the nominal values of the existing registered shares within the scope of the capital band.

The subscription and acquisition of the new registered shares and every subsequent transfer of these registered shares shall be sub-

* https://stadlerrail.com/media/pdf/statuten2023_stadler_rail_unterzeichnet.pdf

ject to the transfer restrictions pursuant to Article 6 of the Articles of Association. The Board of Directors shall determine the number of shares, the issue price, the type of contribution, the date of issue, the conditions for the exercise of subscription rights and the commencement of dividend entitlement. The Board of Directors may issue new registered shares by means of a firm underwriting through a bank, a banking syndicate or another third party and a subsequent offer of these shares to the existing shareholders or third parties. The Board of Directors is authorised to permit, to restrict or to exclude the trade with subscription rights. In the event of subscription rights not being exercised, the Board of Directors may, at its discretion, either allow such rights to expire worthless, or place them or the shares to which they are entitled either at market conditions or use them otherwise in the interests of the company.

In case of a capital increase in accordance with Article 5 of the Articles of Association, the Board of Directors is empowered to withdraw or restrict the shareholders' subscription rights and to allocate such rights to individual shareholders or third parties in the event:

a. of the new shares being used to acquire companies, parts thereof or participations, to acquire products, intellectual property or licenses or for the financing or refinancing of such transactions, or for the financing of new investment projects undertaken by the company;
b. of the new shares being used either to extend the shareholder base in certain financial or investor markets, in conjunction with the listing of new shares on domestic or foreign stock exchanges or for purposes of the participation of strategic partners;
c. of new shares being placed nationally or internationally (including by way of private placement) at not less than market conditions for the purpose of raising equity in a swift and flexible manner that would be difficult to arrange or only at materially less favourable conditions if the subscription rights to the new shares were not restricted or withdrawn;
d. in case of good cause in the sense of Article 652b, paragraph 2 of the Swiss Code of Obligations.

Conditional capital for employee benefit plans

In accordance with Article 4 of the Articles of Association, Stadler Rail AG has conditional share capital for employee benefit plans with a nominal value of CHF 400,000.00, which represents 2 percent of the existing share capital.

The share capital of the company may be increased by up to CHF 400,000.00 through the issuance of up to 2,000,000 fully paid-up registered shares, each with a nominal value of CHF 0.20, through the exercising of rights or entitlements in respect of shares (share-related rights) by written declaration or via electronic means granted to employees or directors of the company, its consolidated subsidiaries or other entities in which the company has a direct or indirect stake of at least 50 percent in accordance with regulations and terms and conditions to be specified by the Board of Directors.

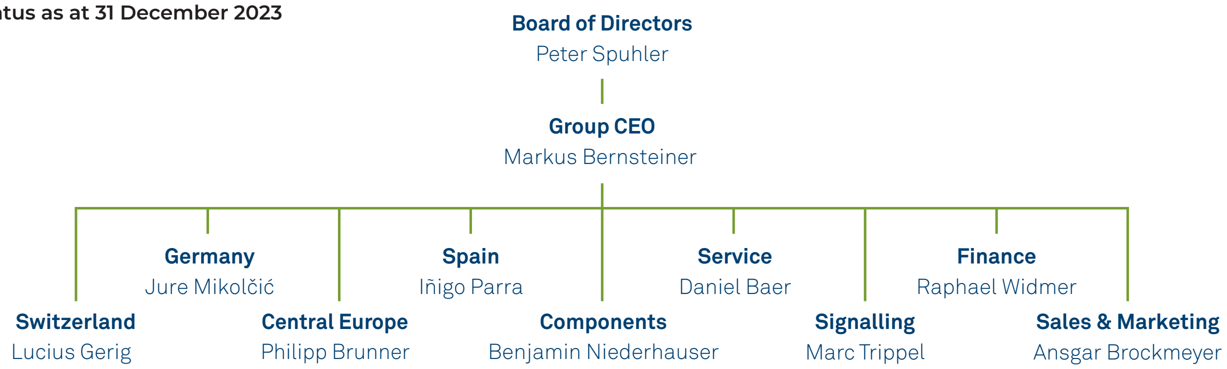
Shareholders' subscription rights and advance subscription rights are excluded.

The acquisition of registered shares based on Article 4 of the Articles of Association and any subsequent transfer of such registered shares are subject to the transfer restrictions pursuant to Article 6 of the Articles of Association.

Changes in capital

The share capital of Stadler Rail AG has not changed since the IPO on 12 April 2019.

Organisation Stadler Rail AG
Status as at 31 December 2023



Participation and profit sharing certificates
Stadler Rail AG has issued neither participation nor profit sharing certificates.

Shares
Stadler Rail AG has issued 100,000,000 fully paid-up registered shares with a nominal value of CHF 0.20 each. According to Article 15 of the Articles of Association, each share entitles its holder to one vote at the General Meeting of Stadler Rail AG. Only those shareholders entered in the share register as shareholders with voting rights in accordance with Article 6 of the Articles of Association by a specific qualifying day (record date) designated by the Board of Directors are entitled to vote at the General Meeting. In the absence of such designation, the record date shall be ten days prior to the General Meeting. The Board of Directors is authorised to specify or supplement the provisions laid down in Article 15 of the Articles of Association in the notice of a General Meeting or in general regulations or guidelines.

The company shall keep a share register in which owners' and usufructuaries' family and given names (or the company name in the case of legal entities), address and citizenship (or the registered office in the case of legal entities) are registered. Any person registered in the share register who changes their address must inform the company accordingly.

After hearing the registered shareholder or nominee, the Board of Directors may cancel such person's registration in the share register with retroactive effect as of the date of registration if such registration was made based on false or misleading information. Any such cancellation must be communicated immediately to the shareholder concerned.

In accordance with Article 7 of the Articles of Association, the company may issue its registered shares in the form of single certificates, global certificates or uncertificated securities. As far as is legally permissible, the company may convert shares issued in one of these classes into another class of share at any time and without the consent of the shareholders. The company shall bear the costs incurred. A shareholder has no right to request a conversion of the registered shares issued in one form into another form. Each shareholder may, however, ask the company at any time to issue a certificate for the registered shares held by them in accordance with the share register. A disposition of shares in the form of uncertificated securities which are not registered in the main register of a custodian shall be effected by way of a written declaration of assignment and requires, as a condition for validity, to be notified to the company. In contrast, a disposition of shares which exist in the form of book entry securities based on uncertificated securities registered in the main register of a custodian shall be effected solely by entries in securities accounts in accordance with applicable law, without prerequisite to be notified to the company; a disposition of such shares by way of assignment without corresponding entry in a securities account is excluded.

In accordance with Article 8 of the Articles of Association, the company shall only accept one representative per share. The voting right and the rights associated therewith may be exercised vis-à-vis the company by a shareholder, usufructuary or nominee only to the extent that such person is registered in the share register with voting rights.

Restrictions on transferability and nominee registrations
In accordance with Article 6 of the Articles of Association, persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting rights, provided that they expressly declare to have acquired the said shares in their own name and for their own account, that there is no agreement on the redemption or return of the corresponding shares, and that they bear the economic risk associated with the shares.

Persons who do not expressly make the declarations pursuant to Article 6, paragraph 2 in their application for registration or at the request of the company shall be entered directly in the share register as shareholders with voting rights up to a maximum of 5 percent of the share capital issued in each case. Above this limit, shares held by nominees shall be entered in the share register with voting rights only if the nominee in question in the application for registration or thereafter upon request by the company makes known the names, addresses and shareholdings of the beneficial owners for whose account they are holding 1 percent or more of the outstanding share capital available at the time and provided that the disclosure requirements stipulated in the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FinMIA) are complied with. The Board of Directors may enter into a contractual agreement with such a nominee which, in particular, further specifies the disclosure of beneficial owners and contains rules on the representation of shareholders and the voting rights. The Board of Directors may withhold registration with voting rights until the nominee has entered into such an agreement. For the purposes of the Articles of Association (i) a "nominee" is a financial intermediary that does not expressly declare in the application form to hold the shares for its own account and shall include, without limitation, a custodian, nominee of such a custodian, depositary or nominee of such a depositary; and (ii) a "beneficial owner" shall include, without limitation, any beneficial owner of depositary interests or depositary receipts representing shares of the company.

The restrictions on registration in accordance with Article 6 of the Articles of Association also apply to shares acquired by the exercise of subscription, pre-emptive, option or conversion rights.

Pursuant to Article 6 of the Articles of Association, legal entities and partnerships or other groups of persons or joint ownerships that are related to each other through capital ownership, voting rights, common control or otherwise, as well as individuals or legal entities or partnerships acting in concert (in particular, as a syndicate) in view of a circumvention of the provisions concerning the nominees are deemed to be one shareholder or one nominee.

The company may in special cases approve exceptions to the above restrictions.

Until an acquirer becomes a shareholder with voting rights for the shares in accordance with Article 6 of the Articles of Association, they may neither exercise the voting rights connected with the shares nor other rights associated with the voting rights.

In accordance with Article 18 of the Articles of Association, a resolution of the General Meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented shares' nominal value is required for the easement or abolition of the restrictions on the transferability of the registered shares.

Convertible bonds and options

Stadler Rail AG has no convertible bonds and no options outstanding.

3. Board of Directors

The composition, the general rights, duties and responsibilities, as well as the functioning of the Board of Directors (BoD) of Stadler Rail AG are based on the Swiss Code of Obligations as well as the Articles of Association and the Organisational Regulations of Stadler Rail AG.

Members of the Board of Directors

The Board of Directors of Stadler Rail AG is composed of at least five members in accordance with Article 19 of the Articles of Association. On 31 December 2023, the Board of Directors comprised eight members. With the exception of the executive Chairman of the Board of Directors Peter Spuhler ("eVRP"), all members of the Board of Directors are non-executive.

Independence of non-executive members

None of the non-executive members of the Board of Directors has exercised an operational activity for Stadler in the three financial years preceding the reporting period. As a partner of BianchiSchwald GmbH, Hans-Peter Schwald provides services for Stadler Rail AG or its subsidiaries at irregular intervals.

Permitted activities outside the Stadler Group

In accordance with Article 28 of the Articles of Association, a member of the Board of Directors may not hold more than the following number of further mandates:

a. up to 15 mandates in companies with an economic purpose, whereof up to 5 in listed companies with an economic purpose;
b. up to 20 mandates in foundations, associations, charitable organisations and similar organisations.

Mandates held in different legal entities of the same group, in companies connected with each other, or by order of the company or of another legal entity pursuant to the above-mentioned Article 28 of the Articles of Association (including pension funds and joint ventures) shall not count as separate mandates. The limits set out in Article 28 of the Articles of Association may be exceeded for a short period.

A "mandate" within the meaning of Article 28 of the Articles of Association is any membership of the Board of Directors, the Group Executive Board or the Advisory Board, or a comparable function under foreign law, of a company with an economic purpose.

Election, term of office and principles of the election procedure

The Chairman and the other members of the Board of Directors are elected individually by the General Meeting for a term of office of one year until the conclusion of the next Ordinary General Meeting. Re-election is possible. As a rule, members of the Board of Directors resign at the next Ordinary General Meeting after reaching their 70th birthday. In the event of special circumstances, in particular if the member of the Board of Directors holds more than 20 percent of the voting rights of the company, the Board of Directors may exceptionally increase this age limit for the corresponding member, taking into account the average age of all members. According to Article 11 of the Articles of Association, the General Meeting is also responsible for electing and recalling the members of the Compensation Committee, the statutory auditors and the independent proxy.

When nominating new candidates to the Board of Directors, care is taken to ensure a balanced composition of the Board. Industry and international management experience as well as special professional skills are taken into account.

Internal organisation

The Board of Directors is responsible for the overall management of the company and for supervising the management of the company. It bears responsibility for the business of the company and the Group as well as for sustainable corporate success. The Board of Directors determines the strategic objectives of the company, ensures that the company has the necessary financial and human resources to achieve its objectives, and supervises and oversees the management of the company. The Board of Directors is authorised to pass resolutions on all matters that are not expressly reserved for the General Meeting or another corporate body by law, the Articles of Association or the Organisational Regulations.

The supreme responsibility of the Board of Directors for the strategy and management of the business operations of the company and the Group includes in particular:

(I) the determination of the overall business strategy, taking into account the information, proposals and options presented by the Group CEO; and

(ii) the approval of all business operations and decisions to the extent that such approval exceeds the authority delegated by the Board of Directors to the committees, the eVRP, the Group CEO or the Group Executive Board.

The eVRP chairs the meetings of the Board of Directors and the General Meetings and fulfils the other tasks and duties set out in the Organisational Regulations. The eVRP supervises the Group through the Board of Directors. He communicates actively with the Group CEO and the Group Executive Board. The eVRP and the Group CEO hold regular meetings (usually weekly). The eVRP may inspect the minutes of all corporate bodies of the Group and attend all meetings of the Group Executive Board, the extended Group Executive Board and the Sales department. Together with the Group CEO, the eVRP is responsible for ensuring effective communication with shareholders or stakeholders, including authorities, regulators and public organisations. The eVRP coordinates the committees and synchronises their tasks in relation to each other. The eVRP may attend their meetings provided that he is not personally affected.

Stadler Board of Directors

from left to right:
Hans-Peter Schwald, Kurt Rüegg, Barbara Egger-Jenzer, Prof. Dr. Stefan Asenkerschbaumer, Peter Spuhler, Prof. Dr. Christoph Franz, Doris Leuthard, Wojciech Kostrzewa

Peter Spuhler (1959)

Executive Chairman of the Board
Swiss citizen

Initial election to the Board of Directors
Board member and Chairman since 1989

Education, professional experience, career
Studied business administration at HSG St. Gallen from 1979 to 1985 (with interruptions for military service and an internship); Group CEO of Stadler Rail AG from 1989 until the end of 2017; Group CEO a. i. of Stadler Rail AG from 21 May 2020 to 31 December 2022

Other activities and vested interests
Chairman of the Board of Directors of various companies of the Stadler Group, PCS Holding AG and Aebi Schmidt Holding AG; member of the Board of Directors of several other companies, including European Loc Pool AG, Allreal Holding AG, Rieter Holding AG and the Sönmez Transformer Company (STS); since 1 April 2019, Peter Spuhler has been a limited partner of Robert Bosch Industrietreuhand KG and a member of the Advisory Board of Robert Bosch GmbH; from 1999 to 2012, he was a member of the Swiss National Council and a member of the Board of Directors of Von Roll Holding AG (2002 to 2004), UBS AG (2004 to 2008), Kühne Holding AG (2006 to 2008), Autoneum Holding AG (2011 to 2021) and Evonik Industries AG (2018 to 2021), among others

Committee memberships
Member of the Nomination and Compensation Committees, Chairman of the Strategy and Investment Committee

Executive

Hans-Peter Schwald (1959)

Vice Chairman
Swiss citizen

Initial election to the Board of Directors
Board member since 1989; Vice Chairman since 2002

Education, professional experience, career
lic. iur. (law graduate) HSG, lawyer; Senior Partner at the law firm BianchiSchwald LLC

Other activities and vested interests
Chairman of Autoneum Holding AG, of VAMED Management und Service Schweiz AG and of Schweizer VAMED Rehakliniken, and Chairman of the Board of AVIA Vereinigung unabhängiger Schweizer Importeure und Anbieter von Energieprodukten, Genossenschaft; member of the Board of Directors of PCS Holding AG, Rieter Holding AG and member of the Board of Directors of other Swiss corporations

Committee memberships
Member of the Strategy and Investment Committee, the Audit Committee and the Nomination and Compensation Committees

Non-executive

Barbara Egger-Jenzer (1956)

Member
Swiss citizen

Initial election to the Board of Directors
Board member since 2019

Education, professional experience, career
lic. iur. (law graduate) from the University of Bern; lawyer; former state councillor of the canton of Berne and head of the Department of the Construction, Transport and Energy (2002 to 2018)

Other activities and vested interests
Member of the Board of Directors of Kraftwerke Oberhasli AG (since 2018) and Chairwoman of the Board of Directors since March 2020; Senior Advisor at Energy Infrastructure Partners, Zurich; member of the Board of Directors of BKW Energie AG and BLS AG from 2002 to 2018

Committee memberships
Member of the Nomination and Compensation Committees

Non-executive

Prof. Dr. Christoph Franz (1960)

Member
German and Swiss citizen

Initial election to the Board of Directors
Board member since 2011

Education, professional experience, career
Graduated in industrial engineering from the Technical University Darmstadt, Germany; doctorate in economics (Dr. rer. pol.); honorary professor of business administration at the University of St. Gallen; former CEO of Deutsche Lufthansa AG (2009 to 2014) and of Swiss International Airlines AG (2004 to 2009)

Other activities and vested interests
Chairman of the Board of Directors of Roche (2014 – 2023); Vice Chairman of the Board of Directors of Zurich Insurance Group; member of the Board of Directors of Chugai Pharmaceutical Co., Ltd, Tokyo; member of the Assembly and Council of the Assembly of the International Committee of the Red Cross, Geneva; member of the Board of Trustees of the Ernst Göhner Foundation, the Lucerne Festival and the Swiss Study Foundation

Committee memberships
Chairman of the Compensation and Nomination Committees

Non-executive

Prof. Dr. Stefan Asenkerschbaumer (1956)

Member
German citizen

Initial election to the Board of Directors
Board member since 2022

Education, professional experience, career
Studied business education and business administration at the University of Erlangen-Nuremberg; doctorate in corporate innovation management

Other activities and vested interests
Personally liable partner of Robert Bosch Industrietreuhand KG, Stuttgart, Germany; Chairman of the Supervisory Board of Robert Bosch GmbH, Stuttgart, Germany; Deputy Chairman of the Supervisory Board of BASF SE, Ludwigshafen, Germany

Committee memberships
Member of the Audit Committee and the Strategy and Investment Committee

Non-executive

Wojciech Kostrzewa (1960)

Member
Polish citizen

Initial election to the Board of Directors
Board member since 2012

Education, professional experience, career
Studied economics at the University of Kiel (Diplom-Volkswirt); studied law at the University of Warsaw, Poland; 1998 to 2004 Chairman and CEO of mbank SA; 2005 to 2018 Chairman and CEO of the media conglomerate ITI Group; since 2017 member of the Board of Directors and since January 2019 CEO of Billon Group Ltd.

Other activities and vested interests
Since 2017, member and Deputy Chairman of the Supervisory Board and Chairman of the Audit Committee of ERGO Hestia SA as well as ERGO Hestia Life SA (life insurance); Chairman of the Management Board of the Polish Business Roundtable since May 2019; member of the Supervisory Board of CANAL+ Polska SA from 2020 to 2022, and Deputy Chairman of the Confederation of Employers Konfederacja Lewiatan, Warsaw, Poland, from 2007 to 2020

Committee memberships
Member of the Audit Committee

Non-executive

Doris Leuthard (1963)

Member
Swiss citizen

Initial election to the Board of Directors
Board member since 2020

Education, professional experience, career
Studied law at the University of Zurich before being admitted to the bar; member of the Swiss National Council from 1999 to 2006; member of the Swiss Federal Council from 2006 to 2018, including eight years (2010 to 2018) as head of the Federal Department of the Environment, Transport, Energy and Communications (DETEC); President of the Swiss Confederation in 2010 and 2017

Other activities and vested interests
President of the Ulrico-Hoepli-Stiftung; Vice Chairwoman of the Board of Directors of the Coop Group, the Bell Food Group and of Transgourmet Holding AG; member of the Board of Directors of Coop Mineraloel AG; President of the Jury for the Green Business Award; Co-President of the Advisory Board of Lucerne Dialogue; President of the Swiss Digital Initiative Foundation, Geneva; member of the Board of Trustees of the ETH Zurich Foundation, member of the Board of Trustees of Venture, Zurich; Co-Chairwoman of Svizra27, Aarau

Committee memberships
Member of the Strategy and Investment Committee

Non-executive

Kurt Rüegg (1960)

Member
Swiss citizen

Initial election to the Board of Directors
Board member since 2002

Education, professional experience, career
HWV business graduate; 1999 to 2014 development of Swiss Capital Corporate Finance AG,
2014 merger of this company with the globally active N+1 Group, which was renamed Alantra AG in 2016, Chairman of the Board of Directors and Managing Partner of Alantra AG, Zurich

Other activities and vested interests
Chairman of the Board of Directors of Alantra AG; member of the Board of Directors of St. Galler Kantonalbank AG, Casino Theater AG Winterthur and PCS Holding AG

Committee memberships
Chairman of the Audit Committee

Non-executive

The Board of Directors consists of the eVRP, the Vice Chairman and the other members. The eVRP and the other members of the Board of Directors are elected individually by the General Meeting for a term of office of one year until the conclusion of the next Ordinary General Meeting. Re-election is possible. The Board of Directors is otherwise self-constituting, subject to the provisions of the law and the Articles of Association.

The Board of Directors meets as often as business requires, but at least four times a year. Meetings are called by the eVRP or, if the eVRP is prevented from doing so, by the Vice Chairman. Meetings of the Board of Directors may be held in person at a meeting venue or by electronic means (in application by analogy of Articles 701c – 701e of the Swiss Code of Obligations). Each member of the Board of Directors and the Group CEO is entitled to ask the eVRP to convene a meeting, stating the reason for doing so. The eVRP or, in the event that the eVRP is prevented from doing so, the Vice Chairman shall chair the meeting. The Board of Directors may make decisions if the majority of its members are participating in the meeting. The participation of the eVRP or Vice Chairman is obligatory. The Group CEO and members of the Group Executive Board may attend the meetings as guests. They do not have the right to vote. The Board of Directors meets at least twice a year without the presence of the Group CEO and the members of the Group Executive Board. The eVRP is free to invite the Group CEO to the private meetings.

The Board of Directors adopts resolutions by an absolute majority of the votes cast. Each member has one vote. The Chairman of the meeting has the casting vote in the event of a tie. The Board of Directors may also pass its resolutions in writing on paper or in electronic form, unless a member requests an oral discussion. No signatures are required if a resolution is passed electronically. Resolutions of this kind require the approval of the majority of all members of the Board of Directors. They shall be entered in the minutes of the next Ordinary General Meeting.

In 2023, the members of the Board of Directors met physically for four regularly scheduled meetings. The face-to-face meetings lasted between half a day and a full day; one meeting took place abroad. All members of the Board of Directors were present at three meetings; one member of the Board of Directors was absent with apologies at one meeting. The agenda for Board meetings is set by the eVRP. Any member of the Board of Directors may request that items be added to the agenda. Board meetings are generally also attended by the Group CEO and the Group CFO, as well as by the other members of the Group Executive Board. They present the results, the outlook and the budget of their operating units and the projects that require the approval of the Board of Directors.

Committees
Subject to the authority of the General Meeting, the Board of Directors may, based on the Organisational Regulations, form committees for specific areas. The permanent committees are the Nomination Committee, the Compensation Committee, the Strategy and Investment Committee and the Audit Committee. The Board of Directors may form other committees and issue committee charters for them. Subject to the election of the members of the Compensation Committee by the General Meeting, the Board of Directors appoints the members of the committees and their chairmen from among the members of the Board of Directors. The committee charters govern the duties, mandates, responsibilities and reporting of the committees.

The Nomination Committee consists of four members. The chairman of this committee is Christoph Franz. The other members are Peter Spuhler, Barbara Egger-Jenzer and Hans-Peter Schwald. The Nomination Committee meets at the invitation of its Chairman as often as business requires, but at least twice a year. The task of the Nomination Committee is to support the Board of Directors in the performance of its duties, in particular in the following areas:
– Succession planning and nomination at Board of Director and Group Executive Board level;
– Monitoring and assessment of developments in the field of corporate governance and regular reviews of its structures.

The members of the Nomination Committee held three regular meetings in 2023, two of which took place in person and one by telephone. All members were present at one of the face-to-face meetings, while one member took part in the other face-to-face meeting via video conference. All members took part in the telephone meeting.

The Compensation Committee consists of four members. The chairman of this committee is Christoph Franz. The other members are Peter Spuhler, Barbara Egger-Jenzer and Hans-Peter Schwald. The Compensation Committee meets at the invitation of its Chairman as often as business requires, but at least twice a year. The task of the Compensation Committee is to assist the Board of Directors in the performance of its duties, in particular in determining and reviewing the remuneration strategy and guidelines and the qualitative and quantitative criteria for remuneration, as well as in preparing proposals for the General Meeting regarding the remuneration of the Board of Directors and the Group Executive Board. It also has decision-making powers with regard to the remuneration (including target agreements) of the Group CEO and other members of the Group Executive Board.

The members of the Compensation Committee held two regular face-to-face meetings in 2023. All members were present at one of the face-to-face meetings, while one member took part in the other face-to-face meeting via video conference.

The Strategy and Investment Committee is composed of four members of the Board of Directors. The Chairman is Peter Spuhler; the other members are Hans-Peter Schwald, Doris Leuthard and Stefan Asenkerschbaumer. The Strategy and Investment Committee meets at the invitation of its Chairman as often as business requires, but at least twice a year. The Strategy and Investment Committee may invite management representatives and other persons to its meetings. The role of the Strategy and Investment Committee is to support the Board of Directors in the performance of its tasks in the area of strategy and investment. The Strategy and Investment Committee performs the following tasks in particular:

- Support and monitoring in the area of strategic planning;
- Monitoring and assessment of developments and changes in Stadler's environment and regular reviews of Stadler's short- and long-term strategic direction, particularly in the areas of business model, markets, customers, competition, products and technologies, processes and standards, employees and management, and financing;
- Assistance in strategic matters such as acquisitions, disposals, joint ventures, restructuring measures and similar matters;
- Preparation and supervision of special projects on behalf of and for the attention of the Board of Directors;
- Discussion and evaluation of investments, shareholdings and financing in excess of CHF 20 million and recommendations to the Board of Directors;
- Discussion and evaluation of the purchase/sale of shareholdings and intangible assets in excess of CHF 10 million and recommendations to the Board of Directors;
- Discussion and evaluation of research and development expenses that are not order-related, not included in the regular budget and exceed CHF 0.5 million.

The members of the Strategy and Investment Committee held two regular meetings in 2023. Three committee members were present in person at one of the two meetings, and one member attended the meeting virtually. Three members physically attended the other meeting, while one member was absent with apologies.

The annual two-day strategy seminar with the Board of Directors, management and other key employees took place in November 2023.

The Audit Committee consists of four members. The chairman of this committee is Kurt Rüegg. The other members are Hans-Peter Schwald, Wojciech Kostrzewa and Stefan Asenkerschbaumer. The Audit Committee meets whenever necessary, but at least twice a year. The Audit Committee develops and implements the principles for external auditing for the attention of the Board of Directors. The Audit Committee performs the following tasks in particular:

- The Audit Committee reviews the design of the accounting system (applicable accounting standards, reporting liquidity, valuation approaches) in terms of appropriateness, reliability and effectiveness and, if necessary, takes the necessary measures to make changes to it.
- The Audit Committee assesses the audit reports of the statutory and group auditors, reports to the Board of Directors and assists the Board of Directors in the nomination of the statutory and group auditors for the attention of the General Meeting.
- The Audit Committee approves the audit programme for the following year and reports to the Board of Directors.
- The Audit Committee monitors the compliance programme and the compliance organisation with regard to their effectiveness.

The members of the Audit Committee held three ordinary meetings in 2023. All four committee members attended the first and third meetings, and three out of four members attended the second meeting. Peter Spuhler was present at all three meetings as a guest.

Division of responsibilities

In accordance with the Organisational Regulations, the Board of Directors has delegated operational management to the Group Executive Board under the leadership of the Group CEO. With regard to the duties and powers of the Group Executive Board, the Organisational Regulations state that the Group Executive Board, under the leadership of the Group CEO, is responsible to the Board of Directors for the management of the company. Under the direction of the Group CEO, it implements the corporate strategy as adopted by the Board of Directors and ensures that the decisions of the Board of Directors are implemented in accordance with applicable law, the Articles of Association, the Organisational Regulations and the resolutions of the General Meeting. In addition, the Group CEO regularly informs the Board of Directors at its meetings about the current business performance and all significant business transactions of the company and the Group, including expected opportunities and risks. In the event of extraordinary events (including unexpected material developments, litigation and proceedings), the Group CEO shall immediately notify the eVRP.

Information and control instruments vis-à-vis the Group Executive Board

The Board of Directors receives a regular report from the Group Executive Board containing information on current tenders, order intake and order backlog, as well as statements on the development of major current orders. Key figures are also reported in comparison with the budget, including appropriate explanations on hourly rates, productivity, personnel, operating costs and liquidity as well as investments. As well as being given details of the quarterly financial statements (balance sheet, income statement and cash flow statement), the Board of Directors is informed at each meeting about the course of business, important orders and risks, as well as current earnings and liquidity planning.

The projects approved by the Board of Directors are monitored by means of a special project controlling system, which is submitted to the Board of Directors on a quarterly basis. Once a year, the Board of Directors discusses and approves the strategic plan drawn up by the Group Executive Board along with the financial plan. Financial statements are prepared twice a year for publication. In addition, the eVRP, the Group CEO and the Group CFO remain in regular contact on all major corporate policy issues.

4. Group Executive Board

As at 31 December 2023, the Group Executive Board consisted of ten people: the Group CEO, the Group CFO, the EVP for Marketing & Sales and the EVP for each division (Switzerland, Germany, Central Europe, Spain, Components, Service and Signalling).

Christian Spichiger stepped down from the Group Executive Board on 1 October 2023. Further information on the members of the Group Executive Board is provided on pages 56 to 58.

Permitted activities outside the Stadler Group

In accordance with Article 28 of the Articles of Association, a member of the Group Executive Board may not hold more than the following number of further mandates:

a. up to four mandates in companies with an economic purpose, whereof up to two in listed companies with an economic purpose;
b. up to ten mandates in foundations, associations, charitable organisations and similar organisations.

Mandates held in different legal entities of the same group, in companies connected with each other, or by order of the company or of another legal entity pursuant to the above-mentioned Article 28 of the Articles of Association (including pension funds and joint ventures) shall not count as separate mandates. The limits set out in Article 28 of the Articles of Association may be exceeded for a short period.

A "mandate" within the meaning of Article 28 of the Articles of Association is any membership of the Board of Directors, the Group Executive Board or the Advisory Board, or a comparable function under foreign law, of a company with an economic purpose.

Management contracts

There are no management contracts between Stadler Rail AG and third parties.

Stadler's Group Executive Board

Group Executive Board from 1 October 2023*
from left to right: Raphael Widmer, Iñigo Parra, Lucius Gerig, Dr. Ansgar Brockmeyer, Markus Bernsteiner, Philipp Brunner, Daniel Baer, Marc Trippel, Benjamin Niederhauser, Jure Mikolčić

* The Board of Directors appointed Benjamin Niederhauser (36) as the new Head of the Components Division and a member of Stadler's Group Executive Board with effect from 1 October 2023. He took over from Christian Spichiger.

Markus Bernsteiner (1966)

Group CEO
Swiss citizen

Member of the Group Executive Board in various functions since 1999

Education, professional experience, career
Exec. MBA HSG; Machine Mechanic FA and Operating Technician FA; Quality System Manager SA; dipl. Quality System Manager EOQ, KMU dipl. HSG, AMP-HSG; Activities at Stadler: 1999 to 2005, COO of Stadler Bussnang AG; 1999 to 2006, Head of Production at Stadler Bussnang AG; 2006 to 2011, and again in 2021 and 2022, CEO of Stadler Bussnang AG; 2011, COO of the Switzerland Division; 2012 to 2014 and 2020 to 2022, Executive Vice President of the Switzerland Division; 2014 to 2020, Executive Vice President of the Components Division; 2019 to 2022, CEO of Stadler Rheintal AG; 2020 to 2022, Deputy Group CEO (internal)

Other activities and vested interests
None

Dr. Ansgar Brockmeyer (1966)

Executive Vice President of the Marketing & Sales Division and Deputy Group CEO
German citizen

Member of the Group Executive Board since 2019

Education, professional experience, career
Graduated in electrical engineering from RWTH Aachen; Doctorate from RWTH Aachen in 1997; from 1997 to 2013 various positions at Siemens Verkehrstechnik (now Siemens Mobility), most recently as CEO of Business Unit High-Speed and Commuter Rail in Krefeld (Germany); from 2013 to 2018 Chairman of the Executive Board of Knorr-Bremse Asia Pacific (Holding) Ltd. in Hong Kong

Other activities and vested interests
From 2007 to 2013 and again since 2019, lecturer on “Electric Railway Drives” at RWTH Aachen University; since 2022, First Chairman of the Deutsche Maschinentechnische Gesellschaft (DMG) e.V.

Raphael Widmer (1964)

Group CFO
Swiss citizen

Member of the Group Executive Board since 2016

Education, professional experience, career
lic. oec. HSG; MBA from IESE Business School Barcelona; Swiss certified public accountant; before joining Stadler worked in various CFO positions for the ABB Group for 25 years in Switzerland, Malaysia and the USA in power plant construction, downstream oil & gas, and power transmission and distribution

Other activities and vested interests
Since 2017 member and Managing Director (until May 2020) and since 2019 President of the Board of Trustees of the Pension Fund of Stadler Rail; Chairman of the Board of Directors of Hürlimann Railtec AG; member of the Audit Committee of the municipality of Zumikon; President of the Audit Committee of the Catholic parish of Zollikon-Zumikon

Daniel Baer (1980)

Executive Vice President of the Service Division
Swiss citizen

Member of the Group Executive Board since 2021

Education, professional experience, career
Certified HF technician (2008); Degree in Industrial Engineering from Zurich University of Applied Sciences (2015); member of the management of the Service Division in Bussnang from 2014 to 2021; Deputy Head of the Service Division from 2019 to 2021; Managing Director of the service activities of Stadler Pankow GmbH, Berlin from 2017 to 2019

Other activities and vested interests
Associate of ÖBB Stadler Service GmbH

Jure Mikolčić (1974)

Executive Vice President of the Germany Division and ad interim CEO of Stadler Deutschland GmbH since 1 November 2023
German citizen

Member of the Group Executive Board since 2019

Education, professional experience, career
Graduated in economics from the University of Trier (2000); from 2001 worked for Siemens in various functions; from 2011 to April 2015 sales manager for mass transit systems in Germany at Siemens; between May 2015 and January 2019 at Knorr-Bremse Systeme für Schienenfahrzeuge GmbH as CEO of Knorr-Bremse PowerTech GmbH and Knorr-Bremse PowerTech GmbH & Co. KG; since February 2019 Executive Vice President of the Germany Division and – until 31 December 2022 – CEO of Stadler Deutschland GmbH (formerly Stadler Pankow GmbH)

Other activities and vested interests
Member of the Presidium of the German Railway Industry Association (VDB), Vice President for Vehicles

Iñigo Parra (1964)

Executive Vice President of the Spain Division and CEO of Stadler Rail Valencia S.A.U.
Spanish citizen

Member of the Group Executive Board since 2016

Education, professional experience, career
Graduated from the Walter Haas Business School at the University of California, Berkeley, USA in 1984; degree in advanced mechanical engineering from the University of Zaragoza in Spain (1988); Master's degree in business administration and business management (I. E. S. E.) from the University of Navarra in Spain (1990); from 2000 to 2001 studied at the Advanced Management Seminar, INSEAD, at the University of Fontainebleau, France; from 2005 to 2015 CEO of Vossloh España S. A. (Stadler Rail Valencia S. A.U.'s predecessor); since 2016 CEO of Stadler Rail Valencia S. A.U.

Other activities and vested interests
Chairman of the Board of Directors of Colegio Guadalaviar and the Altaviana (Fondation) and member of the Board of Directors of Hinojosa S.A.

Philipp Brunner (1984)

Executive Vice President of the Central Europe Division
Swiss citizen

Member of the Group Executive Board since 2021

Education, professional experience, career
MBA ETH, Zurich; B. A. HSG, St. Gallen; around 13 years in various management positions in the Stadler Group, including in India, Algeria, Belarus, Poland and Switzerland; before that, various functions at UBS AG and Feldschlösschen Getränke AG

Other activities and vested interests
Member of the Executive Committee of Asstra Associated Traffic AG, Zurich since 2018

Marc Trippel (1985)

Executive Vice President of the Signalling Division
Swiss citizen

Member of the Group Executive Board since 2022

Education, professional experience, career
MAS UZH, Zurich; M. A. HSG, St. Gallen; B. A. UZH, Zurich; around three years in various management positions at Stadler Group, including Chief of Staff; before that, various roles in company acquisitions, integrations and restructurings at CGS Management AG and ZETRA International AG. He started his career in the financial industry at Goldman Sachs

Other activities and vested interests
Managing Director BW Center GmbH

Lucius Gerig (1987)

Executive Vice President Division Switzerland and CEO Stadler Rheintal AG
Swiss citizen

Member of the Group Executive Board since 2023

Education, professional experience, career
Master of Arts in Business Innovation at the University of St. Gallen (HSG); Master of Science in Entrepreneurship & New Business Venturing at the Rotterdam School of Management (RSM); has held various positions at the Stadler Group since 2014, initially assisting the development of the Components Division, then heading the Corporate Development department under the then Group CEO Peter Spuhler. Chief Financial Officer (CFO) of the Central Europe Division from 2019 and CFO of the Switzerland division from 2020.

Other activities and vested interests
Member of the LITRA Finance Committee (since 2023); member of the Executive Board since 2021 and from 2023 Chairman of the Board of Eastern Switzerland Compensation Fund for Trade and Industry

Benjamin Niederhauser (1987)

Executive Vice President of the Components Division
Swiss citizen

Member of the Group Executive Board since 2023

Education, professional experience, career
Bachelor's Degree in Business Administration from the University of Zurich; Master's Degree in Finance at the University of Zurich and the University of Cape Town; worked for a leading auditing and consulting company, for a global facility management company and in management and strategy consulting.

Other activities and vested interests
None

5. Significant changes since the balance sheet date
There have been no significant changes since the balance sheet date.

6. Remuneration, shareholdings and loans, credits and employee benefits
The content and method of determining the remuneration and the shareholding programmes, as well as information on the remuneration, shareholdings, loans, credits and employee benefits of the Board of Directors and Group Executive Board, can be found in the Remuneration Report starting on page 63 and in the Annual Financial Statements starting on page 127.

7. Participation rights of shareholders
Restrictions on voting rights
Stadler Rail AG has no restrictions on voting rights.

Statutory quorums
In accordance with Article 17 of the Articles of Association, the General Meeting passes its resolutions and conducts its elections by a simple majority of the votes cast, irrespective of the number of shareholders present and shares represented, unless a mandatory provision of the law or the Articles of Association stipulates otherwise. Abstentions and invalid votes shall not be considered as votes cast.

Convocation of the General Meeting, agenda and proxy voting
In accordance with Article 12 of the Articles of Association, the General Meeting is convened by the Board of Directors or, if necessary, by the statutory auditors. Liquidators and, in the case of bond issues, representatives of bond holders shall also be entitled to convene a General Meeting.

The time and place of the General Meeting, which may be held abroad, is determined by the Board of Directors or by any other body authorised to convene the General Meeting. The Board of Directors, or another body authorised to convene the General Meeting, may also decide that:
a. the General Meeting can be held at several different locations at the same time;
b. shareholders who are not present at the venue of the General Meeting can exercise their rights electronically;
c. the General Meeting can be held by electronic means without a meeting venue.

The Board of Directors determines the use of electronic means. It ensures that:
a. the identity of the participants is clearly established;
b. votes at the General Meeting are transmitted directly;
c. each participant can submit proposals and take part in the discussion;
d. the result of the vote cannot be falsified.

The Ordinary General Meeting takes place every year within six months after the close of the financial year. Extraordinary General Meetings shall be called as and when necessary, and in particular in the cases set out by law.

A General Meeting may also be called by one or more shareholders who together represent at least five percent of the share capital or of the votes. Shareholders who together represent at least 0.5 percent of the share capital or of the votes may request that an item be placed on the agenda of a General Meeting, provided they submit details thereof to the company in writing at least 45 calendar days in advance of the General Meeting concerned. In accordance with Article 13 of the Articles of Association, notice of the Ordinary or Extraordinary General Meeting shall be given by publication in the Swiss Official Gazette of Commerce at least 20 calendar days before the date of the meeting. If the postal and/or e-mail addresses of the shareholders are known, notice may also be given by post and/or e-mail. As well as specifying the type, date, time and location of the meeting where applicable, the notice convening the meeting must list the items on the agenda and the motions proposed either by the Board of Directors or by the shareholders who asked for a General Meeting to be held or for an item to be put on the agenda (with a short justification), as well as the name and address of the independent proxy.

Twenty calendar days before the Ordinary General Meeting at the latest, the Annual Report and the Auditors' Report must be made available to the shareholders. If the documents are not available electronically, each shareholder may ask to receive a copy in good time. If the documents are not accessible electronically, each shareholder may also ask for the Annual Report in the form approved by the General Meeting and the Auditors' Report to be sent to them within one year of the General Meeting.

Pursuant to Article 15 of the Articles of Association, a shareholder may be represented at the General Meeting by granting a written power of attorney to a third party who need not be a shareholder. Members of the Board of Directors and the Group Executive Board may represent shareholders, provided that there is no institutionalised representation. Custodians may represent shareholders and are not deemed to be securities account representatives (within the meaning of Article 689e CO) provided that they are acting on the basis of a written power of attorney and in accordance with specific or general instructions from the shareholder concerned. The Board of Directors may issue procedural rules in connection with the participation and representation of shareholders at the General Meeting and, in particular, may regulate in more detail the issuing of instructions to the independent proxy. It shall ensure that shareholders may also issue electronic powers of attorney and instructions to the independent proxy, and shall be authorised to waive, in whole or in part, the requirement for a qualified electronic signature, in derogation of Article 15 of the Articles of Association.

In accordance with Article 16 of the Articles of Association, the independent proxy is elected by the General Meeting for a term of one year until the conclusion of the next Ordinary General Meeting. Ulrich B. Mayer, lic. Iur., lawyer, has been designated as the independent proxy until the conclusion of the Ordinary General Meeting 2023.

In accordance with Article 17 of the Articles of Association, a nominal vote may be carried out by electronic or written voting or by show of hands. In order to expedite the counting of votes, the

Chairman may determine, in the case of written votes, that only the votes of shareholders abstaining or voting against shall be counted and that the remaining shares represented at the General Meeting at the time of voting shall be counted as yes votes.

The Chairman may at any time have an open or electronic ballot or vote repeated by means of a written ballot or vote if, in his opinion, there are doubts about the result. In this case, the preceding open or electronic ballot or vote shall be deemed not to have taken place.

Entries in the share register

In accordance with Article 6 of the Articles of Association, the company shall keep a share register in which owners' and usufructuaries' family and given names (or the company name in the case of legal entities), address and citizenship (or the registered office in the case of legal entities) are registered. In accordance with Article 15 of the Articles of Association, each share entitles its holder to one vote. Only those shareholders entered in the share register as shareholders with voting rights in accordance with Article 6 of the Articles of Association by a specific qualifying day (record date) designated by the Board of Directors are entitled to vote at the General Meeting. In the absence of such designation, the record date shall be ten days prior to the General Meeting. The Board of Directors is authorised to specify or supplement these provisions in the notice of the General Meeting or in general regulations or guidelines.

8. Change of control and defensive measures

Mandatory tender offer

According to Article 9 of the Articles of Association, the duty to make a public tender offer pursuant to Article 135, paragraph 1 FinMIA only applies if the threshold of 49 percent of the voting rights is exceeded (opting-up).

Change of control clauses

There are no control clauses in Stadler's employment and mandate contracts.

9. Statutory Auditors

Duration of the mandate and term of office of the lead auditor

KPMG AG, Zurich, have been Stadler's statutory auditors since the 2011 financial year. Kurt Stocker, a licensed audit expert, has been the lead auditor for this mandate at KPMG since the 2017 financial year. The term of office of the lead auditor is limited to seven years.

Audit fees and additional fees

KPMG has invoiced Stadler around CHF 1.1 million for the 2023 financial year for services in connection with the audit of the annual financial statements of Group companies, Stadler's consolidated financial statements and the Remuneration Report. KPMG charged around CHF 0.2 million for additional services such as tax and transaction advice.

Information instruments of the external auditors

The external auditors report in writing on relevant audit activities and other important events relating to the company. The auditors have access to the minutes of the meetings of the Board of Directors.

The Audit Committee of the Board of Directors assesses the performance, remuneration and independence of the statutory and group auditors on an annual basis and submits a proposal to the Board of Directors on which external auditor should be proposed for election at the General Meeting. Each year, the Audit Committee also reviews the scope of the external audit, the audit plans and the relevant procedures, and discusses the audit results with the external auditors.

10. Information policy

Stadler maintains regular, open dialogue with all stakeholders, in particular with investors, financial analysts and bank and media representatives. Communication takes place via the Annual and Interim Reports, the General Meeting and an annual media conference.

The shareholders and the capital market are informed about significant current changes and developments by means of media releases. The disclosure of potentially price-sensitive events is ensured in accordance with the ad hoc publicity requirements of the SIX Swiss Exchange. Stadler also maintains dialogue with investors, financial analysts and media representatives at appropriate events. Shareholders and other interested parties can register at https://www.stadlerrail.com/en/subscribe/ to receive media releases automatically.

Reporting on the 2023 financial year comprises the Annual Report, a media release and a presentation. The Annual Report can be ordered by the shareholders. The Annual Report is available for inspection by the shareholders at the latest 20 calendar days before the General Meeting at the company's registered office. At the General Meeting, the Board of Directors and the Group Executive Board provide information on the annual financial statements and the course of business of the company and answer shareholders' questions.

Sources of information

Stadler provides comprehensive information for all interested parties, which can be accessed on the Internet via the following links:
- Website of Stadler Rail AG:
  https://www.stadlerrail.com
- Articles of Association of Stadler Rail AG:
  https://www.stadlerrail.com/en/investor-relations/
- Download Annual Reports including the Financial Report:
  https://www.stadlerrail.com/en/investor-relations/
- Corporate Governance:
  https://www.stadlerrail.com/en/investor-relations/
- Media releases:
  https://www.stadlerrail.com/en/media/press-releases/
- Automatic receipt of media releases:
  https://www.stadlerrail.com/en/subscribe/
- Agenda (including Annual and Interim Reports, General Meeting, annual media conference):
  https://www.stadlerrail.com/en/investor-relations/
- Contact:
  https://www.stadlerrail.com/en/contact/ or as follows:
  Investors and financial analysts:
  Daniel Strickler
  Investor Relations Officer
  Tel.: +41 71 626 86 47
  E-mail: ir@stadlerrail.com
  Corporate communication:
  Gerda Königstorfer
  Head of Group Communications
  Tel.: +41 71 626 19 19
  E-mail: medien@stadlerrail.com
  Stadler Rail AG
  Ernst-Stadler-Strasse 1
  9565 Bussnang
  Switzerland

11. General trading blackout periods

During ordinary blackout periods, blocked persons and the issuer may not trade in securities of the issuer and derivatives derived from them or make recommendations to other persons.

The following general trading blackout periods apply:
- from 31 December until the end of one SIX trading day following the publication of the company's annual results; and
- from 30 June until the end of one SIX trading day following the publication of the company's half-year results.

The general trading blackout periods apply to the following persons:
- The members of the Board of Directors, the Group CEO, Group CFO, Deputy Group CFO, Group Treasurer, Controller and their respective assistants as well as the other members of the Group Executive Board and
- any other person designated by the eVRP, the Group CEO, the Group CFO or the General Secretariat if the person in question is involved in, or has access to, the preparation, analysis, review or communication of the company's financial results.

The company shall maintain a list of blocked persons and inform such persons of their classification as blocked persons and of the beginning and end of the general trading blackout periods. No exceptions are provided for without the prior written consent of the eVRP, the Group CEO or the Group CFO. No exceptions to the general rules were granted in the reporting year.

Remuneration Report

The Remuneration Report describes the remuneration system and its application at Stadler in the 2023 reporting year. The Remuneration Report is prepared in accordance with the new law on public limited companies applicable from 1 January 2023 (the Ordinance Against Excessive Remuneration in Listed Companies (ERCO) has been integrated into the reform) and follows the recommendations of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse and the requirements of the Directive Corporate Governance (DCG) of the SIX Swiss Exchange.

1. Remuneration system

Principles

Stadler's remuneration system is intended to encourage employees in general to ensure a sustainable increase in the value of the company by offering competitive remuneration as well as variable salary components awarded according to a performance-based system. The system is designed in such a way that the interests of the top management are in line with the interests of the company and its shareholders.

Individual responsibility and professional experience are also taken into account for the members of the Group Executive Board.

Board of Directors

Fixed remuneration

The remuneration of the Board of Directors comprises a yearly fee consisting of a fixed basic salary for serving on the Board of Directors and fixed compensation for the chairmanship and/or membership of committees. The remuneration of the executive Chairman of the Board of Directors includes compensation for the chairmanship and/or membership of committees. The remuneration of the Board of Directors is determined annually by the Board of Directors at its own discretion at the request of the Compensation Committee. Members of the Board of Directors may attend meetings of the Compensation Committee and have a right to be heard. The Chairman of the Board of Directors receives a fee of CHF 300,000, and the Vice Chairman a fee of CHF 150,000. The other members of the Board of Directors each receive a fee of CHF 90,000. In addition to this compensation, members of a committee receive CHF 20,000, and committee chairs CHF 30,000.

In accordance with the remuneration regulations, the fixed remuneration is paid in cash and/or in shares of Stadler Rail AG, at the discretion of the individual member of the Board of Directors. The relevant decision must be made by the end of May of each financial year. The shares are subject to a four-year vesting period after allocation and are allocated at a vesting discount of 20% in relation to the defined value. During the vesting period, the member of the Board of Directors concerned is prohibited from selling, pledging, transferring or otherwise disposing of the corresponding shares. Each member remains entitled to voting and dividend rights during the vesting period. The volume-weighted average share price during November of the calendar year of allocation (less vesting discount) is taken as the defined value of the shares. With regard to share or cash components, the respective member of the Board of Directors must set an individual default in the event that the annual election cannot take place due to restrictions under stock exchange law. This default can be adjusted annually. The shares are allocated in the month of December of the respective remuneration period.

The members of the Board of Directors do not receive attendance fees. No further remuneration is paid for the preparation and attendance of ordinary and extraordinary meetings of the Board of Directors and its committees.

Variable remuneration

The members of the Board of Directors do not receive any variable or performance-related remuneration.

Other benefits

Stadler bears the statutory social contributions and also reimburses members of the Board of Directors for actual expenses incurred.

The members of the Board of Directors do not receive any benefits in kind, nor are they granted loans and credits, or employee benefits other than occupational benefits or securities. Furthermore, Board members are not granted any entry bonuses or severance payments.

Stadler Group Executive Board

Fixed remuneration

The members of the Group Executive Board receive fixed remuneration, which is paid monthly. This fixed remuneration depends on the individual function as well as the qualification and professional experience of the respective member of the Group Executive Board. The amount is determined annually by the Board of Directors at its own discretion. The fixed remuneration is paid in cash.

Variable remuneration[1]

The members of the Group Executive Board also receive variable remuneration based on the achievement of certain performance targets. Performance targets may include quantitative and qualita-

[1] The full statutory provision on variable remuneration is set out in Article 25 of the Articles of Association, which can be found at https://www.stadlerrail.com/media/pdf/statuten_stadler_rail_de_en.pdf.

tive performance criteria that take into account the performance of the Group, individual divisions or business units and/or individual objectives. In the 2023 reporting year, 65% of the target agreements (previous year: 65%) consisted of quantitative Group targets (such as EBIT margin, order intake in relation to the average revenue of the current and two previous financial years, observance of warranty cost budgets and compliance with factory acceptance dates) and 35% (previous year: 35%) of individual targets. The achievement of the objectives averaged 50% (previous year: 57%).

In accordance with the remuneration regulations, the Board of Directors, at the request of the Compensation Committee, determines the weighting of the performance targets, the respective objectives and the proportional ratio between the annual fixed remuneration and the variable remuneration components. The setting of individual objectives and their achievement may be delegated to the Group CEO for any member of the Group Executive Board (with the exception of the Group CEO) . A minimum and a maximum target value are defined for each quantitative Group target. If the minimum target value is not reached, nothing is paid out for this partial target. There is no interpolation within target value levels, but attainment is measured by level.

The variable remuneration of the Group CEO amounts to a maximum of 120% of the fixed remuneration. At least 40% of the variable remuneration must be received in shares of Stadler Rail AG, whereby the Group CEO can, at his own discretion, decide on the share proportion, of between 40% and 100% of the variable remuneration, by the end of December of the current financial year (previous year: by the end of March of the following financial year). The current Chairman of the Board of Directors waived fixed and variable remuneration in the previous year in his then function as CEO a.i.

The variable remuneration of the other members of the Group Executive Board amounts to a maximum of 80% of the fixed remuneration. At least 30% of the variable remuneration must be received in shares of Stadler Rail AG, whereby the relevant Group Executive Board member can, at their own discretion, decide on the share proportion, of between 30% and 100% of the variable remuneration, by the end of December of the current financial year (previous year: by the end of March of the following financial year).

The shares of all Group Executive Board members are subject to a four-year vesting period after allocation (following approval of the annual financial statements by the Annual General Meeting) and are allocated at a vesting discount of 20% in relation to the defined value. During the vesting period, the member of the Group Executive Board concerned is prohibited from selling, pledging, transferring or otherwise disposing of the corresponding shares. Each member remains entitled to voting and dividend rights during the vesting period. The volume-weighted average share price during March of the calendar year of allocation (less vesting discount) is taken as the defined value of the shares.

If the Board of Directors or the Compensation Committee deems it appropriate, it may also grant long-term incentives, which are linked to future performance regardless of the achievement of past performance targets. No such allocations were made in the 2022 and 2023 financial years.

Other benefits

Stadler bears the pension and social security contributions stipulated by the law and the regulations. Like all Stadler employees, members of the Group Executive Board receive a Christmas bonus of a maximum of CHF 1,000 depending on the course of business, and are entitled to a long-service bonus every five years. Members of the Group Executive Board also receive a monthly expense allowance for representation expenses which, as a substitute, does not constitute remuneration. In addition, a mobile phone is made available to each member of the Group Executive Board.

Pursuant to Article 30 of the Articles of Association, the members of the Group Executive Board may be granted loans, credits, guarantees or securities at market conditions, but only up to a total amount per person not exceeding (i) 500% of the current fixed annual remuneration as a secured loan for the acquisition of real estate or (ii) 200% of the current fixed annual remuneration for other loans, credits, guarantees or securities.

Members of the Group Executive Board are not granted any entry bonuses or severance payments.

2. Responsibilities and powers

The Compensation Committee consists of at least three members of the Board of Directors. Candidates are proposed by the Board of Directors to the General Meeting and elected by the latter for a period of one year until the next Ordinary General Meeting. Re-election is possible.

The Compensation Committee assists the Board of Directors in determining and reviewing the remuneration strategy and guidelines and the qualitative and quantitative criteria for the variable remuneration of members of the Group Executive Board, as well as in preparing proposals for the General Meeting regarding the remuneration of members of the Board of Directors and of the Group Executive Board.

The basic principles of the remuneration strategy are reviewed annually. The Compensation Committee held two (previous year: two) meetings in the 2023 financial year. The members of the Board of Directors who are not members of the Compensation Committee did not attend the committee meetings during the year, but were informed by the Chairman of the Compensation Committee at the next meeting of the full Board of Directors about the main resolutions and measures relating to the remuneration process and system.

The approval of the remuneration by the Board of Directors is subject to approval by the General Meeting. In accordance with the Articles of Association, the General Meeting votes annually on the maximum total remuneration to be paid to the Board of Directors and Group Executive Board for the financial year following the Annual General Meeting. If the General Meeting does not approve a total amount, the provisions of Article 27, paragraph 2 of the Articles of Association apply. Stadler may align remuneration subject to subsequent approval by the General Meeting.
In accordance with Article 27, paragraph 4 of the Articles of Association, Stadler is authorised to pay additional remuneration (including any compensation for loss of remuneration or for financial disadvantages in connection with a change of employment) to members of the Group Executive Board who join the Group Executive Board or are promoted within it after the date of approval of the remuneration by the General Meeting and to the extent that the amount already approved is insufficient for the relevant period. These additional amounts do not have to be approved by the General Meeting provided that they do not exceed 50% of the maximum total remuneration approved for the Group Executive Board.

3. Remuneration for the 2023 financial year

The remuneration of the Group Executive Board is reported in accordance with the accrual principle since the variable remuneration is not paid until the following year. In the case of new members joining the Board of Directors or the Group Executive Board, remuneration is included from the date of assumption of the corresponding function (pro rata). The same applies to departures.

Board of Directors

					2023	2022
	Function	Remuneration in cash	Remuneration in shares	Social security contributions[1]	Total	Total
		in TCHF	in TCHF	in TCHF	in TCHF	in TCHF
Peter Spuhler[2]	Chairman of BoD Chairman of Strategy Committee Member of Compensation Committee Member of Nomination Committee	300	–	22	322	323
Hans-Peter Schwald	Vice Chairman of BoD Member of Strategy Committee Member of Audit Committee Member of Nomination Committee Member of Compensation Committee	217	–	16	233	247
Kurt Rüegg	Member of BoD Chairman of Audit Committee	60	80	9	149	169
Doris Leuthard	Member of BoD Member of Strategy Committee	77	44	8	129	131
Dr. Christoph Franz[2]	Member of BoD Chairman of Compensation Committee Chairman of Nomination Committee	–	177	9	186	211
Wojciech Kostrzewa	Member of BoD Member of Audit Committee	110	–	–	110	110
Barbara Egger-Jenzer	Member of BoD Member of Nomination Committee Member of Compensation Committee	117	–	7	124	151
Dr. Stefan Asenkerschbaumer[3]	Member of BoD Member of Audit Committee Member of Strategy Committee	91	52	–	143	116
Fred Kindle[2,4]	Member of BoD Chairman of Strategy Committee	n/a	n/a	n/a	n/a	43
Total remuneration to members of the Board of Directors[5]		**972**	**353**	**71**	**1,396**	**1,501**

[1] Social security contributions include the employer's portion of social security contributions.
[2] Mr Spuhler took over the chairmanship of the Strategy Committee from Mr Kindle on 5 May 2022 and relinquished the chairmanship of the Nomination Committee to Mr Franz.
[3] Mr Asenkerschbaumer was elected to the Board of Directors at the General Meeting held on 5 May 2022.
[4] Mr Kindle was a member of the Board of Directors until the General Meeting held on 5 May 2022.
[5] Since 1 May 2023, the remuneration for membership of the Nomination and Compensation Committee has amounted to TCHF 20 per year (previously: TCHF 40
The remuneration for the chairmanship of the Nomination and Compensation Committee was reduced from TCHF 60 to TCHF 30.

Group Executive Board

	Fixed remuneration in TCHF	Variable remuneration in cash in TCHF	Variable remuneration in shares in TCHF	Other benefits[1] in TCHF	2023 Total in TCHF	2022 Total in TCHF
Markus Bernsteiner, Group CEO[2]	910	268	224	519	1,921	982
Other members of the Group Executive Board[3]	3,211	706	814	1,228	5,959	5,041
Total remuneration to the Group Executive Board	**4,121**	**974**	**1,038**	**1,747**	**7,880**	**6,023**

[1] Other benefits include the employer's portion of social security and pension fund contributions as well as contributions for accident and illness insurance. Christmas bonuses and seniority bonuses are also included.
[2] Mr Bernsteiner was appointed Group CEO with effect from 1 January 2023. He was previously Head of the Switzerland Division and Deputy Group CEO.
[3] The current Chairman of the Board of Directors, Peter Spuhler, waived fixed and variable remuneration in the previous year in his then function as CEO a.i.

At the 2022 Annual General Meeting, the Board of Directors was awarded total remuneration of CHF 2,000,000 and the Group Executive Board total remuneration of CHF 8,280,000 for the 2023 financial year. The total remuneration for the Board of Directors and the Group Executive Board for 2023 is within the approved range.

4. Remuneration to former members of executive bodies

In the 2023 reporting year, no remuneration was paid to former members of executive bodies. In the previous year, the total remuneration of TCHF 6,023 paid to the Group Executive Board included contractually owed remuneration to former members of the Group Executive Board amounting to TCHF 37. This consisted of salary payments (incl. pro rata variable cash remuneration) during the notice period until the end of the employment relationship. Former members of executive bodies are persons who stepped down before the start of the current reporting period.

5. Remuneration to related parties

No remuneration was paid to related parties of the Board of Directors or Group Executive Board.

6. Loans and credits

Neither Stadler nor any other Group company granted any loans or credits to related parties or to former or current members of executive bodies. Furthermore, there are no loans or credits outstanding.

7. Shareholdings of the Board of Directors and Group Executive Board

The members of the Board of Directors and the Group Executive Board (including related parties) hold the following number of shares in Stadler Rail AG:

Board of Directors

in units	31.12.2023	31.12.2022
Peter Spuhler	41,668,693	41,667,057
Hans-Peter Schwald	850,000	1,000,000
Kurt Rüegg	388,504	386,350
Doris Leuthard	4,075	2,890
Dr. Stefan Asenkerschbaumer	3,883	2,686
Dr. Christoph Franz	1,370,781	1,366,115
Wojciech Kostrzewa	150,000	150,000
Barbara Egger-Jenzer	5,306	5,306
Total number of shares Board of Directors	**44,441,242**	**44,580,404**

Group Executive Board

in units	31.12.2023	31.12.2022
Raphael Widmer	90,000	98,788
Ansgar Brockmeyer	39,097	59,387
Jure Mikolčić	33,020	40,071
Markus Bernsteiner	283,077	278,511
Philipp Brunner	4,597	2,047
Christian Spichiger	n/a	58,007
Iñigo Parra	39,245	37,420
Marc Trippel	1,208	302
Daniel Baer	26,928	26,918
Lucius Gerig	1,151	n/a
Benjamin Niederhauser	838	n/a
Total number of shares Group Executive Board	**519,161**	**601,451**

8. Activities in other companies

Board of Directors

	Company	Function exercised	Listed on the stock exchange
Peter Spuhler	PCS Holding AG	Chairman of the Board of Directors	no
	Allreal Holding AG	Member of the Board of Directors	yes
	Rieter Holding AG	Member of the Board of Directors	yes
	Aebi Schmidt Holding AG	Chairman of the Board of Directors	no
	DSH Holding AG	Vice Chairman of the Board of Directors	no
	European Loc Pool AG	Member of the Board of Directors	no
	Sönmez Transformer Company (STS)	Member of the Board of Directors	no
	Florhof Immobilien AG	Member of the Board of Directors	no
	Chesa Sül Spelm AG	Member of the Board of Directors	no
	Rana Aps AG	Chairman of the Board of Directors	no
	Robert Bosch GmbH	Member of the Supervisory Board	no
	Robert Bosch Industrietreuhand KG	Limited Partner	no
	Tele D	Member of the Board of Trustees	no
	LITRA	Member of the Management Committee and Vice Chairman of the Board of Directors	no
	Swissmem	Member of the Executive Board Committee	no
Hans-Peter Schwald	Autoneum Holding AG	Chairman of the Board of Directors	yes
	AVIA Vereinigung	Chairman of the Executive Board	no
	AVIA International	Member of the Executive Board	no
	BianchiSchwald LLC	Chairman of the Board of Directors	no
	Dagda Consulting AG	Member of the Board of Directors	no
	DSH Holding AG	Member of the Board of Directors	no
	PCS Holding AG	Member of the Board of Directors	no
	Rehaklinik Tschugg AG	Chairman of the Board of Directors	no
	Retsch Holding AG	Member of the Board of Directors	no
	Rieter Holding AG	Member of the Board of Directors	yes
	VAMED Management und Service Schweiz AG	Chairman of the Board of Directors	no
	Rehaklinik Zihlschlacht AG	Chairman of the Board of Directors	no
	Rehaklinik Dussnang AG	Chairman of the Board of Directors	no
	Rehaklinik Seewis AG	Chairman of the Board of Directors	no
	VAMED Health Project Schweiz AG	Chairman of the Board of Directors	no
	ZSC Lions Arena Immobilien AG	Chairman of the Board of Directors	no
Kurt Rüegg	St. Galler Kantonalbank	Member of the Board of Directors	yes
	PCS Holding AG	Member of the Board of Directors	no
	Alantra AG	Chairman of the Board of Directors	no
	Casino Theater AG Winterthur	Member of the Board of Directors	no
Doris Leuthard	Coop Genossenschaft	Vice Chairwoman of the Management	no
	Coop-Gruppe Genossenschaft	Vice Chairwoman of the Management	no
	Coop Immobilien AG	Vice Chairwoman of the Board of Directors	no
	Coop Mineraloel AG	Member of the Board of Directors	no
	Transgourmet Holding AG	Vice Chairwoman of the Board of Directors	no
	Bell Food Group AG	Vice Chairwoman of the Board of Directors	yes
	ETH Zürich Foundation	Member of the Board of Trustees	no
	Venture	Member of the Board of Trustees	no
Dr. Stefan Asenkerschbaumer	Robert Bosch GmbH	Chairman of the Supervisory Board	no
	Robert Bosch Industrietreuhand KG	Managing Partner	no
	BASF AG	Deputy Chairman of the Supervisory Board	yes
Dr. Christoph Franz	Chugai Pharmaceutical Co., Ltd.	Member of the Board of Directors	yes
	Zurich Insurance Group AG	Vice Chairman of the Board of Directors	yes
	Zürich Versicherungs-Gesellschaft AG	Vice Chairman of the Board of Directors	no
	Konzernvorsorgestiftung der Zürich Versicherungs-Gruppe	Member of the Board of Trustees	no
	Ernst-Göhner-Stiftung	Member of the Board of Trustees	no
	Rantum Equity Participation GmbH & Co. KG	Member of the Advisory Board	no
Wojciech Kostrzewa	Billon Group Ltd.	CEO	no
	ERGO Hestia SA	Vice Chairman of the Supervisory Board	no
	ERGO Hestia Life SA	Member of the Supervisory Board	no
	Wydawnictwo Pascal	President of the Supervisory Board	no
	Poland Investments	President of the Supervisory Board	no
	WK Consult	CEO	no
	Art Polonia SL	Director	no
	Cricklade Investments	Director	no
	Evox	Member of the Executive Board	no
	Kostrzewa, Marciniak-Małecka, Evox KG	Complementary	no
	ERBUD SA	Member of the Advisory Board	yes
Barbara Egger-Jenzer	Kraftwerke Oberhasli AG	Chairwoman of the Board of Directors	no

Group Executive Board

	Company	Function exercised	Listed on the stock exchange
Raphael Widmer	Pensionskasse Stadler Rail AG Hürlimann Railtec AG	Chairman of the Board of Trustees Chairman of the Board of Directors	no no
Ansgar Brockmeyer	–	–	–
Jure Mikolčić	–	–	–
Markus Bernsteiner	–	–	–
Philipp Brunner	AssatrA-Associated Traffic AG	Member of the Governing Council	no
Iñigo Parra	Colegio Guadalaviar Hinojosa S.A. Altaviana (Foundation)	Chairman of the Board of Directors Member of the Board of Directors Chairman of the Board of Directors	no no no
Marc Trippel	AngelStar S.r.l. BW Center GmbH	Member of the Board of Directors Managing Director	no no
Daniel Baer	ÖBB Stadler Service GmbH	Partner	no
Lucius Gerig	Ostschweizer Ausgleichskasse für Handel und Industrie LITRA	Chief Executive Member of the Finance Committee	no no
Benjamin Niederhauser	–	–	–

KPMG

Report of the statutory auditor

To the General Meeting of Stadler Rail AG, Bussnang

Report on the Audit of the Remuneration Report

Opinion
We have audited the Remuneration Report of Stadler Rail AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the sections 3 to 8 on pages 66 to 70 of the Remuneration Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the Remuneration Report complies with Swiss law and the Company's articles of incorporation.

Basis for Opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Remuneration Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the sections 3 to 8 in the Remuneration Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Remuneration Report

The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

Nicolas Wuffli
Licensed Audit Expert

Zurich, 12 March 2024

Consolidated financial statements

Contents

Financial statements of Stadler Rail AG

Notes to the financial statements

Report of the Statutory Auditor on the financial statements

Consolidated income statement

in thousands of CHF or as noted	Note	2023		2022	
Net revenue	1.1	**3,608,436**	**100.0%**	**3,750,517**	**100.0%**
Material and external services		(2,012,284)	55.8%	(2,230,064)	59.5%
Material overheads		(124,004)	3.4%	(126,137)	3.4%
Warranty costs	2.6	(96,771)	2.7%	(107,241)	2.9%
Production costs		(689,316)	19.1%	(659,783)	17.6%
Engineering costs		(248,319)	6.9%	(211,964)	5.7%
Project management costs		(33,104)	0.9%	(29,918)	0.8%
Cost of goods sold and services provided		**(3,203,798)**	**88.8%**	**(3,365,107)**	**89.7%**
Gross margin		**404,638**	**11.2%**	**385,410**	**10.3%**
Development costs		(35,450)		(32,602)	
Marketing and sales costs		(61,033)		(63,287)	
Administration costs		(120,610)		(108,362)	
Other operating income	5.2	10,938		32,767	
Other operating expenses	5.2	(15,210)		(8,860)	
Operating result (EBIT)		**183,273**	**5.1%**	**205,066**	**5.5%**
Financial result	5.1	(34,675)		(122,016)	
Share of results from associated companies	4.3	3,832		2,775	
Ordinary result		**152,430**	**4.2%**	**85,825**	**2.3%**
Non-operating result	5.5	(414)		(95)	
Profit before income taxes		**152,016**	**4.2%**	**85,730**	**2.3%**
Income taxes	5.3	(13,453)		(10,606)	
Profit for the year		**138,563**	**3.8%**	**75,124**	**2.0%**
– thereof attributable to shareholders of Stadler Rail AG		124,318		72,898	
– thereof attributable to minority interests		14,245		2,226	
Basic and diluted earnings per share (in CHF)	1.5	**1.24**		**0.73**	

Consolidated balance sheet

in thousands of CHF	Note	31.12.2023		31.12.2022	
Assets					
Cash and cash equivalents		1,087,044		831,682	
Trade receivables	2.1	334,071		472,701	
Other current receivables	2.7	113,389		131,509	
Compensation claims from work in progress	1.3	695,245		623,170	
Inventories	2.2	302,010		241,198	
Work in progress	1.2	1,043,664		794,636	
Accrued income and deferred expenses		34,015		22,607	
Total current assets		**3,609,438**	**72.1%**	**3,117,503**	**70.9%**
Property, plant and equipment	2.3	998,045		919,818	
Financial assets	2.4	149,978		148,046	
Investments in associated companies	4.3	21,245		19,465	
Intangible assets	2.5	229,870		190,654	
Total non-current assets		**1,399,138**	**27.9%**	**1,277,983**	**29.1%**
Total assets		**5,008,576**	**100.0%**	**4,395,486**	**100.0%**
Liabilities & equity					
Current financial liabilities	3.1	171,730		461,076	
Trade payables	2.1	159,342		239,941	
Liabilities from work in progress	1.2	2,635,324		1,602,705	
Other current liabilities	2.7	106,912		160,904	
Current provisions	2.6	81,769		86,197	
Deferred income and accrued expenses	2.7	394,640		353,483	
Total current liabilities		**3,549,717**	**70.9%**	**2,904,306**	**66.1%**
Non-current financial liabilities	3.1	516,371		601,393	
Employee benefit obligations	5.4	3,970		2,585	
Non-current provisions	2.6	119,258		108,108	
Total non-current liabilities		**639,599**	**12.8%**	**712,086**	**16.2%**
Total liabilities		**4,189,316**	**83.6%**	**3,616,392**	**82.3%**
Share capital	3.3	20,000		20,000	
Capital reserves		17,389		16,866	
Treasury shares	3.3	(8)		(99)	
Retained earnings		628,582		662,910	
Profit for the year, attributable to shareholders of Stadler Rail AG		124,318		72,898	
Stadler Rail AG shareholders' equity		**790,281**	**15.8%**	**772,575**	**17.6%**
Minority interests		28,979		6,519	
Total equity		**819,260**	**16.4%**	**779,094**	**17.7%**
Total liabilities & equity		**5,008,576**	**100.0%**	**4,395,486**	**100.0%**

Consolidated cash flow statement

in thousands of CHF	Note	2023	2022
Cash flow from operating activities			
Profit for the year		138,563	75,124
Depreciation and amortisation		111,883	103,854
Loss/(Profit) on disposal of non-current assets		1,499	1,379
Share of results from associated companies	4.3	(3,832)	(2,775)
Profit from sale of minority interests	4.1	(565)	(21,302)
Profit from sale of subsidiaries	4.1	(1,944)	–
Other non-cash items		(16,086)	29,692
Addition/(Reduction) employee benefit obligations	5.4	1,583	70
Addition/(Reduction) non-current provisions	2.6	15,096	29,030
Change in net current assets			
– Reduction/(Addition) trade receivables	2.1	125,884	(165,172)
– Reduction/(Addition) other current receivables	2.7	13,307	1,621
– Reduction/(Addition) compensation claims from work in progress	1.3	(91,247)	62,438
– Reduction/(Addition) inventories	2.2	(72,277)	(20,719)
– Reduction/(Addition) work in progress	1.2	(281,724)	20,413
– Reduction/(Addition) accrued income and deferred expenses		(12,154)	12,027
– Addition/(Reduction) trade payables	2.1	(71,795)	29,975
– Addition/(Reduction) liabilities from work in progress	1.2	1,036,250	286,181
– Addition/(Reduction) other current liabilities	2.7	(42,528)	(14,666)
– Addition/(Reduction) current provisions	2.6	1,033	(19,269)
– Addition/(Reduction) deferred income and accrued expenses	2.7	54,337	33,448
Net cash flow from operating activities		**905,283**	**441,349**
Cash flow from investing activities			
Investments in property, plant and equipment	2.3	(165,528)	(125,403)
Proceeds from sales of property, plant and equipment	2.3	1,996	334
Investments in financial assets	2.4	(1,392)	(1,171)
Proceeds from sales of financial assets	2.4	45,188	1,541
Acquisition of subsidiaries, net of cash and cash equivalents acquired	4.1	43,719	(25,677)
Proceeds from sales of subsidiaries, net of cash and cash equivalents received	4.1	(33)	
Investments in associated companies	4.3	(971)	–
Dividends received from associated companies	4.3	661	–
Investments in intangible assets	2.5	(78,750)	(59,074)
Proceeds from sales of intangible assets	2.5	2,736	2,453
Net cash flow from investing activities		**(152,374)**	**(206,997)**
Cash flow from financing activities			
Proceeds from current financial liabilities	3.1	240,018	303,103
Repayment of current financial liabilities	3.1	(592,700)	(736,262)
Proceeds from non-current financial liabilities	3.1	–	12,778
Repayment of non-current financial liabilities	3.1	(1,364)	(14,181)
(Purchase)/Sale of treasury shares	3.3	(2,532)	(1,521)
Dividends paid to shareholders of Stadler Rail AG	3.3	(89,952)	(89,950)
Dividends paid to minority interests		(900)	(942)
Net cash flow from financing activities		**(447,430)**	**(526,975)**
Total net cash flow		**305,479**	**(292,623)**
Cash and cash equivalents as at 1 January		831,682	1,148,723
Currency translation differences on cash and cash equivalents		(50,117)	(24,418)
Cash and cash equivalents as at 31 December		**1,087,044**	**831,682**

The other non-cash items include, in particular, changes in deferred tax assets as well as the effects of share-based remuneration and currency translation differences.

Accounting principles

Cash and cash equivalents include cash on hand, postal and bank deposits as well as sight deposits and deposits with a residual term of 90 days or less. These are valued at nominal values.

Consolidated statement of changes in equity

in thousands of CHF	Share capital	Capital reserves	Treasury shares	Goodwill offset	Other retained earnings	Total retained earnings	Stadler Rail AG shareholders' equity	Minority interests	Total equity
Balance as at 1 January 2022	**20,000**	**16,966**	**(1,335)**	(177,830)	1,017,403	**839,573**	**875,205**	**5,059**	**880,264**
Profit for the year	–	–	–	–	72,898	72,898	72,898	2,226	75,124
Dividends paid	–	–	–	–	(89,950)	(89,950)	(89,950)	(942)	(90,892)
Transactions with subsidiaries	–	–	–	(64,360)	–	(64,360)	(64,360)	630	(63,730)
Purchase of treasury shares	–	–	(1,521)	–	–	–	(1,521)	–	(1,521)
Share-based payments	–	(100)	2,757	–	–	–	2,657	5	2,662
Currency translation differences	–	–	–	–	(22,354)	(22,354)	(22,354)	(459)	(22,813)
Balance as at 31 December 2022	**20,000**	**16,866**	**(99)**	(242,190)	977,997	**735,807**	**772,575**	**6,519**	**779,094**
Profit for the year	–	–	–	–	124,318	124,318	124,318	14,245	138,563
Dividends paid	–	–	–	–	(89,952)	(89,952)	(89,952)	(900)	(90,852)
Transactions with subsidiaries	–	–	–	(4,838)	–	(4,838)	(4,838)	–	(4,838)
Transactions with minority interests	–	–	–	1,294	–	1,294	1,294	9,956	11,250
Transactions with associated companies	–	–	–	2,222	–	2,222	2,222	–	2,222
Purchase of treasury shares	–	–	(2,532)	–	–	–	(2,532)	–	(2,532)
Share-based payments	–	523	2,623	–	–	–	3,146	9	3,155
Currency translation differences	–	–	–	–	(15,952)	(15,952)	(15,952)	(850)	(16,802)
Balance as at 31 December 2023	**20,000**	**17,389**	**(8)**	(243,512)	996,411	**752,899**	**790,281**	**28,979**	**819,260**

Notes to the consolidated financial statements

Information on the report

This section describes the basis for preparing the financial statements and gives an overview of the key assumptions and estimates made by the management. It also provides an insight into the main events in the financial year that have an impact on the consolidated financial statements.

The Stadler Rail Group
Stadler Rail AG ("Holding" or "Company"), headquartered in 9565 Bussnang at Ernst-Stadler-Strasse 1, is a public limited company incorporated under Swiss law, which has been listed on the SIX Swiss Exchange in Zurich with the securities symbol SRAIL since 12 April 2019. The Stadler Rail Group (hereinafter Stadler) is an international, independent rail vehicle manufacturer with a focus on Europe and the development of further regions, which pursues a targeted segment and market strategy with high-quality and customer-specific products.

The consolidated financial statements as at 31 December 2023 present the net assets, financial position and results of operations of Stadler Rail AG and its subsidiaries disclosed in Note 4.4 "List of investments".

Basis for the preparation of the financial statements
The consolidated financial statements have been prepared in compliance with all existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations). They provide a true and fair view of the net assets, financial position and results of operations and meet the requirements of Swiss law.

The consolidated financial statements are presented in Swiss francs. Unless otherwise stated, all financial information in Swiss francs has been rounded to the nearest thousand. For this reason, rounding differences may occur.

The valuation basis used in these consolidated financial statements is based on historical acquisition or production costs, unless a standard requires a different valuation basis for an item or a different valuation basis has been used to exercise an option. In this case, it is explicitly mentioned in the accounting principles. Accounting principles that are relevant to an understanding of the consolidated financial statements are set out in the specific notes. The consolidated income statement is presented according to the cost of sales method. The same consolidation, accounting and valuation principles were applied as in the previous year.

Management assumptions and estimates
The preparation of the consolidated financial statements in accordance with Swiss GAAP FER requires management to make estimates, judgements and assumptions that have an effect on the application of accounting and measurement methods and impact the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on past experience and various other factors deemed appropriate. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed regularly. Changes in accounting-related estimates are recognised in the current period and in the periods affected in the future.

Judgements made by management in applying Swiss GAAP FER which have a significant impact on the financial statements, and estimates with a high adjustment risk in the coming year, are presented in the following notes:

Further information	Description
Note 1.2	Work in progress – assessment of the percentage of completion and of total costs

Situation in Belarus and impact on the Fanipol plant

Russia's ongoing war of aggression against Ukraine and the associated sanctions against Belarus continued to have an impact on Stadler and the plant in Fanipol in the past financial year. On account of the very good order situation, the high capacity utilisation of the other Group locations and the high level of skills and quality offered by the Fanipol plant in terms of value added, Stadler is holding on to the plant in Belarus so that it can reopen it as soon as the sanctions have been lifted. The plant continues to provide services in car body and component production, as well as in the field of engineering, in strict compliance with all the sanctions.

During the preparation of the 2023 annual financial statements, Stadler's management prepared a business plan for the Fanipol plant. An impairment test was then conducted based on this plan. This shows that the existing assets are covered by future cash flows despite the current restrictions and the temporary reduction of capacities.

Stadler is constantly monitoring the situation and taking all possible measures to minimise any negative effects.

1. Operating performance

This section presents Stadler's operating performance. Segment reporting reflects the segment revenue taken into consideration at top management level for corporate management purposes. Details of work in progress, personnel expenses and earnings per share are also shown.

1.1 Segment reporting

External segment reporting is based on internal reporting, which is used by Group Management for corporate management purposes. Group Management consists of the Group Executive Board and the Board of Directors.

The following three segments exist:

Segment	Activity
Rolling Stock	The "Rolling Stock" business segment manufactures various types of rail vehicles. This segment includes various product types in the following sectors: high-speed, intercity, regional trains, city transport, locomotives and Tailor Made. The range of services also encompasses the sale of spare material, the provision of engineering services and small orders.
Service & Components	The "Service & Components" business segment includes the sale of spare parts, the completion of revision, repair and modernisation work (refits) in the 3R business and the performance of preventive and corrective maintenance in the full-service business. This business segment also includes the supply of vehicle components such as car bodies or bogies.
Signalling	The "Signalling" business segment develops and distributes various signalling solutions for vehicles and infrastructures. The portfolio includes solutions in the areas of train protection (ETCS and national automatic train protection systems), communication-based train control for driverless operation (CBTC), automatic train operation (ATO), driving assistance systems (CWS/CDAS/DAS), interlocking technologies (RSTW/ ESTW) and other trackside components that make up the complete automatic train protection system. The range of services also encompasses the sale of spare parts and, as a digitalisation partner, the provision of services relating to the planning and implementation of safety systems.

With reference to the complementary recommendation for listed companies (FER 31/8) on segment reporting, Stadler does not report segment results in the interests of shareholders for the following reasons:

1. Detrimental effect on the negotiating position:

The disclosure of segment results would allow conclusions to be drawn on pricing, which could significantly impair Stadler's negotiating position.

2. Competitive disadvantage in relation to competitors:

Stadler's competitors generally do not report segment information and detailed segment results. The disclosure of segment results would put Stadler at a competitive disadvantage vis-à-vis its competitors, as the results allow conclusions to be drawn about the margin and cost situation per segment.

in thousands of CHF or as noted	"Rolling Stock"		"Service & Components"		"Signalling"		"Corporate Centre" & Eliminations		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Net revenue										
Net revenue per segment	3,123,590	3,299,680	767,545	791,569	102,990	77,214	(385,689)	(417,946)	3,608,436	3,750,517
Intersegment revenue	(42,846)	(52,572)	(303,960)	(338,291)	(38,883)	(27,083)	385,689	417,946	–	–
Total net revenue (third parties)	**3,080,744**	**3,247,108**	**463,585**	**453,278**	**64,107**	**50,131**	**–**	**–**	**3,608,436**	**3,750,517**
of which according to the PoC method	3,046,959	3,242,378	348,621	346,684	58,925	44,769	–	–	3,454,505	3,633,831
Net revenue by geographical market										
Germany, Austria, Switzerland	1,559,031	1,397,297	129,966	132,776	48,509	37,639	–	–	1,737,506	1,567,712
Western Europe	959,883	902,601	257,248	253,914	1,552	2,378	–	–	1,218,683	1,158,893
Eastern Europe	269,704	591,822	49,216	47,051	1,807	238	–	–	320,727	639,111
America	221,002	314,171	5,497	5,867	12,239	9,876	–	–	238,738	329,914
CIS	52,061	41,217	7,368	3,063	–	–	–	–	59,429	44,280
Rest of the world	19,063	–	14,290	10,607	–	–	–	–	33,353	10,607
Total net revenue by market	**3,080,744**	**3,247,108**	**463,585**	**453,278**	**64,107**	**50,131**	**–**	**–**	**3,608,436**	**3,750,517**
Net revenue by product group										
Trains	1,493,816	2,032,986								
Locomotives	428,069	219,750								
LRV	360,171	238,492								
METRO	179,212	147,144								
TAILOR MADE	619,476	608,736								
Total net revenue by product	**3,080,744**	**3,247,108**								
Additions to PPE										
Additions to PPE	113,662	92,055	39,046	25,889	881	584	8,347	6,662	161,936	125,190
Total additions to PPE	**113,662**	**92,055**	**39,046**	**25,889**	**881**	**584**	**8,347**	**6,662**	**161,936**	**125,190**
Staff as FTEs										
Permanent employees	8,850	8,702	3,379	3,201	551	367	229	188	13,009	12,458
Temporary employees	349	403	321	315	6	10	–	–	676	728
Apprentices	211	195	39	44	9	6	–	–	259	245
Total staff as FTEs	**9,410**	**9,300**	**3,739**	**3,560**	**566**	**383**	**229**	**188**	**13,944**	**13,431**

The Corporate Centre is not an operating segment, but is a service provider within Stadler.

Accounting principles

Recognition of revenue: “Rolling Stock”
Revenue in the “Rolling Stock” segment is mainly generated from the sale of rolling stock, and is recognised using the percentage of completion method (see Note 1.2). Revenue also includes the sale of spare material and the provision of engineering services and small orders, which are recognised as soon as a service has been provided.

Recognition of revenue: “Service & Components”
Revenue in the “Service” subsegment is made up of the sale of spare parts, the completion of revision, repair and modernisation work (refits) in the 3R business and the performance of preventive and corrective maintenance in the full-service business. Revenue from the sale of spare parts is recognised upon the provision of a service. In the 3R business and the full-service business, revenue is recognised according to the percentage of completion method (see Note 1.2).

Revenue in the “Components” subsegment is recognised upon delivery or transfer of the benefits and risks to the purchaser.

Recognition of revenue: “Signalling”
Revenue in the “Signalling” segment is mainly composed of vehicle and infrastructure signalling solutions and is recognised in both cases according to the percentage of completion method (see Note 1.2). The range of services also encompasses the sale of spare parts and, as a digitalisation partner, the provision of services relating to the planning and implementation of safety systems. Revenue is recognised upon the provision of a service.

1.2 Work in progress

in thousands of CHF	31.12.2023	31.12.2022
Work in progress		
"Units of delivery" method		
Work in progress, gross	2,052,096	1,383,984
Advance payments to suppliers	64,314	84,868
Advance payments to suppliers, related parties	214	–
Advance payments to suppliers, associated companies	18,964	15,070
Advance payments from customers	(1,143,692)	(629,652)
Advance payments from customers, related parties	(15,836)	(101,247)
Total work in progress "units of delivery" method	**976,060**	**753,023**
"Cost to cost" method		
Work in progress, gross	24,486	18,872
Advance payments to suppliers	752	1,013
Advance payments from customers	(6,877)	(10,697)
Full-service contracts net	49,243	32,425
Total work in progress "cost to cost" method	**67,604**	**41,613**
Total work in progress	1,043,664	794,636
Liabilities from work in progress		
"Units of delivery" method		
Work in progress, gross	878,031	1,394,845
Advance payments to suppliers	147,912	94,505
Advance payments to suppliers, related parties	7,050	750
Advance payments to suppliers, associated companies	18,685	17,057
Advance payments from customers	(3,513,484)	(2,906,956)
Advance payments from customers, related parties	(44,173)	(101,076)
Advance payments from customers, associated companies	(4,646)	(3,488)
Total liabilities from work in progress "units of delivery" method	**(2,510,625)**	**(1,504,363)**
"Cost to cost" method		
Work in progress, gross	2,980	3,296
Advance payments to suppliers	361	351
Advance payments from customers	(27,128)	(22,773)
Full-service contracts net	(100,912)	(79,216)
Total liabilities from work in progress "cost to cost" method	**(124,699)**	**(98,342)**
Total liabilities from work in progress	(2,635,324)	(1,602,705)
Net work in progress / (liabilities from work in progress)	(1,591,660)	(808,069)

Accounting principles

Recognition and measurement of work in progress and revenue recognition
"Rolling Stock" business segment
Revenue (net proceeds) from the sale of rail vehicles is recognised on the basis of the percentage of completion on the balance sheet date, provided the relevant conditions are met. The percentage of completion is determined individually for each order on the basis of the units of delivery method. Acceptance by the customer generally marks the completion of a unit, whereby a unit usually corresponds to a car or vehicle, and the percentage of completion is calculated according to the ratio of delivered units to the total contractually agreed delivery quantity. There are justified cases in which acceptance by the customer is delayed merely for administrative or organisational reasons, but all significant performance obligations have been met. In such cases, the company management assesses the economic situation and may decide to recognise revenue prior to customer acceptance (see Note 1.3).

Order costs consist of material and external service costs (incl. bank guarantee costs), material overheads (procurement and logistics) as well as production, engineering and project management costs. The cost rates for measuring productive hours are based on a period of several years at normal employment levels.

Costs in connection with development work are allocated to orders to the extent that they are required for customer-specific production. At the latest before the first delivery of a vehicle, the market potential of the associated development is assessed. If this development can be used for future potential orders, the proportion of development costs not borne by the customer is reclassified from work in progress to intangible assets.

Costs incurred for bank guarantees in connection with customer-specific orders are reported under financial expenses on the date of revenue recognition for the corresponding order. The costs of interest-bearing liabilities are recognised directly in the income statement under financial expenses and are not part of order-related expenses.

Contractual penalties owed are recorded as a reduction in revenue according to the percentage of completion and, if not yet paid, are shown under deferred income.

Subsequent costs for an order already recognised in revenue are entered in deferred income.

For loss-free valuation, work in progress is assessed individually. As soon as a loss becomes apparent, a value adjustment is recognised to the full extent of the expected loss. If the value adjustment exceeds the value of the asset for the order, a provision is recognised for the excess amount.

Work in progress comprises orders for which the cumulative services exceed the payments already made. If the advance payments received are higher than the cumulative services provided, they are reported under liabilities from work in progress.

Advance payments received are recognised in the balance sheet and not through the income statement. They are offset against the corresponding orders or compensation claims for which the advance payments were made and disclosed in the notes.

"Service & Components" business segment – 3R business
Revenue (net proceeds) from the completion of revision, repair and modernisation work (refits) in the 3R business is recognised on the basis of the percentage of completion on the balance sheet date, provided the relevant conditions are met. The percentage of completion is determined individually for each order on the basis of the units of delivery method. Please refer to the relevant explanations regarding the "Rolling Stock" business segment.

“Service & Components” business segment – full-service business

Revenue (net proceeds) from the performance of preventive and corrective maintenance in the full-service business is recognised on the basis of the percentage of completion on the balance sheet date, provided the relevant conditions are met. The percentage of completion is determined individually for each order on the basis of the cost-to-cost method. This results from the ratio between the costs accumulated on orders and the total expected costs over the term of the contract.

Order costs consist of material and external service costs, material overheads (procurement and logistics) as well as production, engineering and order processing costs. The cost rates for measuring productive hours are based on a period of several years at normal employment levels.

Contractual penalties owed are recorded as a reduction in revenue according to the percentage of completion and, if not yet paid, are shown under deferred income.

For loss-free valuation, work in progress is assessed individually. As soon as a loss becomes apparent, a value adjustment is recognised to the full extent of the expected loss. If the value adjustment exceeds the value of the asset for the order, a provision is recognised for the excess amount.

The kilometre allowances received from customers are continually offset against the services provided as an integral part of work in progress. The resulting net position is recognised per contract in the balance sheet item “Work in progress” (if the cumulative services provided exceed the kilometre allowances received) or “Liabilities from work in progress” (if the allowances received exceed the cumulative services provided).

“Signalling” business segment – vehicle solutions

Revenue (net proceeds) from signalling solutions on the vehicle side is recognised on the basis of the percentage of completion on the balance sheet date, provided the relevant conditions are met. The percentage of completion is determined individually for each order on the basis of the units of delivery method. Please refer to the relevant explanations regarding the “Rolling Stock” business segment.

“Signalling” business segment – infrastructure solutions

Revenue (net proceeds) from signalling solutions on the infrastructure side is recognised on the basis of the percentage of completion on the balance sheet date, provided the relevant conditions are met. The percentage of completion is determined individually for each order on the basis of the cost-to-cost method. This results from the ratio between the costs accumulated on orders and the total expected costs over the term of the contract.

Order costs consist of material and external service costs, material overheads (procurement and logistics) as well as production, engineering and order processing costs. The cost rates for measuring productive hours are based on a period of several years at normal employment levels.

Contractual penalties owed are recorded as a reduction in revenue according to the percentage of completion and, if not yet paid, are shown under deferred income.

For loss-free valuation, work in progress is assessed individually. As soon as a loss becomes apparent, a value adjustment is recognised to the full extent of the expected loss. If the value adjustment exceeds the value of the asset for the order, a provision is recognised for the excess amount.

Work in progress comprises orders for which the cumulative services exceed the payments already made. If the advance payments received are higher than the cumulative services provided, they are reported under liabilities from work in progress.

Advance payments received are recognised in the balance sheet and not through the income statement. They are offset against the corresponding orders for which the advance payments were made and disclosed in the notes.

1.3 Compensation claims from work in progress

in thousands of CHF	31.12.2023	31.12.2022
Compensation claims from work in progress		
Compensation claims for vehicles whose revenue has been recognised but not yet invoiced	2,692,207	1,981,921
Advance payments from customers for vehicles whose revenue has been recognised but not yet invoiced	(1,996,962)	(1,358,751)
Total compensation claims from work in progress	**695,245**	**623,170**

Compensation claims from work in progress amounting to CHF 695.2 million (previous year: CHF 623.2 million) are composed of claims from contracts where acceptance by customers has not yet taken place but all significant performance obligations have been fulfilled (CHF 122.4 million, previous year: CHF 166.9 million) and claims from contracts where acceptance by customers has already taken place but invoices have not yet been issued in accordance with individual payment plans (CHF 572.8 million, previous year: CHF 456.3 million).

Accounting principles

Recognition and measurement of compensation claims from work in progress
As a rule, a unit is fully invoiced upon its acceptance (and charged against the advance payments received or recognised as a trade receivable for the amount exceeding the advance payments). In cases where the payment schedule does not correspond to the acceptance schedule and invoicing can therefore not take place until a later date, a compensation claim is recorded. If situations listed in the accounting principles set out in Note 1.2 “Recognition and measurement of work in progress” result in the recognition of revenue prior to acceptance by the customer, a compensation claim is recognised in the amount of this revenue (less any advance payments received). Otherwise, the accounting principles described in “Recognition and measurement of work in progress” according to Note 1.2 apply.

1.4 Personnel expenses

in thousands of CHF	2023	2022
Personnel expenses		
Wages and salaries	(853,975)	(787,002)
Social security costs	(120,246)	(109,193)
Pension costs	(35,361)	(32,574)
Other personnel expenses	(22,071)	(19,827)
Total personnel expenses	**(1,031,653)**	**(948,596)**

In accordance with the remuneration regulations, a total of 9,202 shares were issued to the Board of Directors in the 2023 financial year as part of their fee (previous year: 15,000). Personnel expenses were charged accordingly with CHF 0.4 million (previous year: CHF 0.6 million). In addition, personnel expenses of CHF 2.6 million were accrued for share-based bonus payments in 2023 in accordance with the remuneration regulations (previous year: CHF 2.0 million). These bonus shares will be allocated in 2024.

Please refer to Note 5.4 for information on expenses for employee benefits.

Accounting principles

Share-based remuneration
Under the remuneration regulations, members of the Group Executive Board (GEB), the extended Group Executive Board as well as managerial levels 1 and 2 receive between 20% and 100% of their variable remuneration in the form of shares. The number of shares to be allocated is calculated on the basis of the volume-weighted average price during the month of March of the following financial year. The shares are subject to a four-year vesting period after allocation and are allocated at a vesting discount of 20% in relation to the defined value. They are granted with no other vesting conditions. The expense is recognised in the year in which the benefit is provided and recorded as an increase in equity (capital reserves). Any differences in relation to the effective allocation value are corrected in the following year and recognised in the income statement.

The members of the Board of Directors have the option to have their fee paid in cash and/or in shares. The number of shares to be allocated is calculated on the basis of the volume-weighted average price during the month of November of the financial year of allocation. The shares are subject to a four-year vesting period after allocation in December and are allocated at a vesting discount of 20% in relation to the defined value. The expense is recognised in the income statement at the current value of the allocation with a corresponding offsetting entry in equity (capital reserves).

Stadler holds treasury shares for the purpose of fulfilling share plans.

1.5 Earnings per share

in thousands of CHF or as noted	2023	2022
Earnings per share		
Profit for the year attributable to shareholders	124,318	72,898
Weighted average number of shares outstanding	99,988,600	99,983,070
Basic and diluted earnings per share (in CHF)	**1.24**	**0.73**

Treasury shares held by the company are not taken into account when calculating earnings per share. There are no circumstances leading to a dilution of earnings per share. Shares allocated to employees as share-based remuneration (see Note 1.4) were, or are, entitled to dividends.

2. Operating assets and liabilities

Items of current and non-current assets and liabilities relevant to Stadler's operating activities are presented in the following section. The notes on assets focus on trade receivables and payables, inventories and property, plant and equipment, including leased assets. This section also presents the development of provisions and contingent liabilities and contains notes on selected items which are of relevance to operations.

2.1 Trade receivables and payables

Receivables for goods and services

in thousands of CHF	31.12.2023	31.12.2022
Trade receivables		
Third parties	335,182	472,878
Related parties	2,207	3,219
Associated companies	151	210
Value adjustments	(3,469)	(3,606)
Total trade receivables	**334,071**	**472,701**

Accounting principles

Receivables are reported at nominal value. Business default risks are taken into account by individual and general value adjustments. General value adjustments are made for items which have not already been subject to individual value adjustments. Individual value adjustments are verified for items exceeding a value of CHF 0.2 million. General value adjustments are based on the past experience of Stadler.

Trade payables

in thousands of CHF	31.12.2023	31.12.2022
Trade payables		
Third parties	157,607	234,577
Related parties	1,671	4,186
Associated companies	64	1,178
Total trade payables	**159,342**	**239,941**

Accounting principles

Trade payables are reported at nominal value.

2.2 Inventories

in thousands of CHF	31.12.2023	31.12.2022
Inventories		
Spare parts	253,615	213,779
Components	57,253	36,507
Value adjustments	(8,858)	(9,088)
Total inventories	**302,010**	**241,198**

Accounting principles

Inventories are composed of spare parts and components. Acquisition or production costs include all direct and indirect expenses to bring the inventories to their present location or to their present state (full costs). In principle, the actual costs incurred are decisive for the determination of the acquisition and production costs. They are calculated according to the average method. Cash discounts (in the sense of a discount for rapid payment) are booked as acquisition price reductions. The difference between the acquisition or production costs and any lower net market value is recorded as a value adjustment (lowest value principle).

2.3 Property, plant and equipment

in thousands of CHF	Land and buildings	Plant and machinery	Equipment	Tools	Vehicles and means of transport	Hardware	Assets under lease	Assets under construction	Total
Acquisition value									
Balance at 1 January 2022	**659,492**	**304,669**	**108,201**	**58,630**	**21,974**	**49,455**	**62,265**	**44,449**	**1,309,135**
Change in scope of consolidation	–	134	1,553	18	163	153	562	245	2,828
Additions	11,323	10,457	7,912	5,806	2,756	8,893	17	78,026	125,190
Disposals	(787)	(5,509)	(4,553)	(2,511)	(754)	(5,612)	–	–	(19,726)
Reclassifications	32,145	12,289	1,166	5,820	5,770	116	(17,789)	(39,517)	–
Currency translation differences	(18,243)	(12,777)	(2,201)	(2,355)	(641)	(1,048)	(2,866)	(2,758)	(42,889)
Balance at 31 December 2022	**683,930**	**309,263**	**112,078**	**65,408**	**29,268**	**51,957**	**42,189**	**80,445**	**1,374,538**
Change in scope of consolidation	23,362	6,443	229	73	191	140	–	5	30,443
Additions	32,202	8,707	10,413	6,985	2,139	11,312	–	90,178	161,936
Disposals	(446)	(5,638)	(4,711)	(4,451)	(2,891)	(3,938)	–	(1,603)	(23,678)
Reclassifications	61,242	17,378	1,218	453	213	64	(7,811)	(72,757)	–
Currency translation differences	(25,111)	(9,685)	(2,559)	(3,143)	(966)	(1,189)	(124)	(5,136)	(47,913)
Balance at 31 December 2023	**775,179**	**326,468**	**116,668**	**65,325**	**27,954**	**58,346**	**34,254**	**91,132**	**1,495,326**
Accumulated depreciation and impairment									
Balance at 1 January 2022	**120,861**	**147,963**	**45,798**	**38,587**	**12,716**	**33,086**	**17,381**	**–**	**416,392**
Additions	19,170	21,940	8,735	7,235	2,668	7,640	1,836	–	69,224
Disposals	(665)	(5,189)	(3,679)	(2,317)	(646)	(5,548)	–	–	(18,044)
Reclassifications	321	1,983	(221)	221	(49)	–	(2,255)	–	–
Currency translation differences	(2,655)	(5,825)	(807)	(1,444)	(261)	(796)	(1,064)	–	(12,852)
Balance at 31 December 2022	**137,032**	**160,872**	**49,826**	**42,282**	**14,428**	**34,382**	**15,898**	**–**	**454,720**
Additions	21,839	23,253	8,469	7,062	2,877	9,100	1,107	–	73,707
Disposals	–	(4,882)	(2,793)	(4,353)	(2,744)	(3,878)	–	–	(18,650)
Reclassifications	(2)	7,015	(1)	(1)	–	1	(7,012)	–	–
Currency translation differences	(3,639)	(4,925)	(1,048)	(1,767)	(363)	(891)	137	–	(12,496)
Balance at 31 December 2023	**155,230**	**181,333**	**54,453**	**43,223**	**14,198**	**38,714**	**10,130**	**–**	**497,281**
Net carrying amounts									
Balance at 31 December 2023	**619,949**	**145,135**	**62,215**	**22,102**	**13,756**	**19,632**	**24,124**	**91,132**	**998,045**
Balance at 31 December 2022	**546,898**	**148,391**	**62,252**	**23,126**	**14,840**	**17,575**	**26,291**	**80,445**	**919,818**
Balance at 1 January 2022	**538,631**	**156,706**	**62,403**	**20,043**	**9,258**	**16,369**	**44,884**	**44,449**	**892,743**

The difference between the reported asset additions and the cash outflows for asset purchases results from the change in unpaid creditor invoices recorded in other current liabilities and, in the previous year, also from the asset additions acquired under finance leases.

As of the balance sheet date, investment obligations amounted to CHF 13.3 million (previous year: CHF 45.4 million).

Accounting principles

Property, plant and equipment is valued at acquisition or production costs less depreciation and impairment necessary for business reasons. Own manufactured assets are only capitalised if they are clearly identifiable and the costs can be reliably determined and if they bring the company a measurable benefit over several years. Depreciation is charged on a straight-line basis over the economic useful life of the asset.

The depreciation periods are as follows:

Category	Estimated useful life (years)
Land and buildings	max. 33
Plant and machinery	8 – 20
Equipment	10 – 15
Tools	2 – 3
Vehicles and means of transport	6 – 8
Hardware (IT)	3 – 6
Assets under lease	the shorter of useful life or contract duration
Assets under construction	no depreciation

Impairment
An assessment is made on each balance sheet date as to whether there are any indications that the carrying amount of the asset may exceed its recoverable amount (the higher of its fair value and value in use) (impairment). If impairment exists, the carrying amount is reduced to the recoverable amount, with the impairment charged to profit or loss for the period.

If there is a significant improvement in the indications, the recoverable amount is recalculated. If the net carrying amount of the asset is lower than the newly determined recoverable amount, the impairment recognised in prior periods is reversed through profit or loss. The new carrying amount resulting from the reversal is the lower of the recoverable amount and the carrying amount after normal depreciation which would have resulted if no impairment had been recorded.

Finance leases
Assets under lease include the buildings in Winterthur and Montceau-les-Mines (see also Note 3.1 “Financial liabilities”). The term of the Winterthur lease contract lasts until the year 2030, and that of Montceau-les-Mines up to the year 2034.

A number of finance leases for machinery and equipment were repaid early in the reporting year. The acquisition costs and accumulated depreciation were reclassified accordingly in the statement of changes in fixed assets. Assets under lease in the previous year were reclassified after an option was exercised to acquire the buildings in Szolnok before the end of the term.

in thousands of CHF	31.12.2023	31.12.2022
Liabilities from finance leases		
Due within 1 year	1,216	1,436
Current finance lease liabilities (Note 3.1)	**1,216**	**1,436**
Due within 1 to 5 years	5,131	5,538
Due after more than 5 years	18,421	19,820
Non-current finance lease obligations (Note 3.1)	**23,552**	**25,358**
Total liabilities from finance leases	**24,768**	**26,794**

Operating lease liabilities

in thousands of CHF	31.12.2023	31.12.2022
Operating lease liabilities		
Due within 1 year	17,703	17,748
Due within 1 to 5 years	49,081	33,976
Due after more than 5 years	54,218	26,492
Total undiscounted lease payments	**121,002**	**78,216**

Accounting principles

Usage rights acquired by means of lease contracts under which the opportunities and risks associated with the economic use of the leased asset are essentially transferred to Stadler are classified as finance leases and are initially recognised at the lower of the two values of the present value of future lease payments and the acquisition or net market value. Investments in financial leases are depreciated over their estimated useful lives or shorter lease term if it is not possible to determine with reasonable certainty whether the ownership is transferred to the lessee at the end of the lease term. Payments from operating leases are recognised in the income statement on a straight-line basis over the lease term.

Gains from the sale of property, plant and equipment with subsequent rental under a finance lease (sale and leaseback finance leases) are deferred and amortised over the term of the lease.

2.4 Financial assets

in thousands of CHF	31.12.2023	31.12.2022
Financial assets		
Other financial assets, third parties	34,384	56,723
Other financial assets, associated companies	2,424	2,743
Deferred income tax assets	113,170	88,580
Total financial assets	**149,978**	**148,046**

Accounting principles

Other financial assets
Other financial assets include loans and receivables which are recognised at acquisition cost less any necessary impairment.

Deferred income tax assets
This item includes deferred tax assets from losses carried forward and from deductible temporary differences. Further details can be found in Note 5.3.

2.5 Intangible assets

in thousands of CHF	Software	Licenses, patents	Development costs	Assets in development	Total
Acquisition value					
Balance at 1 January 2022	**58,177**	**17,344**	**183,350**	**57,883**	**316,754**
Change in scope of consolidation	88	–	545	–	633
Additions	4,602	189	6,892	46,835	58,518
Additions due to reclassifications of work in progress	–	–	–	3,875	3,875
Disposals	(1,748)	(132)	(67)	–	(1,947)
Reclassifications	1,003	–	10,579	(11,582)	–
Currency translation differences	(1,073)	(66)	(2,567)	(1,231)	(4,937)
Balance at 31 December 2022	**61,049**	**17,335**	**198,732**	**95,780**	**372,896**
Additions	16,538	–	2,701	56,796	76,035
Additions due to reclassifications of work in progress	–	–	–	3,022	3,022
Disposals	(2,634)	(16)	–	(81)	(2,731)
Reclassifications	23,909	–	2,263	(26,172)	–
Currency translation differences	(2,512)	(93)	(3,858)	1,114	(5,349)
Balance at 31 December 2023	**96,350**	**17,226**	**199,838**	**130,459**	**443,873**
Accumulated depreciation and impairment					
Balance at 1 January 2022	**34,856**	**14,056**	**102,896**	**–**	**151,808**
Additions	8,492	1,086	25,052	–	34,630
Disposals	(1,743)	(106)	(67)	–	(1,916)
Currency translation differences	(828)	(32)	(1,420)	–	(2,280)
Balance at 31 December 2022	**40,777**	**15,004**	**126,461**	**–**	**182,242**
Additions	9,728	1,040	27,408	–	38,176
Disposals	(2,607)	(14)	–	–	(2,621)
Currency translation differences	(1,152)	(64)	(2,578)	–	(3,794)
Balance at 31 December 2023	**46,746**	**15,966**	**151,291**	**–**	**214,003**
Net carrying amounts					
Balance at 31 December 2023	**49,604**	**1,260**	**48,547**	**130,459**	**229,870**
Balance at 31 December 2022	**20,272**	**2,331**	**72,271**	**95,780**	**190,654**
Balance at 1 January 2022	**23,321**	**3,288**	**80,454**	**57,883**	**164,946**

The above-mentioned additions to assets in development of CHF 59.8 million are mainly due to the capitalisation of development costs for new vehicle concepts and signalling solutions as well as the replacement of ERP systems, as in the previous year (CHF 46.8 million).

In the reporting year, development costs of CHF 3.0 million in connection with the battery-powered FLIRT Akku model were reclassified from gross work in progress to intangible assets within the work in progress balance sheet item, as management believes that this vehicle concept can now be used for future orders. In the previous year, development costs of CHF 3.9 million had been reclassified for the FLIRT H2 model (reclassification from gross work in progress to intangible assets within the liabilities balance sheet item).

The difference between the reported asset additions and the cash outflows for asset purchases results from the change in unpaid creditor invoices recorded in other current liabilities.

Accounting principles

Intangible assets include software, licenses and patents purchased from third parties, as well as capitalised development costs. They are valued at acquisition or production cost less necessary depreciation and impairment.

Intangible assets acquired from third parties are capitalised if they bring measurable future benefits over several years. Depreciation is calculated on a straight-line basis over a cautiously estimated useful life from the date on which the acquired intangible asset is available for use.

Development costs are capitalised if the required recognition criteria are met (essentially the identifiability and power of disposal over the asset, the existence of a measurable future benefit over several years, separate recognition and measurability of the corresponding expenses as well as the availability of the necessary funds for completion and use).

In the case of in-house developments, a distinction is made between those without and those with a customer order:

Developments without a customer order:
Development costs are capitalised from the date on which the aforementioned recognition criteria are cumulatively met. Depreciation is calculated on a straight-line basis over the useful life from the date on which the completed development is available for use. If the useful life cannot be clearly determined, depreciation is carried out over five years. Depreciation is recognised in the income statement under the item "Development costs".

Development costs as part of a customer order:
Order-related development costs in the "Rolling Stock" business segment are initially capitalised in accordance with the "units of delivery" method in the balance sheet item "Work in progress" without affecting the income statement and, from the first delivery of a vehicle, are recognised as production costs in the income statement on a pro rata basis in relation to the number of vehicles ordered (including any options exercised on additional vehicles). At the latest before the first delivery of a vehicle, the market potential of the associated development is assessed. If this development can be used for future potential orders, the proportion of development costs not borne by the customer is reclassified from work in progress to intangible assets. Depreciation is calculated on a straight-line basis over the useful life from the date of receipt of the approval required for commercial use, but no later than the date of the first delivery of a vehicle. If the useful life cannot be clearly determined, depreciation is carried out over five years. Depreciation is recognised in the income statement under the item "Development costs".

In the "Service & Components" business segment, no order-related developments have been carried out so far.

The depreciation periods are as follows:

Category	Estimated useful life (years)
Software	3 – 10
Patents, licenses	5
Development costs	max. 10

Impairment is treated in the same way as for property, plant and equipment (Note 2.3).

The useful life for new ERP systems was modified to up to 10 years (previous year: maximum of 6 years) in connection with the replacement of ERP systems.

2.6 Provisions and contingent liabilities

in thousands of CHF	Warranty provisions	Other personnel provisions	Other provisions	Deferred taxes	Total
Balance at 1 January 2022	**112,552**	**41,896**	**17,925**	**11,044**	**183,417**
Change in scope of consolidation	5,154	463	160	317	6,094
Addition	117,466	34,690	3,485	1,668	157,309
Utilisation	(82,036)	(35,268)	(10,025)	–	(127,329)
Reversal	(10,225)	(3,611)	(398)	(5,985)	(20,219)
Currency translation differences	(3,278)	(1,136)	(248)	(305)	(4,967)
Balance at 31 December 2022	**139,633**	**37,034**	**10,899**	**6,739**	**194,305**
– thereof current	41,870	34,015	10,312	–	86,197
– thereof non-current	97,763	3,019	587	6,739	108,108
Addition	104,192	39,993	1,162	8,798	154,145
Utilisation	(91,823)	(28,946)	(3,214)	–	(123,983)
Reversal	(7,421)	(4,501)	(5,131)	(175)	(17,228)
Currency translation differences	(4,500)	(1,252)	79	(539)	(6,212)
Balance at 31 December 2023	**140,081**	**42,328**	**3,795**	**14,823**	**201,027**
– thereof current	40,311	38,313	3,145	–	81,769
– thereof non-current	99,770	4,015	650	14,823	119,258

The warranty costs reported in the income statement consist of the “Addition” and “Reversal” items in the “Warranty provisions” column.

Contingent liabilities and other obligations not to be recognised in the balance sheet
Contingent liabilities and other obligations not to be recognised in the balance sheet are disclosed directly in the respective sections of the relevant items:

Further information	Description
Note 2.3	Investment obligations
Note 2.3	Operating lease liabilities
Note 3.2	Sureties and guarantee obligations
Note 3.2	Pledged assets to secure own obligations
Note 5.5	Employee participation plan

Accounting principles

General – provisions
Provisions are made for current obligations with an indefinite settlement date or a non-determinable amount where they are due to a past event and a future outflow of funds is likely. Provisions are measured on the basis of the probable cash outflows and are increased, maintained or released as a result of the reassessment. If the effect of discounting is material, then the provision is recognised at present value.

Warranty provisions
Warranty provisions are estimated and recognised according to the best possible estimate at the beginning of the warranty period for each individual vehicle (addition warranty provisions) and are continually used to cover warranty claims (utilisation warranty provisions). The amount of the provision to be recognised is based on past experience. If the original provision is not sufficient, an additional provision is recognised (addition warranty provisions) and then used to cover warranty claims (utilisation warranty provisions). Any residual balance at the end of the guarantee period is released to income (reversal warranty provisions). Warranty provisions for vehicles whose warranty period ends within twelve months of the balance sheet date are reported as current. If the warranty period ends after twelve months, the related provisions are reported as non-current.

Other personnel matters and other provisions
Provisions for “Other personnel matters” are primarily provisions for anniversary, departure and bonus payments. The “Other provisions” mainly include possible risk and rework provisions as well as possible process costs. Contingent purchase price payments are also recorded under this item. For non-current provisions, a probability of an outflow of funds in an average of two to three years is assumed.

Deferred taxes
Deferred income tax liabilities are reported under “Deferred tax provisions”. Further information can be found in Note 5.3.

Contingent liabilities
Contingent liabilities and other obligations not to be recognised are valued and disclosed on each balance sheet date. If contingent liabilities and other obligations not to be recognised lead to an outflow of funds without a compensating inflow, and the outflow is probable and can be estimated reliably, a provision is recognised.

2.7 Other operating assets and liabilities

Other current receivables

in thousands of CHF	31.12.2023	31.12.2022
Other current receivables		
Social insurance, source and wage taxes	15,778	6,064
VAT receivables	43,235	70,266
Receivables from the sale of non-current assets	4,915	7,651
Income tax receivables	17,385	18,922
Derivative financial instruments	10,505	1,082
Other receivables from related parties	161	–
Other receivables from third parties	21,410	27,524
Total other current receivables	**113,389**	**131,509**

Other current liabilities

in thousands of CHF	31.12.2023	31.12.2022
Other current liabilities		
Social insurance, source and wage taxes	27,517	22,157
VAT liabilities	36,770	81,389
Liabilities from the purchase of non-current assets	9,704	14,732
Liabilities from the purchase of non-current assets from related parties	–	1,719
Pension fund current account	67	179
Income tax liabilities	11,053	20,676
Derivative financial instruments	5,979	6,080
Other current liabilities from third parties	15,822	13,972
Total other current liabilities	**106,912**	**160,904**

Deferred income/accrued expenses

in thousands of CHF	31.12.2023	31.12.2022
Deferred income and accrued expenses		
Outstanding invoices	83,397	104,693
Accruals manufacturing costs	183,100	144,477
Vacation and overtime	55,593	49,924
Sales commissions, royalties and penalties	35,720	41,968
Other deferred income and accrued expenses	36,830	12,421
Total deferred income and accrued expenses	**394,640**	**353,483**

3. Financing

The following section explains the most important aspects of financing. Stadler aims to safeguard an adequate equity base in order to maintain the confidence of investors, creditors and the market and to continue the further expansion of the Group. It uses hedging instruments to manage foreign currency and interest rate risks.

3.1 Financial liabilities

in thousands of CHF	Interest rate	Maturity	31.12.2023	31.12.2022
Current financial liabilities				
Operating loan	1.9 – 5.0%	< 1 year	3,426	84,623
Project financing	4.2 – 6.5%	< 1 year	98,480	359,455
Bank loans for property, plant and equipment	0.7 – 13.8%	< 1 year	12,352	15,562
Lease liabilities for property, plant and equipment	1.0 – 3.2%	< 1 year	1,216	1,436
Loans from governmental institutions	1.0%	< 1 year	696	–
Promissory note loans	0.7%	< 1 year	55,560	–
Total current financial liabilities			**171,730**	**461,076**
Non-current financial liabilities				
Operating loan	1.9 – 4.8%	1 – 4 years	1,218	1,982
Bank loans for property, plant and equipment	0.7 – 13.8%	1 – 14 years	89,214	103,071
Lease liabilities for property, plant and equipment	1.0 – 3.2%	1 – 11 years	23,552	25,358
Loans from governmental institutions	1.0%	1 – 2 years	19,047	22,548
Bonds	0.4%	3 years	300,000	300,000
Promissory note loans	1.1%	5 years	83,340	148,434
Total non-current financial liabilities			**516,371**	**601,393**
Breakdown by currency				
CHF			388,389	446,316
DKK			–	88
EUR			239,203	320,010
HUF			19,205	35,252
PLN			4,801	87,217
SEK			–	58,588
USD			36,503	114,998
Total financial liabilities			**688,101**	**1,062,469**

Short-term operating loans include loans to finance current assets, most of which were repaid in the reporting year. The additional coronavirus-related loan received in the previous year under government support programmes in Denmark was also reimbursed in the reporting year.

The reduction in project financing from CHF 359.5 million to CHF 98.5 million is due to the completion of orders on the one hand, and to early repayments on the other.

Certain financing contracts with lenders include contractual clauses regarding minimum capitalisation and returns (covenants). The key figures taken into account are absolute equity and the EBIT margin. All conditions were met as at the balance sheet date.

Accounting principles

Financial liabilities are reported at nominal value.

Bonds and promissory note loans are carried at nominal value. The issuing costs incurred in connection with the issue of the bond and the promissory note loans are capitalised under accrued income/deferred expenses and amortised over the term of the bond. Any premiums received on the issue of the bond are recognised under deferred income/accrued expenses and amortised over the term of the bond. The reversal of the issuing costs and of the premium are recognised in the financial result.

3.2 Guarantees and pledged assets

Sureties and guarantee obligations

As at the balance sheet date, guarantees (warranties and sureties) amounting to CHF 6,916 million (previous year: CHF 5,719 million) were outstanding.

Assets pledged to secure own liabilities

in thousands of CHF	Collateral for:	31.12.2023	31.12.2022
Pledged assets			
Property	Mortgages	230,200	244,758
Assets under lease	Finance leases	24,124	26,291
Total pledged assets		**254,324**	**271,049**

3.3 Share capital and reserves

Share capital

As at 31 December 2023, the share capital of the parent company Stadler Rail AG consisted of 100 million registered shares with a par value of CHF 0.20 each (31 December 2022: 100 million registered shares with a par value of CHF 0.20 each). Shareholders are entitled to receive the dividends decided upon and have one vote per share at the company's Annual General Meeting.

At the Annual General Meeting on 18 March 2019, conditional share capital of a maximum of 2 million registered shares with a par value of CHF 0.20 each was created for employee benefit plans, from which no shares had been issued as at the balance sheet date. Shareholders' subscription rights and advance subscription rights are excluded.

At the Annual General Meeting on 6 May 2021, authorised share capital of a maximum of 10 million registered shares with a par value of CHF 0.20 each was created, from which no shares had been issued by the expiry of the two-year authorisation period on 6 May 2023.

At the Annual General Meeting on 12 May 2023, a capital band of between CHF 19.0 million (lower limit) and CHF 22.0 million (upper limit) was introduced. Within the scope of the capital band, the Board of Directors is authorised to increase or reduce the share capital once or several times by any amount, or to acquire or sell shares directly or indirectly, until 11 May 2026. The capital increase or reduction may be effected by issuing up to 10 million registered shares with a par value of CHF 0.20 each or by cancelling up to 5 million registered shares with a par value of CHF 0.20 each or by increasing or reducing the par values of the existing registered shares within the scope of the capital band. As at the balance sheet date of 31 December 2023, neither an increase nor a reduction of the share capital had been carried out from the capital band.

Reserves

The non-distributable legal reserves of the parent company Stadler Rail AG amounted to CHF 4.0 million as at 31 December 2023 (previous year: CHF 4.0 million).

Dividends

The following dividends were decided upon by the Annual General Meeting and subsequently paid out:

in thousands of CHF or as noted	2023	2022
Dividends paid		
Number of registered shares entitled to dividend (in pcs.)	99,946,744	99,944,413.00
Ordinary dividend per registered share (in CHF)	0.90	0.90
Total dividends paid	**89,952**	**89,950**

After 31 December 2023, the Board of Directors proposed dividends of CHF 0.90 per registered share totalling CHF 90.0 million for 2023. The dividend proposal will be submitted to the Annual General Meeting on 22 May 2024 for approval.

Treasury shares

in thousands of CHF	2023		2022	
	Number	**Value**	**Number**	**Value**
Treasury shares				
Balance at 1 January	3,087	99	34,587	1,335
Purchases from third parties	71,169	2,532	44,500	1,521
Allocations of share-based payments	(74,004)	(2,599)	(76,000)	(2,617)
Adjustment to average price		(24)		(140)
Balance at 31 December	**252**	**8**	**3,087**	**99**

The amounts in the “Adjustment to average price” line correspond to the difference between the sales price/defined value and the average acquisition cost of the treasury shares sold.

In 2023, 71,169 registered shares were acquired at an average price of CHF 35.58 per share (previous year: 44,500 registered shares at an average of CHF 34.17). There were no sales of registered shares in the 2023 financial year (previous year: none). Within the framework of share-based remuneration (see Note 1.4), 74,004 registered shares were allocated in the reporting year at an average defined value of CHF 35.12 (previous year: 76,000 registered shares at an average of CHF 34.44).

Accounting principles

The purchase of treasury shares is made at acquisition cost and is recognised as a negative item in equity. In the event of subsequent sale or allocation (supply) within the scope of share-based remuneration, any excess or shortfall is recognised in the capital reserves without affecting the income statement. Share-based remuneration allocations take place in accordance with the principles described in Note 1.4.

3.4 Derivative financial instruments

Stadler uses derivative financial instruments firstly to hedge contractually fixed cash flows from operating activities and in connection with financial transactions to cover interest rate and currency risks. Secondly, derivative financial instruments are used to hedge existing balance sheet items in foreign currencies.

in thousands of CHF	Purpose	31.12.2023		31.12.2022	
		Positive value	**(Negative value)**	**Positive value**	**(Negative value)**
Basic values					
Currency	Hedge	62,109	(23,925)	47,324	(21,255)
Interest	Hedge	242	–	656	(1,417)
Total derivative financial instruments		**62,351**	**(23,925)**	**47,980**	**(22,672)**
– thereof to hedge future cash flows		51,846	(17,946)	46,898	(16,592)
Total recognised values		**10,505**	**(5,979)**	**1,082**	**(6,080)**

Accounting principles

Derivative financial instruments are used to hedge future cash flows against foreign currency or interest rate risks. These instruments are not recognised in the balance sheet, but are disclosed in the notes until the hedged underlying transaction occurs. When the underlying transaction occurs, the current value of the derivative financial instrument is recognised in the balance sheet at the same time as the hedged transaction. If the occurrence of the future transaction is no longer expected, immediate recognition of the accumulated profits or losses is made. In such cases, positive replacement values are reported under other current receivables, and negative replacement values under other current liabilities. Positive or negative replacement values of derivative financial instruments used to hedge existing balance sheet items in foreign currencies are recognised in other current receivables or other current liabilities. The ineffective portion of a hedging relationship is recognised immediately in the income statement. All changes in the value of the hedging instrument are reported in the income statement under the same item as the changes in the value of the underlying transaction.

4. Group structure

The following section explains Stadler's structure including the main changes and the resulting effects on the consolidated financial statements. This section also contains disclosures on transactions with related parties and companies, and specifies the general consolidation principles.

4.1 Changes in the scope of consolidation

4.1.1 Changes in 2023

Additions (companies founded)

– As at 5 June 2023: Stadler Service Azerbaijan LLC, Baku, Azerbaijan (purpose: Service)

Additions (acquisitions of subsidiaries)

In September 2022, a contract was concluded with FWM-Fahrzeugwerke Miraustrasse GmbH (Hennigsdorf, Germany) for the purchase of an operating site, including buildings and operating equipment (property, plant and equipment), as well as for the takeover of employees. The closing conditions agreed upon in the purchase agreement were met in full on 3 January 2023. The purchase will therefore only be recognised in the consolidated financial statements from this date. The acquisition of this business will expand capacities for vehicle commissioning in Germany.

in thousands of CHF	Total
Net assets acquired at actual values	
Property, plant and equipment	9,158
Financial assets (deferred income tax assets)	949
Total net assets acquired at actual values	**10,107**
Goodwill	
Purchase price	12,321
Net assets acquired at actual values	(10,107)
Total goodwill	**2,214**
Net cash flow	
Purchase price	(12,321)
Cash and cash equivalents acquired	–
Net cash flow	**(12,321)**

In addition, a contract for the purchase of 100% of the capital shares of the limited liability partnership "ZSPV" (Astana, Kazakhstan) was concluded in December 2022 (share deal). This purchase was subject to various closing conditions, which were met on 27 January 2023. Consequently, the new company will only be included in the consolidated financial statements from this date. The acquisition is related to a major contract worth EUR 2.3 billion signed with Kazakhstan Railways (KTZ). In addition to the delivery of 537 sleeper and couchette cars, including a 20-year full service contract, the contract also includes the transfer of technology from Switzerland to Kazakhstan and the acquisition of the limited liability partnership "ZSPV", a local production plant with around 100 employees. The acquired company has since been renamed as the limited liability partnership "Stadler Kazakhstan".

in thousands of CHF	Total
Net assets acquired at actual values	
Cash and cash equivalents	80,153
Other current receivables	1
Accrued income and deferred expenses	14
Property, plant and equipment	21,285
Trade payables	(33)
Liabilities from work in progress	(79,920)
Other current liabilities	(23)
Deferred income and accrued expenses	(6)
Total net assets acquired at actual values	**21,471**
Goodwill	
Purchase price	24,113
Net assets acquired at actual values	(21,471)
Total goodwill	**2,642**
Net cash flow	
Purchase price	(24,113)
Cash and cash equivalents acquired	80,153
Net cash flow	**56,040**

The high level of cash and cash equivalents taken over results from advance payments received, recognised in liabilities from work in progress, in connection with the above-mentioned major contract with Kazakhstan Railways (KTZ).

Disposals (sales of minority interests)

Following the prior acquisition of 100% of the capital shares of the limited liability partnership "Stadler Kazakhstan", 49% of the capital shares were sold on with effect from 20 September 2023 as part of the establishment of a strategic partnership for the Kazakhstan region. CHF 0.6 million of profit from the sale of minority interests was recognised in "Other operating income".

in thousands of CHF	Total
Selling price	
Selling price of shares (not yet paid)	11,815
Minority interests disposed of	
Carrying amount of pro rata net assets	9,956
Total minority interests disposed of	**9,956**
Profit from sale of minority interests	
Selling price of shares	11,815
Less minority interests disposed of	9,956
Less goodwill Recycling	1,294
Total profit from sale of minority interests	**565**

The purchase price receivable was converted into a long-term interest-bearing loan.

Disposals (sales of subsidiaries)

Stadler CIS AG (Bussnang, Switzerland) and its subsidiaries Stadler Kazakhstan Ltd (Astana, Kazakhstan) and Stadler Service Kazakhstan Ltd (Astana, Kazakhstan) were sold with effect from 1 March 2023, Stadler CIS AG being a sales company for the CIS market. The two subsidiaries had been newly founded in the previous year and had not yet started their operational activities. The profit from the sale (CHF 1.9 million) was recognised in "Other operating income".

in thousands of CHF	Total
Net assets sold	
Cash and cash equivalents	33
Other current receivables	8
Other current liabilities	(3)
Total net assets sold	**38**
Sales profit	
Sales price (incl. settlement of previous intragroup financing of TCHF 1,159)	2,000
Net assets sold	(38)
Goodwill recycling	(18)
Total sales profit	**1,944**
Net cash flow	
Sales price (not yet paid)	–
Cash and cash equivalents disposed of	(33)
Net cash flow	**(33)**

Disposals (mergers within the scope of consolidation)

The net assets of BBR Intelis SA (Vufflens-la-Ville, Switzerland) were transferred to the parent company Stadler Signalling AG (Wallisellen, Switzerland) on 29 March 2023 with effect from 1 January 2023.

4.1.2 Changes in 2022

Additions (companies founded)

- As at 23 April 2022: Stadler Austria GmbH, Vienna, Austria (purpose: Sales)
- As at 1 June 2022: Stadler Kazakhstan Ltd, Astana, Republic of Kazakhstan (purpose: Rolling Stock)
- As at 26 July 2022: Stadler Service Kazakhstan Ltd, Astana, Republic of Kazakhstan (purpose: Service)

Additions (acquisitions of subsidiaries)

In December 2021, Stadler Signalling AG (Wallisellen, Switzerland) concluded an agreement for the purchase of 100% of the capital shares of each of the companies BBR Verkehrstechnik GmbH (Braunschweig, Germany), BBR rail automation GmbH (Braunschweig, Germany), BBR International Finance & Service GmbH (Braunschweig, Germany), BBR rail automation (US) Inc. (Atlanta, US) and BBR Intelis SA (Vufflens-la-Ville, Switzerland) (together: BBR). The capital shares were acquired on the date of acquisition, 27 May 2022, and the company is therefore included in the consolidated financial statements from this date.

The purchase price totalling CHF 52.2 million consisted of a cash component of CHF 30.3 million and a share component with an accepted value of CHF 21.9 million. The share component included the transfer of a total of 18.9% of the shares of Stadler Signalling AG to the seller of the BBR companies, which means that the seller is now a minority shareholder of Stadler Signalling AG and indirectly of the acquired BBR companies. The profit amounted to CHF 21.3 million and corresponds to the difference between the accepted value of the shares transferred and the minority interests handed over. The goodwill of CHF 64.4 million arising from the acquisition was recognised directly in equity.

As at 30 September 2022, the remaining 60% of the capital shares of Stadler Trains Mag. Zrt. (Budapest, Hungary) were acquired for a purchase price of TCHF 3 (previously recognised under investments in associated companies). The badwill of TCHF 59, i.e. the difference between the purchase price and the proportionately acquired net assets, was directly offset against equity.

Disposals (liquidations)
- As at 28 April 2022: OOO Stadler, Moscow, Russia (purpose: Sales)
- As at 22 September 2022: Stadler Reinickendorf GmbH, Berlin, Germany (purpose: Rolling Stock)

Disposals (mergers within the scope of consolidation)
The net assets of BÄR Bahnsicherung AG (Fehraltorf, Switzerland) were transferred to the parent company Stadler Signalling AG (Wallisellen, Switzerland) on 17 June 2022 with effect from 1 January 2022.

Furthermore, the net assets of the two companies BBR International Finance & Service GmbH (Braunschweig, Germany) and BBR rail automation GmbH (Braunschweig, Germany) were transferred to BBR Verkehrstechnik GmbH (Braunschweig, Germany) on 1 August 2022 with effect from 1 January 2022. BBR Verkehrstechnik GmbH was subsequently renamed Stadler Signalling Deutschland GmbH.

4.2 Scope of consolidation and consolidation principles

Accounting principles

The consolidated financial statements include the annual financial statements of Stadler Rail AG and the companies which Stadler Rail AG controls. Control exists provided Stadler Rail AG can determine the financial and business policy and thus also benefit from business activities. This is the case if more than 50% of the voting rights are held or if control can be otherwise exercised (see Note 4.4, “List of investments”).

Capital consolidation is based on the Anglo-Saxon purchase method. The equity of the Group companies on the date of acquisition or date of founding is offset against the carrying amount of the investment. On this date, the assets and liabilities of the Group company are valued at current values. Identifiable intangible assets that were not previously recognised by the acquired subsidiary are not recognised in the balance sheet. Any difference between the acquisition costs and the equity of the acquired company is recorded as positive or negative goodwill directly in retained earnings. Transaction costs incurred in connection with the acquisition of a company are included in acquisition costs.

The purchase of minority interests is also recognised using the purchase method. Positive or negative goodwill corresponding to the difference between the purchase price and the proportionate carrying amount of the minority interests is offset directly against retained earnings.

The acquisition costs also include deferred or owed purchase price payments. Contingent purchase price payments (e.g. earn-out) are recognised if they are considered probable. They are recorded in provisions until the date of payment. Changes in the estimate of the contingent purchase price payment are recognised directly in equity. Contingent purchase price payments affect goodwill and are offset directly against retained earnings.

On the basis of the full consolidation method, the assets, liabilities, income and expenses of the consolidated companies are recognised in full. Minority interests in equity and earnings are shown separately in the consolidated balance sheet and consolidated income statement.

All intragroup transactions and relationships are offset mutually and eliminated in the consolidated financial statements. Unrealised gains contained in inventories or work in progress resulting from intragroup deliveries are eliminated in full. Unrealised losses on intragroup transactions are also eliminated, unless there is evidence of impairment.

Investments over which a significant influence can be exercised are not fully consolidated. Significant influence is presumed if the share in voting rights is at least 20% but less than 50% and control cannot be exercised. Associated companies are accounted for using the equity method. The acquisition costs of the acquired company are offset against the net assets measured at current values on the date of acquisition. Any difference between the acquisition costs and the proportional equity of the acquired investment remaining after this revaluation is recorded as positive or negative goodwill directly in retained earnings. Transaction costs incurred in connection with the acquisition are part of the acquisition costs. The carrying amount is subsequently adjusted to reflect Stadler's share of the associated company's profit or loss for the year and changes in capital. They are shown in the consolidated balance sheet under investments in associated companies.

If significant influence continues to exist after the sale of shares in fully consolidated companies, the remaining equity investment is carried at the value of the proportionate equity and the proportionate goodwill, and the difference is recognised as a gain or loss in the income statement.

Investments of less than 20% are valued at acquisition cost less any value adjustments necessary for business reasons. They are reported under financial assets.

The presentation currency of the consolidated financial statements is the Swiss franc (CHF). The annual financial statements of Group companies in foreign currency are converted into Swiss francs as follows:
– Assets and liabilities at closing rates
– Equity at historical rates
– Income statements at average rates for the year
– Cash flow statements at average rates for the year

Cumulative currency translation differences are offset directly against retained earnings on the disposal of foreign subsidiaries.

Gains and losses from transactions in foreign currencies and from adjustments on foreign currency balances at the balance sheet date are recognised in the income statement.

Conversion rates in CHF:

	Average rates		Closing rates	
	2023	2022	31.12.2023	31.12.2022
Currency				
EUR	0.9719	1.0049	0.9260	0.9896
USD	0.8990	0.9551	0.8380	0.9245
GBP	1.1173	1.1793	1.0655	1.1187
NOK	0.0852	0.0995	0.0824	0.0943
PLN	0.2141	0.2147	0.2134	0.2113
HUF	0.0025	0.0026	0.0024	0.0025
CZK	0.0405	0.0409	0.0375	0.0410
DZD	0.0066	0.0067	0.0062	0.0067
SEK	0.0847	0.0946	0.0835	0.0888
RUB	0.0104	0.0142	0.0094	0.0125
RSD	0.0083	0.0086	0.0079	0.0084
DKK	0.1304	0.1351	0.1242	0.1331
GEL	0.3428	0.3300	0.3110	0.3500
KZT	0.0020	0.0021	0.0018	0.0020
AZN	0.5287	n/a	0.4918	n/a

4.3 Investments in associated companies

in thousands of CHF	2023	2022
Investments in associated companies		
Balance at 1 January	19,465	17,597
Share of results from associated companies	3,832	2,775
Dividends received	(661)	–
Reclassifications of shares already held	–	(42)
Currency translation differences	(1,391)	(865)
Balance at 31 December	**21,245**	**19,465**

In 2019, various contingent purchase price payments in connection with the AngelStar S.r.l. joint venture were recognised as provisions and offset directly against retained earnings as an increase in goodwill. In the reporting year, a payment of CHF 1.0 million became due upon fulfilment of a condition. However, as the remaining purchase price conditions had not been met, the remaining provision of CHF 2.2 million was reversed. Goodwill was reduced by the equivalent amount, which in turn was offset directly against retained earnings.

The remaining 60% of the capital shares of Stadler Trains Mag. Zrt. (Budapest, Hungary) were acquired in the previous year, and the company has been fully consolidated since then. The previous proportional net assets have been reclassified accordingly.

4.4 List of investments

All subsidiaries which are under the legal or effective control of Stadler Rail AG are included in the consolidated financial statements. This applies to the investments shown below.

The stakes/capital shares shown here also correspond to the respective proportion of voting rights.

Country	Company	Headquarters	Operating currency	Basic capital in thousands	Share in % 31.12.2023	Share in % 31.12.2022	Consolidation	Function
Switzerland								
	Stadler Rail AG	Bussnang	CHF	20,000				CS
	Stadler Rail Management AG	Bussnang	CHF	100	100	100	▯	E, V, CS
	Stadler Bussnang AG	Bussnang	CHF	10,000	100	100	▯	P, E
	Stadler Rheintal AG	St. Margrethen	CHF	2,000	100	100	▯	P, E
	Stadler Winterthur AG	Winterthur	CHF	800	100	100	▯	P
	Stadler Service AG	Bussnang	CHF	200	100	100	▯	E, S, V, CS
	Stadler Stahlguss AG	Biel	CHF	1,000	100	100	▯	P
	Stadler CIS AG (sold as of 1 March 2023)	Bussnang	CHF	500	–	100	▯	V
	Stadler Signalling AG	Wallisellen	CHF	100	81	81	▯	P, E, V, CS
	BBR Intelis SA (merged on 1 January 2023 with Stadler Signalling AG)	Vufflens-la-Ville	CHF	200	–	100	▯	P, E
Algeria								
	Stadler Algérie Eurl	Algiers	DZD	1,200	100	100	▯	S
Azerbaijan								
	Stadler Service Azerbaijan LLC	Baku	AZN	1	100	–	▯	S
Belarus								
	CJSC Stadler Minsk	Minsk	EUR	51,322	100	100	▯	P, E, V

Denmark								
	Stadler Service Denmark Aps	Aarhus	DKK	50	100	100	□	S
Germany								
	Stadler Deutschland GmbH	Berlin	EUR	6,180	100	100	□	P, E, V, CS
	STAP Grundstücks-Vermietungsgesellschaft GmbH	Berlin	EUR	25	100	100	□	I
	Stadler Rail Service Deutschland GmbH	Berlin	EUR	3,500	100	100	□	S
	Stadler Chemnitz GmbH	Chemnitz	EUR	25	100	100	□	E
	Stadler Mannheim GmbH	Mannheim	EUR	100	100	100	□	E
	Stadler Signalling Deutschland GmbH (formerly BBR Verkehrstechnik GmbH)	Braunschweig	EUR	3,000	100	100	□	P, E
Finland								
	Stadler Service Finland Oy	Helsinki	EUR	–	100	100	□	S
France								
	Erion France S.A.S.	Montceau-les-Mines	EUR	150	100	100	□	S
Georgia								
	Stadler Service Georgia LLC	Tbilisi	GEL	–	100	100	□	S
Great Britain								
	Stadler Rail Service UK Ltd.	Liverpool	GBP	0.001	100	100	□	S
Italy								
	Stadler Service Italy S.r.l.	Merano	EUR	10	100	100	□	S
	AngelStar S.r.l.	Mola di Bari	EUR	3,000	40	40	Δ	E
Kazakhstan								
	Limited liability partnership “Stadler Kazakhstan”	Astana	KZT	5,846,319	51	–	□	P, E
	Stadler Kazakhstan Ltd. (sold as of 1 March 2023)	Astana	KZT	4,623	–	100	□	P, E
	Stadler Service Kazakhstan Ltd. (sold as of 1 March 2023)	Astana	KZT	4,623	–	100	□	S
Netherlands								
	Stadler Service Nederland B.V.	Apeldoorn	EUR	20	100	100	□	S
	WHAT B.V.	Venlo	EUR	1	50	50	Δ	I
Norway								
	Stadler Service Norway AS	Oslo	NOK	33	100	100	□	S
Austria								
	ÖBB Stadler Service GmbH	Vienna	EUR	200	40	40	Δ	S
	Stadler Austria GmbH	Vienna	EUR	35	100	100	□	V, E
Poland								
	Stadler Polska Sp. z o.o.	Siedlce	PLN	1,000	100	100	□	P, E, V, CS
	Stadler Service Polska Sp. z o.o.	Warsaw	PLN	100	100	100	□	S
	Stadler Środa Sp. z o.o.	Środa Wielkopolska	PLN	25,505	100	100	□	P
Russia								
	LLC Stadler Rus	Moscow	RUB	500	100	100	□	S
Sweden								
	Stadler Service Sweden AB	Stockholm	SEK	50	100	100	□	S
Serbia								
	Stadler Rail d.o.o.	Belgrade	RSD	60	100	100	□	S
Spain								
	Stadler Rail Valencia S.A.U.	Albuixech Valencia	EUR	18,060	100	100	□	P, E, S, V, CS
	Erion Mantenimiento Ferroviario S.A.	Madrid	EUR	500	51	51	□	S
Czech Republic								
	Stadler Praha s.r.o.	Prague	CZK	2,000	100	100	□	E
Turkey								
	Stadler Demiryolu Araçları Servisi Anonim Şirketi	Ataşehir	EUR	100	100	100	□	S
Hungary								
	Stadler Trains Mag. Zrt.	Budapest	HUF	23,000	100	100	□	V
	Stadler Szolnok Kft.	Szolnok	HUF	400,000	100	100	□	P
	Stadler Mag. Vas. Karb.	Pusztaszabolcs	HUF	320,000	100	100	□	S
USA								
	Stadler US Inc.	Salt Lake City	USD	100	100	100	□	P, E, S, V
	BBR rail automation (US) Inc.	Atlanta	USD	10	100	100	□	E

Consolidation		**Function**	
▯	Fully consolidated company	P	Production
∆	Equity method	E	Engineering
		S	Service
		V	Sales
		I	Property
		CS	Corporate Services

4.5 Related parties and companies

Related parties and companies are associated companies as well as members of the Board of Directors, members of the Group Executive Board, pension funds and shareholders with at least 20% of the voting rights in Stadler Rail AG, as well as companies controlled by the aforementioned related parties and companies. Transactions with related parties are generally based on market conditions. All transactions are included in the consolidated financial statements.

in thousands of CHF	31.12.2023	31.12.2022
Balance sheet		
Advance payments to suppliers (Note 1.2)	44,913	32,877
Advance payments from customers (Note 1.2)	64,655	205,811
Trade receivables (Note 2.1)	2,358	3,429
Trade payables (Note 2.1)	1,735	5,364
Other financial assets (Note 2.4)	2,424	2,743
Other current receivables (Note 2.7)	161	–
Liabilities from the purchase of non-current assets (Note 2.7)	–	1,719

in thousands of CHF	2023	2022
Income statement		
Purchase of goods and services	98,265	94,412
Sale of goods and services	161,686	54,781
Interest received	117	242
Interest paid	350	–
Dividends received	661	–

As in the previous year, the sale of goods and services for CHF 161.7 million (previous year: CHF 54.8 million) is mainly attributable to the sale of locomotives to the related company European Loc Pool AG (subsidiary of PCS Holding AG).

As in the previous year, advance payments from customers of CHF 64.7 million (previous year: CHF 205.8 million) originate mainly from European Loc Pool AG from orders for the delivery of locomotives. The previous year also included an advance payment from Rolling Stock Finance AG (subsidiary of PCS Holding AG) in connection with the delivery of KISS trains.

The purchase of goods and services totalled CHF 98.3 million (previous year: CHF 94.4 million). Of this amount, approximately CHF 82.3 million (previous year: CHF 80.6 million) was spent on purchases for the execution of orders, in particular the purchase of air compressors from the related company Aebi Schmidt Group (subsidiary of PCS Holding AG), the purchase of traction systems from the related company Traktionssysteme Austria GmbH (subsidiary of PCS Holding AG) and the purchase of ETCS systems from the associated company AngelStar S.r.l. In addition, CHF 16.0 million (previous year: CHF 13.8 million) in services were purchased from the related company Innflow AG (subsidiary of PCS Holding AG) in connection with the replacement of ERP systems. This resulted in a liability from the purchase of non-current assets of CHF 1.7 million in the previous year.

PCS Holding AG (and its subsidiaries) is an organisation which indirectly, through its owner Peter Spuhler, has a significant influence on Stadler and is regarded as a related party within the meaning of FER 15/2.

4.6 Goodwill

Accounting principles

Goodwill resulting from an acquisition is recorded in retained earnings on the date of acquisition. When shares of a Group company are sold, the goodwill historically recorded in retained earnings is transferred to the income statement. The effects of theoretical capitalisation and amortisation, including any impairment resulting from the assessment of recoverability, are shown below. For this shadow accounting, in principle the goodwill is depreciated on a straight-line basis over the economic useful life; normally five years.

Effects of theoretical capitalisation of goodwill on the balance sheet:

in thousands of CHF	31.12.2023	31.12.2022
Effects of theoretical capitalisation of goodwill on the balance sheet		
Shareholders' equity including minority interests	819,260	779,094
Equity ratio	16.36%	17.72%
Acquisition value of goodwill at the beginning of the year	242,190	177,830
Additions	4,856	64,360
Disposals	(3,534)	–
Acquisition value of goodwill at the end of the year	243,512	242,190
Accumulated amortisation of goodwill at the beginning of the year	173,453	160,277
Amortisation current year	17,439	13,176
Disposals	(1,883)	–
Accumulated amortisation of goodwill at the end of the year	189,009	173,453
Theoretical net carrying amount of goodwill	**54,503**	**68,737**
Theoretical equity including minority interests and net carrying amount of goodwill	**873,763**	**847,831**
Theoretical equity ratio	17.26%	18.99%

Effects of theoretical amortisation of goodwill on profit for the year:

in thousands of CHF	2023	2022
Effects of theoretical amortisation of goodwill on profit for the year		
Reported profit for the year	138,563	75,124
Theoretical amortisation of goodwill	(17,439)	(13,176)
Annual profit after theoretical amortisation of goodwill	**121,124**	**61,948**

5. Other information

5.1 Financial result

in thousands of CHF	2023	2022
Financial income		
Interest income	36,785	1,895
Total financial revenue	**36,785**	**1,895**
Financial expenses		
Interest expenses	(21,358)	(22,729)
Interest expenses on finance leases	(536)	(724)
Bank charges incl. hedging costs	(10,012)	(5,926)
Order-related bank guarantee costs	(28,165)	(37,871)
Foreign exchange losses (net)	(11,389)	(56,661)
Total financial expenses	**(71,460)**	**(123,911)**
Net financial result	**(34,675)**	**(122,016)**

The increase in interest income is the result of cash and cash equivalents, in particular from advance payments received from customers that were invested in short-term financial assets. As in the previous year, exchange rate losses are mainly due to the foreign currency valuation of balance sheet items. Although the general interest rate level rose further in 2023, interest expenses fell compared to the previous year, as operating loans and project financing were repaid in the reporting year. The reduction in order-related bank guarantee costs is due to the fact that fewer vehicles were sold in the reporting year than in the previous year for which bank guarantees were issued.

5.2 Other operating income/expenses

Other operating income

in thousands of CHF	2023	2022
Other operating income		
Government grants	336	290
Reversal of process provisions (net)	–	156
Profit from sale of subsidiaries	1,944	–
Profit from sale of minority interests	565	21,302
Reversal of social security and personnel-related accruals	62	73
Credit from coronavirus support programme in the USA	–	7,344
Proceeds from receivables written off incl. changes in value adjustment (net)	–	49
Proceeds from recycling	2,079	1,751
Proceeds from sale design documentation	4,074	–
Miscellaneous	1,878	1,802
Total other operating income	**10,938**	**32,767**

Profit from the sale of subsidiaries totalling CHF 1.9 million was generated by the sale of Stadler CIS AG. In addition, the sale of minority interests in the limited liability partnership “Stadler Kazakhstan” resulted in profit of CHF 0.6 million. The profit of CHF 21.3 million from the sale of minority interests recorded in the previous year was due to the sale of shares in Stadler Signalling AG in connection with the acquisition of the BBR companies. Further information can be found in Note 4.1 “Changes in the scope of consolidation”.

Other operating expenses

in thousands of CHF	2023	2022
Other operating expenses		
Change in value adjustments on inventories (net)	(1,224)	(3,052)
Depreciation of SILEX properties, Stadler Rail patents	(3,874)	(3,089)
Loss on disposal of non-current assets (net)	(1,499)	(1,379)
Losses on receivables incl. changes in value adjustment (net)	(103)	–
Expenses for litigation and recognition of process provisions (net)	(1,471)	–
Expenses in connection with the occupation of new buildings	(2,973)	–
Miscellaneous	(4,066)	(1,340)
Total other operating expenses	**(15,210)**	**(8,860)**

5.3 Income taxes

in thousands of CHF	2023	2022
Income taxes		
Current income taxes	(33,391)	(24,765)
Deferred income taxes	19,938	14,159
Total income taxes	**(13,453)**	**(10,606)**

in thousands of CHF	2023	2022
Income taxes		
Income taxes before consideration of losses carried forward	741	(9,083)
Effect of non-capitalisation of losses carried forward	(16,518)	(2,368)
Effect of the use of non-capitalised losses carried forward	1,254	515
Effect from capitalisation of previously unrecognised losses carried forward	1,181	330
Effect of the reassessment of previously capitalised losses carried forward	(111)	–
Income taxes after consideration of losses carried forward	**(13,453)**	**(10,606)**

The average applicable tax rate in relation to the ordinary result and deferred taxes is 18.5% (previous year: 16.5%).

The Stadler Rail Group falls within the scope of the OECD model rules (OECD Pillar Two). The corresponding legislation was enacted in Switzerland with effect from 1 January 2024. As the OECD Pillar Two rules were not yet in force in the reporting period, Stadler does not yet have any associated direct tax burden. From 1 January 2024, Stadler will be obliged to pay a supplementary tax if the minimum tax rate of 15% per country is not reached. The quantitative effects of the legislation adopted cannot yet be estimated to a sufficient extent.

in thousands of CHF	31.12.2023	31.12.2022
Entitlement for deferred income taxes on non-capitalised, unused tax loss carryforwards		
Expiration after 2023 (or 2022 for previous year)	36,207	26,393
Total entitlement for deferred income taxes on non-capitalised, unused tax loss carryforwards	**36,207**	**26,393**

Accounting principles

Income taxes include both current and deferred income taxes. Current income taxes are calculated applying current tax rates to the taxable annual income or expected taxable income of the year according to the respective tax law regulations for calculating profit. Deferred income taxes are recognised for valuation differences between assets and liabilities measured according to uniform group-wide guidelines in relation to the respective tax values. Deferred tax liabilities are recognised in the balance sheet under the item “Provisions”. Deferred tax assets from losses carried forward and from deductible temporary differences are recognised to the extent that they are likely to be offset against future taxable profits.

Deferred taxes are calculated on the basis of the expected tax rates applicable to the individual companies for the corresponding assets and liabilities.

5.4 Employee benefits

There were no employer contribution reserves either in the reporting year or in the previous year.

Economic benefit/obligation and employee benefit expenses:

in thousands of CHF	Surplus / Deficit	Economic part of the organisation		Currency translation differences	Change from previous year	Contributions concerning the business period	Pension benefit expenses within personnel expenses	
	31.12.2023	31.12.2023	31.12.2022	2023	2023	2023	2023	2022
Economic benefit / economic obligation and pension benefit expenses								
Pension plans without surplus / deficit	–	–	–	–	–	26,967	26,967	24,747
Pension fund without own assets	–	3,970	2,585	(198)	1,583	6,811	8,394	7,827
Total economic benefit / economic obligation and pension benefit expenses	**–**	**3,970**	**2,585**	**(198)**	**1,583**	**33,778**	**35,361**	**32,574**

in thousands of CHF	Surplus / Deficit	Economic part of the organisation		Currency translation differences	Change from previous year	Contributions concerning the business period	Pension benefit expenses within personnel expenses	
	31.12.2022	31.12.2022	31.12.2021	2022	2022	2022	2022	2021
Economic benefit / economic obligation and pension benefit expenses								
Pension plans without surplus / deficit	–	–	–	–	–	24,747	24,747	22,814
Pension fund without own assets	–	2,585	2,722	(207)	70	7,757	7,827	7,714
Total economic benefit / economic obligation and pension benefit expenses	**–**	**2,585**	**2,722**	**(207)**	**70**	**32,504**	**32,574**	**30,528**

Accounting principles

Assets and liabilities from employee benefits (incl. employer contribution reserve)
The employee benefit plans are either financially independent entities and foundations outside of Stadler (funded plans) or unfunded plans with a corresponding liability in the balance sheet. Financing is provided by employee and employer contributions. The actual economic impact of all employee benefit plans that provide benefits for retirement, death or disability are calculated as at the balance sheet date. In the case of foreign plans, the provisions calculated according to local regulations are included in the consolidated financial statements. A benefit resulting from employer contribution reserves is recognised as an asset. Any additional economic benefit (from a surplus in pension fund cover) is not capitalised. An economic obligation is recognised as a liability if the conditions for the recognition of a provision are met.

5.5 Non-operating result

Following the IPO on 12 April 2019, all shares from the former employee share plan (MAP for short) are freely tradable. The sale of the shares could result in tax consequences for the sellers (taxable income from equity securities). If it is determined that taxable income exists in principle, this is also subject to social insurance contributions to be settled with the social insurance authorities.

The social security contributions for the employer resulting from the sales are recorded in non-operating expenses. The social security contributions payable by Stadler on MAP sales are directly attributable to the IPO, which is not directly related to the ordinary course of business.

5.6 Events after the reporting date

No events occurred after the reporting date that could have a significant impact on the 2023 consolidated financial statements.

5.7 Approval of the consolidated financial statements

The 2023 financial statements were approved by the Board of Directors on 12 March 2024 and will be recommended for approval at the Annual General Meeting on 22 May 2024.

Statutory Auditor's Report

To the General Meeting of Stadler Rail AG, Bussnang

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Stadler Rail AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023 and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 75 to 119) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

VALUATION OF WORK IN PROGRESS “UNITS OF DELIVERY”

REVENUE RECOGNITION IN THE ROLLING STOCK BUSINESS SEGMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

VALUATION OF WORK IN PROGRESS "UNITS OF DELIVERY"

Key Audit Matter

As at 31 December 2023, work in progress "units of delivery" amounts to CHF 976 million and liabilities from work in progress "units of delivery" amounts to CHF 2'511 million.

Work in progress "units of delivery" (gross, before advance payments to suppliers and advance payments from customers) correspond to the accumulated manufacturing costs less the costs of the units already delivered. The manufacturing costs include order-specific material and external service costs, material overheads as well as production, engineering and project management costs.

Upon delivery of a unit, the proportionate manufacturing costs in relation to the estimated total costs are recognized in the income statement. When determining the estimated total costs, there is uncertainty regarding future costs. Therefore, there is significant judgement involved, and management has to make assumptions and estimates.

Due to the extended manufacturing time, there is also a risk that the total costs will change due to inaccurate estimates and have to be reassessed, whereby loss-making orders may not be identified, or not in due time.

Moreover, there is a risk that cost rates are calculated incorrectly or costs are charged to the wrong project.

Our response

Our procedures included amongst others an assessment of the processes and the relevant controls in the areas of order processing, project controlling and valuation of work in progress.

On a sample basis, we have reconciled new projects to the corresponding contracts. Furthermore, we have examined the correct allocation of costs based on the implemented key controls.

Moreover, for ongoing projects we have critically assessed on a sample basis the appropriateness of the estimates and assumptions regarding the total costs as well as their development over time by performing a retrospective comparison of the initially budgeted total costs and the currently estimated total costs.

Furthermore, we have challenged the valuation of work in progress by comparing the estimated total costs with the expected revenues.

For further information on VALUATION OF WORK IN PROGRESS "UNITS OF DELIVERY" refer to the following:

— 1.2 „Work in progress", pages 87 to 89

KPMG

REVENUE RECOGNITION IN THE ROLLING STOCK BUSINESS SEGMENT

Key Audit Matter

In 2023, net sales of goods and services to third parties in the Rolling Stock business segment amount to CHF 3'081 million, thereof CHF 3'047 million according to the Percentage of Completion method.

Revenue recognition in the Rolling Stock business segment is performed almost entirely according to the Percentage of Completion method, whereby the degree of completion is determined following the Units of Delivery method.

Revenue is usually recognized upon acceptance of a unit by the customer, whereby a unit generally corresponds to a vehicle or wagon. The degree of completion is the ratio between the delivered units and the total quantity to be delivered according to a contract.

In some justified cases, acceptance can be delayed only due to administrative or organizational matters. In such cases, revenue is recognized before acceptance, when all significant performance obligations are fulfilled.

In case of revenue recognition before acceptance of a unit, management applies judgement when assessing the fulfillment of the performance obligations. Consequently, there is a risk that revenues are recognized in the wrong period.

Our response

Our procedures included amongst others an assessment of the processes and the relevant controls regarding revenue recognition.

On a sample basis, we have furthermore assessed the point in time at which revenue was recognized, focusing on transactions around the balance sheet date, by using appropriate third-party evidence (such as contracts or acceptance records).

In cases where revenue was recognized before acceptance by the customer, we have challenged management's assessment by using appropriate evidence.

For further information on REVENUE RECOGNITION IN THE ROLLING STOCK BUSINESS SEGMENT refer to the following:

— 1.1 „Segment reporting“, pages 84 to 86

— 1.2 „Work in progress“, pages 87 to 89

— 1.3 „Compensation claims from work in progress”, page 90

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

Nicolas Wuffli
Licensed Audit Expert

Zurich, 12 March 2024

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Financial statements of Stadler Rail AG

Income statement

in CHF	Note	2023		2022	
Dividend income		90,089,070		96,618,647	
Other financial income	2.6	59,283,196		34,140,875	
Other operating income	2.7	51,209,747		82,100,962	
Operating income		**200,582,013**	**100.0%**	**212,860,484**	**100.0%**
Financial expenses	2.8	(57,605,394)		(30,944,642)	
Personnel expenses		(7,605,948)		(5,206,445)	
Other operating expenses	2.9	(12,244,074)		(7,927,722)	
Profit before taxes		**123,126,597**	**61.4%**	**168,781,675**	**79.3%**
Income taxes		(5,499,338)		(7,671,806)	
Profit for the year		**117,627,259**	**58.6%**	**161,109,869**	**75.7%**

Balance sheet

in CHF	Note	31.12.2023		31.12.2022	
Assets					
Cash and cash equivalents		132,814,952		50,013,223	
Other current receivables					
– from third parties		3,008,832		621,099	
– from related parties		–		283,014	
– from group companies		113,688,510		340,794,498	
Accrued income and deferred expenses		670,904		765,195	
Total current assets		**250,183,198**	**19.7%**	**392,477,029**	**34.2%**
Financial assets	2.1	550,711,205		400,695,116	
Investments	2.2	471,168,703		353,488,433	
Total non-current assets		**1,021,879,908**	**80.3%**	**754,183,549**	**65.8%**
Total assets		**1,272,063,106**	**100.0%**	**1,146,660,578**	**100.0%**
Liabilities & equity					
Current interest-bearing liabilities					
– from third parties		–		79,686,800	
– from group companies		–		79,164,800	
Other current liabilities					
– from third parties		956,396		588,434	
– from related parties		–		19,508	
– from group companies		504,778,137		311,944,194	
Current provisions		6,733,195		16,901,039	
Deferred income and accrued expenses		4,903,467		4,005,446	
Total current liabilities		**517,371,195**	**40.7%**	**492,310,221**	**42.9%**
Non-current interest-bearing liabilities					
– from third parties	2.3	300,000,000		300,000,000	
– from group companies		72,600,000		–	
Total non-current liabilities		**372,600,000**	**29.3%**	**300,000,000**	**26.2%**
Total liabilities		**889,971,195**	**70.0%**	**792,310,221**	**69.1%**
Share capital	2.4	20,000,000		20,000,000	
Legal retained earnings					
– General legal retained earnings		4,000,000		4,000,000	
Treasury shares	2.5	(7,775)		(99,221)	
Available earnings					
– Result carried forward		240,472,427		169,339,709	
– Profit for the year		117,627,259		161,109,869	
Total equity		**382,091,911**	**30.0%**	**354,350,357**	**30.9%**
Total liabilities & equity		**1,272,063,106**	**100.0%**	**1,146,660,578**	**100.0%**

Notes to the financial statements

1. Principles

General information
These financial statements have been prepared in accordance with the provisions of Swiss Accounting Law (32nd title of the Swiss Code of Obligations). The main valuation principles that are not required by law are described below.

Financial assets
Financial assets include long-term loans and securities with market prices. Loans granted in foreign currencies are valued at the current balance sheet date, whereby unrealised losses are recorded, whereas unrealised gains are not recognised (imparity principle).

Investments
Investments were valued at acquisition cost less any necessary value adjustments. The principle of individual valuation is applied.

Bond issues
Bonds are carried at nominal value under interest-bearing financial liabilities. The issuing costs incurred in connection with the issue of the bond are capitalised under accrued income/deferred expenses and amortised over the term of the bond. Any premiums received on the issue of the bond are recognised under deferred income/accrued expenses and amortised over the term of the bond. The reversal of the issuing costs and of the premium are recognised in the financial result.

Treasury shares
Treasury shares are recognised at acquisition cost and deducted from equity on the date of acquisition. In the event of subsequent sale or allocation (supply) within the scope of share-based remuneration, the gain or loss is recognised through retained earnings without affecting the income statement.

Share-based remuneration
The members of the Board of Directors have the option to have their fee paid in cash and/or in shares. In addition, members of the Group Executive Board (GEB), the extended GEB as well as managerial levels 1 and 2 receive between 20% and 100% of their variable remuneration in the form of shares. The shares are subject to a four-year vesting period after allocation and are allocated at a vesting discount of 20% in relation to the defined value. The expense for the remuneration of the Board of Directors is recognised in the income statement at the current value of the allocation. The expense for the variable remuneration of the (extended) GEB and managerial levels 1 and 2 is recognised and carried as a liability in the year in which the benefit is provided. Any differences in relation to the effective allocation value are corrected in the following year and recognised in the income statement.

Forgoing a cash flow statement and additional disclosures in the notes
Since Stadler Rail AG has prepared consolidated financial statements in accordance with a recognised accounting standard (Swiss GAAP FER), in these financial statements it has decided to forgo presenting additional information in the notes on interest-bearing liabilities and audit fees, or to provide a cash flow statement, in accordance with the legal requirements.

2. Information on balance sheet and income statement items

2.1 Financial assets

in CHF	31.12.2023	31.12.2022
Loans to third parties	14,695,125	16,211,810
Loans to group companies	536,016,080	384,483,306
Total financial assets	**550,711,205**	**400,695,116**

2.2 Investments

Direct investments

Company	Headquarters	Share of capital and voting rights in %	
		31.12.2023	**31.12.2022**
Stadler Rail Management AG	Bussnang (CH)	100	100
Stadler Bussnang AG	Bussnang (CH)	100	100
Stadler Rheintal AG	St. Margrethen (CH)	100	100
Stadler Winterthur AG	Winterthur (CH)	100	100
Stadler Service AG	Bussnang (CH)	100	100
Stadler CIS AG (sold as of 1 March 2023)	Bussnang (CH)	–	100
Stadler Signalling AG	Wallisellen (CH)	81	81
CJSC Stadler Minsk	Minsk (BY)	100	100
Stadler Deutschland GmbH	Berlin (DE)	100	100
AngelStar S.r.l.	Mola di Bari (IT)	40	40
Stadler Austria GmbH	Vienna (AT)	100	100
Stadler Polska Sp. z o.o.	Siedlce (PL)	100	100
Stadler Środa Sp. z o.o.	Środa Wielkopolska (PL)	100	100
Stadler Rail Valencia S.A.U.	Albuixech Valencia (ES)	100	100
Stadler Praha s.r.o.	Prague (CZ)	100	100
Stadler Trains Mag. Zrt.	Budapest (HU)	100	100
Stadler Szolnok Kft.	Szolnok (HU)	100	100
Stadler US Inc.	Salt Lake City (US)	100	100

Indirect investments

Company	Headquarters	Share of capital and voting rights in %	
		31.12.2023	31.12.2022
Stadler Stahlguss AG	Biel (CH)	100	100
BBR Intelis SA (merged on 1 January 2023 with Stadler Signalling AG)	Vufflens-la-Ville (CH)	–	100
Stadler Algérie Eurl	Algiers (DZ)	100	100
Stadler Service Azerbaijan LLC	Baku (AZ)	100	–
Stadler Service Denmark Aps	Aarhus (DK)	100	100
STAP Grundstücks-Vermietungsgesellschaft GmbH	Berlin (DE)	100	100
Stadler Rail Service Deutschland GmbH	Berlin (DE)	100	100
Stadler Chemnitz GmbH	Chemnitz (DE)	100	100
Stadler Mannheim GmbH	Mannheim (DE)	100	100
Stadler Signalling Deutschland GmbH (formerly BBR Verkehrstechnik GmbH)	Braunschweig (DE)	100	100
Stadler Service Finland Oy	Helsinki (FI)	100	100
Erion France S.A.S.	Montceau-les-Mines (FR)	100	100
Stadler Service Georgia LLC	Tbilisi (GE)	100	100
Stadler Rail Service UK Ltd.	Liverpool (GB)	100	100
Stadler Service Italy S.r.l.	Merano (IT)	100	100
Limited liability partnership “Stadler Kazakhstan”	Astana (KZ)	51	–
Stadler Kazakhstan Ltd. (sold as of 1 March 2023)	Astana (KZ)	–	100
Stadler Service Kazakhstan Ltd. (sold as of 1 March 2023)	Astana (KZ)	–	100
Stadler Service Nederland B.V.	Apeldoorn (NL)	100	100
WHAT B.V.	Venlo (NL)	50	50
Stadler Service Norway AS	Oslo (NO)	100	100
ÖBB Stadler Service GmbH	Vienna (AT)	40	40
Stadler Service Polska Sp. z o.o.	Warsaw (PL)	100	100
LLC Stadler Rus	Moscow (RU)	100	100
Stadler Service Sweden AB	Stockholm (SE)	100	100
Stadler Rail d.o.o.	Belgrade (RS)	100	100
Erion Mantenimiento Ferroviario S.A.	Madrid (ES)	51	51
Stadler Demiryolu Araçları Servisi Anonim Şirketi	Ataşehir (TR)	100	100
Stadler Mag. Vas. Karb.	Pusztaszabolcs (HU)	100	100
BBR rail automation (US) Inc.	Atlanta (US)	100	100

2.3 Non-current interest-bearing liabilities

On 20 November 2019, Stadler issued a bond for a total of CHF 300.0 million with a coupon of 0.375%. The issue price was 100.553% of the nominal value. It will be redeemed at par value on 20 November 2026. The bond is listed on the SIX Swiss Exchange.

2.4 Share capital

The share capital of CHF 20.0 million consists of 100 million registered shares with a par value of CHF 0.20 each (31 December 2022: 100 million registered shares with a par value of CHF 0.20 each).

As at 31 December 2023, Stadler had conditional share capital of a maximum of CHF 0.4 million (previous year: CHF 0.4 million) and a capital band of between CHF 19.0 million (lower limit) and CHF 22.0 million (upper limit). The capital band was created at the Annual General Meeting on 12 May 2023.

No shares had been issued from the authorised share capital of a maximum of CHF 2.0 million by the expiry of the two-year authorisation period on 6 May 2023.

2.5 Treasury shares

	Number (pcs.)	Par value (CHF)	Average transaction price (CHF)	Carrying amount (CHF)
Stock at 1 January 2022	34,587	0.20	38.60	1,335,180
Purchases from third parties	44,500	0.20	34.17	1,520,614
Allocations of share-based payments to the Board of Directors	(15,000)	0.20	34.77	(521,489)
Allocations of share-based payments to the Group Executive Board	(23,003)	0.20	34.36	(790,383)
Sales to subsidiaries for share-based payments	(37,997)	0.20	34.36	(1,305,577)
Adjustment to average price				(139,124)
Stock at 31 December 2022	**3,087**	**0.20**	**32.14**	**99,221**
Stock at 1 January 2023	3,087	0.20	32.14	99,221
Purchases from third parties	71,169	0.20	35.58	2,532,323
Allocations of share-based payments to the Board of Directors	(9,202)	0.20	35.22	(324,136)
Allocations of share-based payments to the Group Executive Board	(28,696)	0.20	35.10	(1,007,230)
Sales to subsidiaries for share-based payments	(36,106)	0.20	35.10	(1,267,320)
Adjustment to average price				(25,083)
Stock at 31 December 2023	**252**	**0.20**	**30.85**	**7,775**

2.6 Other financial income

in CHF	2023	2022
Granting of group guarantees	2,998,855	2,520,180
Interest from loans to group companies	22,838,298	9,342,585
Interest from third parties	4,864,388	735,647
Foreign exchange gains	28,581,655	21,542,463
Total other financial income	**59,283,196**	**34,140,875**

2.7 Other operating income

in CHF	2023	2022
Income from services	12,543,000	16,628,725
Income from royalties	38,325,824	43,559,000
Profit from sale of minority interests	–	21,913,237
Profit from sale of subsidiaries	340,923	–
Total other operating income	**51,209,747**	**82,100,962**

The profit from the sale of subsidiaries results from the sale of Stadler CIS AG (direct investment; see page 108). In the previous year, a total of 18.9% of the shares in Stadler Signalling AG were transferred to the seller of the BBR companies as part of the purchase price in connection with the acquisition of the BBR companies (see page 108) by Stadler Signalling AG (direct investment), which means that the seller is now a minority shareholder in Stadler Signalling AG. The gain from the sale of the shares amounted to CHF 21.9 million, which corresponds to the defined value of the transferred shares and the original acquisition costs.

2.8 Financial expenses

in CHF	2023	2022
Bank interest and fees	3,734,663	3,531,808
Interest to group companies	18,555,157	3,401,298
Foreign exchange losses	35,315,574	24,011,536
Total financial expenses	**57,605,394**	**30,944,642**

2.9 Other operating expenses

in CHF	2023	2022
Administrative expenses	2,458,373	1,535,946
Consulting expenses	546,829	729,127
Other operating expenses	9,238,872	5,662,649
Total other operating expenses	**12,244,074**	**7,927,722**

3. Other information

Declaration of the average number of full-time employees during the year
The annual average number of full-time equivalents was between 10 and 50 in the reporting year (previous year: less than 10).

Collateral provided for third-party liabilities
The collateral provided by the company amounts to CHF 10,077 million (previous year: CHF 9,380 million). These are sureties as well as letters of comfort and guarantees issued in favour of customers, suppliers and financial institutions.

Contingent liabilities
Stadler Rail AG belongs to the Stadler Bussnang AG VAT group and is jointly liable for its VAT liabilities to the tax authorities.

Under the cash pooling agreements with UBS and BNP, there is joint and several liability towards the affiliated Group companies.

Significant events after the reporting date
No events occurred after the reporting date that could have a significant impact on the 2023 financial statements.

Appropriation of profit proposed to the Annual General Meeting

in CHF	31.12.2023
For disposition by the General Meeting	
Results carried forward	240,472,427
Profit for the year	117,627,259
Accumulated profits	**358,099,686**
Total available earnings	**358,099,686**

in CHF	31.12.2023
Proposal of the Board of Directors	
Distribution of a dividend of 450% of the share capital of CHF 20,000,000[1]	90,000,000
To be carried forward	268,099,686
Total proposed appropriation by the Board of Directors	**358,099,686**

1 Shares held as treasury shares at the time of the dividend distribution are not entitled to dividends.

KPMG

Statutory Auditor's Report

To the General Meeting of Stadler Rail AG, Bussnang

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Stadler Rail AG (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 127 to 134) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

Nicolas Wuffli
Licensed Audit Expert

Zurich, 12 March 2024

Financial Calendar

2023 Annual Report	**13 March 2024**
2024 Annual General Meeting	**22 May 2024**
2024 Interim Report	**28 August 2024**

Contacts

Investors and financial analysts

Daniel Strickler
Investor Relations Officer
Tel.: +41 71 626 86 47
E-mail: ir@stadlerrail.com

Corporate communication

Gerda Königstorfer
Head of Group Communications
Tel.: +41 71 626 19 19
E-mail: medien@stadlerrail.com

March 2024

This annual report is also published in German.
The original language is German.

Publication data
Text: Stadler
Design: NeidhartSchön AG
Photography: Desirée Good Photography (Group Executive Board, Board of Directors)
Fotografie Manufaktur (Capricorn)
Stadler (remaining pictures)
Editorial system: mms solutions ag

Stadler Rail AG
Ernst-Stadler-Strasse 1
CH-9565 Bussnang, Switzerland
stadlerrail.com