



Dear ladies and gentlemen,

In 2021, we again managed to fulfil the plan we set for ourselves, and although the growth rate of the production volume was lower than in the previous two years, we still confirmed, even with this high production volume, that the growth potential is still there.

We continued in making the production process more effective through modernisation of the machinery. The focus of our activities in this area is increasingly shifting to robotization and automation of the production process with the aim to increase its productivity, quality and reducing the impact of our activity on the environment.

In addition to technological investments, we carried out also construction modifications of buildings in order to improve working environment and to make application of storage areas more efficient. Projects aimed at reduction of energy and media consumption, such as building insulation, modernization of water distribution and electrical installations, were also implemented.

In addition to the implemented projects, we made considerable efforts to prepare projects that will be implemented in the next three to five years.

In 2021, we manufactured 3,922 wagons and 11,497 bogies, while there was no significant deviation between the planned and realized delivery dates of individual projects.

Volume of manufactured wagons and bogies expressed in financial indicators represents a turnover at the level of Euro 443 million and profit before tax in the amount of Euro 45 mil .

Achieving these results would not be possible without support of our employees and business partners, to whom I would like to thank for their support and I believe in constant improvement of our cooperation in the future.

Ing. Juraj Hudáč

General Director

Basic information about the company

Business name:

TATRAVAGÓNKA a.s.,

Head office:

Štefánikova 887/53, 058 01 Poprad

Business ID No.:

31699847

Tax ID No.:

2020514496

ID number for taxes:

SK2020514496

Founded in:

December 1st, 1994 on the basis of National property fund decision of 29th September 1994

Subject of business:

- development, production and sales of: railway vehicles for transportation of freight and passengers, railway vehicle components, special-purpose conversion vehicles, subassemblies of railway vehicles, non-standard (single-purpose) machinery and equipment for machining and welding, air-technology equipment, transport devices for metal constructions, sectional and sectional technical blocks
- maintenance and repair of railway vehicles
- automated data processing – providing of software
- manufacture of protective means and working clothes, manufacture of protective clothes
- metal production /small objects – gates, fences, grillage/
- work with crane and earth-mover, crane and binding courses, courses for drivers of motor vehicles, organisation of trainings and courses, performance of welding courses
- lease of real estate, lease of motor vehicles, lease of machines and tools, lease of movable goods
- retail of ironware and metallurgical materials
- repair and maintenance of machines and devices with mechanical drive, repair and maintenance of machines and devices with electric drive
- road freight transportation
- production of technical gasses
- heating works, gas fitting, water fitting
- repairs of lifts and lifting specified technical equipment, greasing service, repair of motor transportation carts, revision of specified electric and lifting devices
- elaboration of technological processes, proposal of technological devices
- development and production of tools for engineering production
- constructor - performance of simple constructions and sub-deliveries, masonry
- activity of account advisers, activity of organisational and economic advisers, accounting services, administrative services
- organisation and providing of cultural and public events and programs, innkeeper activity

- business activities, except goods which need special state permission, administration of market areas
- business in the area of handling with other than dangerous waste, business in the area of handling with dangerous waste
- accommodation services, accommodation services in accommodation facilities with inn keeping activities, operation of athletic facilities and facilities for regeneration and recondition
- examination of working gauges except reserved gauges, defectoscopic tests of materials (except defectoscopic test of cables, cableways), performance of weld destructive tests
- assembly, repair and maintenance of electric devices within the range of: objects without the danger of explosion – objects with the danger of explosion – devices with voltage over 1000 V with restriction of voltage up to 52 kV - devices with voltage up to 1000 V – lightning conductors – electrical devices note: electrical devices up to 10 kV in vol. class A, B,
- forwarding business
- operation of health care institution: general ambulance in the field of general medicine, operation of health care institution: ambulance of specialized ambulance health care in the field of common certified working activities – audiometry, operation of health care institution: ambulance in specialized field of internal medicine
- promotional and marketing services
- computer services, services related to computer processing of data
- repair and maintenance of tools for household, sport tools and products of fine mechanics
- operating of railway, operating of travel on the railway
- electro-energetics, scope of business: delivery of electricity, distribution of electricity.

BOARD OF DIRECTORS

Ing. Alexej Beljajev Snr.
Chairman of the Board of Directors

Ing. Peter Malec
Vice-Chairman of the Board of Directors

Ing. Michal Škuta
Member of the Board

Ing. Alexej Beljajev Jr.
Member of the Board

Ing. Juraj Hudáč
Member of the Board

SUPERVISORY BOARD

JUDr. Michal Lazar

Ivan Petříček

Ing. Jaroslav Vittek

JUDr. Ľudovít Wittner

Ján Soska

Jarmila Sivčová

Shareholding structure

The amount of the company's basic capital is represented in the amount of EURO 86,357,826 as of December 31st 2021. It is divided into 1,267,258 unregistered stocks in the form of booked commercial papers priced at EURO 33.2 per share, 100 unregistered stocks at the price of EURO 33,194 and 205,001 unregistered stocks at the price of Euro 200.

Composition of unregistered stocks

	Podiel na základnom imaní		Hlasovacie práva
	EUR	%	%
Optifin Invest s.r.o.	43 196 283	50,00	50,00
BUDAMAR LOGISTICS a.s.	43 196 283	50,00	50,00
Spolu	86 392 566	100,00	100,00

Basic indicators of the company

in €	2015	2016	2017	2018	2019	2020	2021
Revenues	211 282 715	190 797 507	221 893 952	286 764 810	368 569 775	413 009 385	443 192 964
Average numb. of employees	1 958	1 804	1 828	1 947	2 108	2 185	2 273
Assets	244 328 854	243 241 156	249 645 105	278 185 884	306 161 666	328 017 846	389 647 431
Fixed assets	150 430 213	147 016 496	151 906 786	155 204 382	165 829 706	170 651 157	224 631 325
Basic capital	45 392 366	86 392 566	86 357 826	86 357 826	86 357 826	86 357 826	86 357 826
Profit before tax	21 917 208	9 707 223	10 411 693	13 242 277	18 027 701	36 387 546	45 262 246
Investments	2 888 354	5 474 573	7 591 737	8 536 434	20 432 936	10 552 655	20 297 020

In the terms of the annual report's content pursuant to § 20 of Act on Accounting, no material events took place in the period from December 31st 2021 to the date of issuing the annual report. Events that occurred until the statement of finances was signed are specified in the attached statement of finances.

Production program**FREIGHT WAGONS****Sgmmnss 40'**

4-axle container wagon with length of 40' designed for transportation of 20' and 40' containers and swap bodies. The wagon is suitable for transportation of heavier materials due to its tare of 16 t, 15.5 t respectively. The maximal weight of loaded wagon is 90 t. It is equipped with foldable bridge, which enables easier unloading, and thus it is a very useful user element.

Sgns(s) 60'

4-axle container wagon with length of 60' designed for transportation of ISO containers and swap bodies. The wagon is approved for operation on tracks with 1,435 mm and 1,668 mm track gauge. Based upon type of used bogie, the wagon tare ranges from 17.9 t +/- 2 %. The maximal weight of loaded wagon is 90 t.

Sggns 80'

4-axle freight wagon designed for transportation of High Cube containers with height of 2,896 mm and High Cube pallet wide containers with height of 2,896 mm and width of 2,500 mm also in "reinforced" XL version. It is suitable for transportation of ISO containers 20', 26', 30', 40', 45' classified in UIC 592-2, Class I. Variability of the containers enables minimally 30 different loading combinations. The wagon tare is 22 t and loading weight is 68 t. Weight of loaded wagon is 90 t.

This wagon is manufactured also in a version with a bogie with a disc brake. An advantage of this version is a lower noise. The tare of the wagon with the disc brake is 22.3 t and the loading weight is 67.7 t. Weight of loaded wagon is 90 t.

Sggrss 80'

6-axle freight wagon designed for transportation of ISO containers 20', 26', 30', 40' classified in UIC 592-2, Class I. The wagon is designed for operation on tracks with 1,435 mm track gauge. The wagon is equipped with Y 25 Ls1-K bogie. The wagon tare is 27.5 +/- 1.5 % t. Weight of loaded wagon is 135/ 120 t.

Sggrss 80'

8-axle short-coupled 80'/90' two-segment container wagon designed for transportation of ISO containers 20', 26', 30', 40' classified in UIC 592-2, Class I. The wagon is designed for operation on tracks with 1,435 mm track gauge. The wagon is equipped with Y 25 Ls1-K bogie. The wagon tare is 32.4 +/- 2 % t. Weight of loaded wagon is 180 t.

Sggmrss 90'

6-axle freight wagon designed for transportation of ISO containers 20', ISO26', 30', 40', 45' classified in UIC 592-2, Class I. The wagon is designed for operation on tracks with 1,435 mm track gauge. The wagon is equipped with Y 25 Ls1-K bogie. The wagon tare is 28.5 +/- 1.5 % t. Weight of loaded wagon is 135/ 120 t.

Sggmrss 80' Esp

6-axle freight wagon designed for transportation of ISO containers 20', 26', 30', 40' classified in UIC 592-2, Class I. The wagon is designed for operation on tracks with 1,435 mm track gauge, but mainly on tracks with 1,668 mm track gauge. The wagon is equipped with Y 25 Lss(f)e-K bogie. The wagon tare is 28.5 +/- 2% t. Weight of loaded wagon is 90 t.

T3000e/ Sdggmrss

Two-segment recess wagon of articulated design with two bogies of type Y25 Lssi1-K and standardized bogie Y25 Ls(s)i1f. The wagon is designated for transportation of megatrailers and other saddle semi-trailers and standardized swap bodies/containers manipulated by crane in all European railway networks with normal track gauge. At each wagon end, there is installed a king pin saddle with Crash-elements for protection of the king pin and the semi-trailer. The wagon tare is 35 t and weight of loaded wagon in s/ss mode is 135/120 t.

T3000eD/ Sdggmrss

Two-segment recess 6-axle wagon of articulated design with a disc brake is a version of the wagon T3000e, whereby each of six wheelsets is equipped with two brake discs. The wagon tare is 36 t and weight of loaded wagon in s/ss mode is 135/120 t.

Sgns 63'/ Snps

4-axle freight wagon equipped with stanchion system suitable for transportation of timber, or with 12 detachable pins for transportation of 3 x 21' containers designed for transportation of wooden chips. The wagon is equipped with Y 25 Ls-K bogie with mechanical one-sided brake. Tare of completely equipped wagon is max. 23 t. Weight of loaded wagon is 90 t.

Tagnpps 101 m³

4-axle covered discharging wagon with 101 m³ volume of a vessel is designed for transportation of agricultural products, mainly grain and other similar bulk products sensitive to humidity. This user-friendly wagon has significantly reduced maintenance requirements. The wagon has totally three discharging reservoirs with an inclination of max. 50° to the vertical axis, six discharging openings with discharging by means of vaulted segmented flaps into the rail centre. The wagon tare is 21 t. Weight of loaded wagon is 90 t.

Zans 98 m³

4-axle tank wagon with volume of 98 m³ is designed for transportation of light oil products in version with or without preparation for automatic coupling. The wagon is designed for operation without limitations on all European railway tracks with normal track gauge. The wagon complies with requirements for GE marking. The wagon tare is 21.7 t ± 2 % and max. weight of loaded wagon is 90 t.

Zans 88 m³

4-axle tank wagon with volume of 88 m³ is designed for transportation of light oil products in version with or without preparation for automatic coupling. The wagon is designed for operation without limitations on all European railway tracks with normal track gauge. The wagon complies with requirements for GE marking. The wagon tare is 21.4 t ± 2 % and max. weight of loaded wagon is 90 t.

Rens

4-axle flat wagon with bogies of type Y25 Ls-K. The wagon is designed for transportation of bulk materials in small amounts, boxes, pallets on all European railway networks with 1,435 mm track gauge. The wagon tare is 23 t +/- 2 % and weight of loaded wagon is 90 t.

Kns

2-axle flat wagon. The wagon is designed for transportation of bulk materials in small amounts, boxes, pallets on all European railway networks with 1,435 mm track gauge. The wagon tare is 15 t +/- 2 % and weight of loaded wagon is 45 t.

BOGIES**Y 25 Ls1-K**

2-axle bogie for freight wagons with axle load of 22.5. Max. speed loaded 100km/h. Max. speed empty 120 km/h. Track gauge is 1,435 mm. Weight is 4.6 t.

Y 25 Lsi-K, Y 25 Lsif-K

2-axle bogie with integrated brake for freight wagons with axle load of 22.5 t, hand brake in version f. Max. speed loaded 100 km/h. Max. speed empty 120 km/h. Track gauge is 1,435 mm. Weight is 4.7 t.

Y 25 Ls-K

2-axle headstock-free bogie for freight wagons with axle load of 22.5. Max. speed loaded 100km/h. Max. speed empty 120 km/h. Track gauge is 1,435 mm. Weight is 4.2 t.

Y 25 Lsi-C-K

2-axle headstock-free bogie for freight wagons with axle load of 22.5 with compact CFCB brake, or IBB10. Max. speed loaded 100 km/h. Max. speed empty 120 km/h. Track gauge is 1,435 mm. Weight is 4.2 t. The Y 25 Lsi-C-K bogie is manufactured also in the version for 1,524 mm track gauge (Finland).

Y 25 Lse-K

2-axle headstock-free bogie for freight wagons with axle load of 22.5. Max. speed loaded 100km/h. Max. speed empty 120 km/h. Track gauge is 1,435 mm, as well as for the track gauge of 1,668 mm (Spain). Weight is 4.3 t.

Y 25 Lss(f)e-K

2-axle bogie for freight wagons with axle load of 22.5. Max. speed loaded 100km/h. Max. speed empty 120 km/h. Track gauge is 1,435 mm, as well as for the track gauge of 1,668 mm (Spain). Weight is 4.7 t.

Quality policy and objectives

The Quality Management System in TATRAVAGÓNKA a.s. Poprad is certified in accordance with the standard EN ISO 9001:2015 and also ISO/TS 22163:2017 (IRIS). For the first time, the system was certified in 1994 and it was verified by regular annual periodical audits performed by reputable auditing companies.

In terms of the Quality Management System, we put the emphasis on the requirements arising from the standards EN ISO 9001:2015 and ISO/TS 22163:2017 with a stress on management and constant improvement of management, supporting but mainly principal company processes with regard to requirements and needs of the customer. The Quality Policy determines the long-term direction, from which specific quality objectives and obligations arise. The quality objectives are created according to SMART method (Specific, Measurable, Achievable, Realistic, Time-framed), whereby they are specified for the one year period with prevalent monthly, or quarterly or annual monitoring, within the corresponding company processes.

Fundamental principles of the quality management system:

- The top management, as well as each employee, is a part of quality management system and his/her work affects quality of products and services,
- All processes and operations have to be conducted according to regulations,
- The system is regularly monitored and analysed for the purpose of continuous improvement,
- By means of a feedback, we provide applicability of the company processes, whereby we monitor their development, effectiveness and influence upon satisfaction of customer requirements, which are materialized in the product. In the processes, there are introduced corrective and preventive measures for their improvement,
- Functioning of the decision making processes is based upon facts,
- System approach provides mutual interconnection and functionality of the processes based upon determination of their mutual interaction and definition of inputs and outputs.

KPI - key performance indicators are used for measurement of company processes. According to measured results, we take measures for improvement of stability and process capability. The KPI assessment results are linked with motivational elements.

We continue in process optimization by using the progressive quality tools such as 8D method with subsequent application of monitoring method of the corrective action Problem Solving Monitor. All company processes are managed and monitored by means of SAP information system, with using of outputs also from other supporting systems such as Windchill, Lotus Notes, etc.

During the year, our quality management system is verified by internal QMS audits according to the approved schedule of internal audits for the corresponding year, as well as by wide range of external independent audits resulting from TSI regulations and other legislative requirements. The external customer audits arise from the requirements of the market and they are used also for monitoring of customer requirements fulfilment. The following certificates represent an evidence of capability of an effective functioning of the company processes and their adjustment.

Certificates

DET NORSKE VERITAS GL Rotterdam

Quality management CERTIFICATE according to EN ISO 9001:2015

DET NORSKE VERITAS GL Rotterdam

Quality management CERTIFICATE according to ISO/TS 22163:2017

ŽSSK Cargo Bratislava

ACKNOWLEDGEMENT of the company's professional competency for production, modernisation, reconstruction and repairs of railway freight wagons, for production and repairs of spare parts for railway freight wagons, for repair of brake gear devices of rolling stock

Office for railway transportation regulation, Bratislava

Authorization for welding of railway vehicles, production, repairs and reconstruction of determined technical pressure equipment and non-destruction testing of rolling stock.

SVV Praha

CERTIFICATE for quality management in welding according to the Standard ČSN EN ISO 3834-2:2006 + ČSN EN ISO 14554-1

Certificate for processes of gluing at the level A2 according to the standard DIN 6701-2:2015

SLV Hannover

Certificate of the competency in welding railway vehicles and their components according to the CL1 level of DIN EN 15085-2.

TUV SUDDEUTSCHLAND Mníchov

Certificate for quality management in production and repairs of pressure equipment according to EN 14025

For all types of wagons and bogies, we provide product certification according to the regulations of TSI by reputable Notified Bodies.

Production and sales in 2021

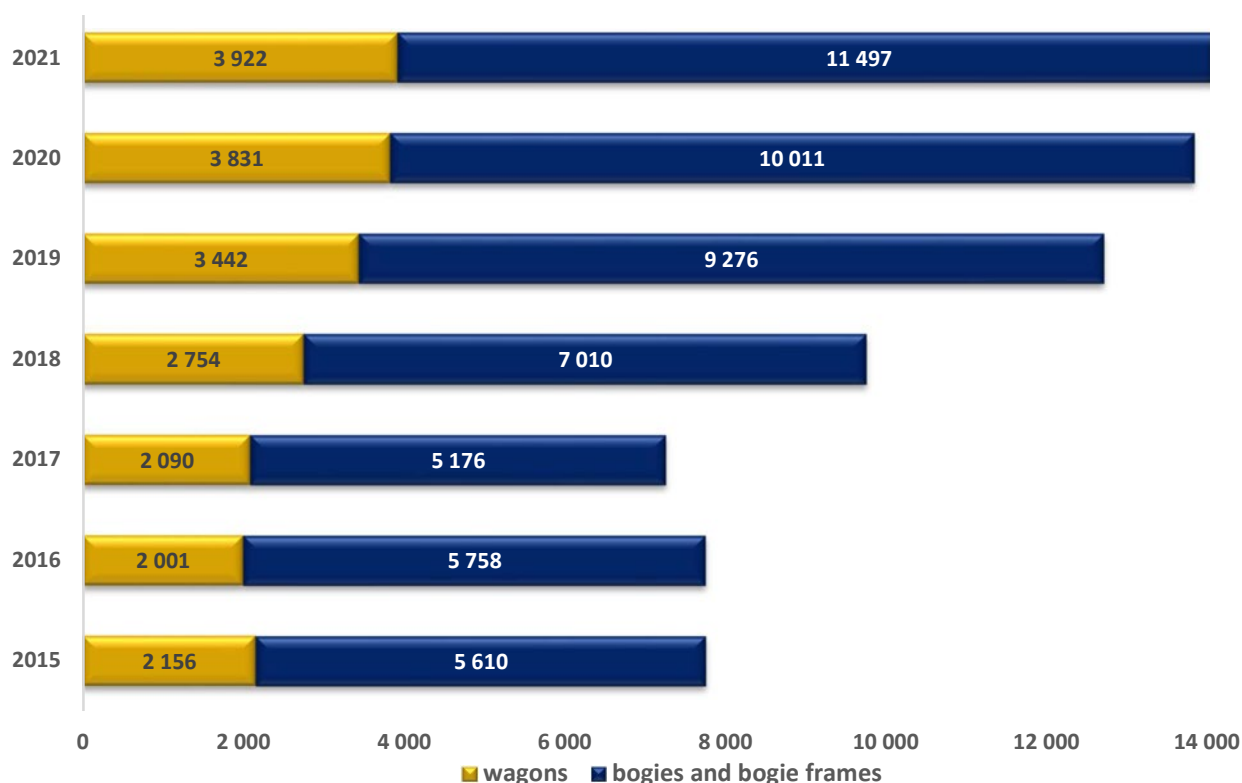
Strength of TATRAVAGÓNKA trademark is supported by 100-year history of determined and tireless work. In 2021, we continued in a growing trend, because we managed to secure even more orders than in the previous year. To fulfil these orders, we needed additional capacities from our functional departments placed across whole Europe. Thanks to hard work of all our employees, our company manufactured, as of 2021, more than 145 thousand freight wagons in more than 100 different design versions and almost 400 thousand bogies. Due to this performance, we rank among the prominent manufacturers at the European market, at which we have more than 40% share. This year, we expected turnover of Euro 421 millions, but in reality, it was more than Euro 443 millions.

Production

The production capacity of our company is almost 4 thousand railway freight wagons and more than 11 thousand bogies per year. Composition of the production in this year was heterogeneous, and it consisted of the container wagons – 40, 60, 80, 80 for the Spanish market, 90, pocked wagons named as T3000, tank wagons, flat wagons Rens, long 80, articulated 80 and 90, car-carrying wagons, wagons for transportation of timber and grain wagons.

In 2021, 3,922 wagons and 11,497 and bogies were manufactured in total. In comparison with 2020, the number of manufactured wagons grew by 91 wagons. From the total amount of the bogies, 1,991 bogies were manufactured for external customers. In comparison with 2020, the number of manufactured bogies grew by 1,486 bogies.

Development of wagon and bogie production in pieces



In 2021, we operated 9 specialized production lines, which enabled manufacturing of 9 different freight wagon types at once. Great consumption of production capacities and this amount of various wagon types required a thorough organisation of production and its accuracy, timely provision of material inputs, and, last but not least, additional investments into renewal of technologies and also maximal focus of involved employees.

From the overall amount of wagons, the Poprad plant manufactured 3,133 wagons in 2021, which represents 80 % of the overall production.

The container wagons had the greatest share of the production. They created up to 61% of the overall production. They are represented mainly by wagons of type Sggnss 80' (XL) and Sggr(r)s(s) 80'.

Among the container wagons, the type Sggnss 80' XL was the most significant one. It is a 4-axle wagon that has long been of interest to customers. The production line for this so called long 80 is in operation, with small pauses, since 2012. Few months before, Tatravagónka was contacted by the company Metrans with a requirement for development of a wagon for transportation light containers. With a common effort, several successful design solutions were created. We can say that the solution we know today is one of the most effective. Elimination of the articulated joint in the wagon centre, and thus reduction of number of axles, leads not only to saving of direct costs and reduction of price of the final product, but it brings also other benefits for the end users. One of them is much more effectiveness of the train set and savings of costs for electric energy up to 20%, which is related to lower demand of the wagons in the set for transportation of the same amount of cargo. Innovativeness of the wagon was moved to even higher level by application of the disc brake, which reduced level of measured noise under 78 dB. Excellent design and logistic characteristics were awarded also at the domestic forum as it was awarded as the "Machine product of the year" in 2015. In 2021, we delivered the 2000th wagon of this type for our customer Metrans. Variability of loading the containers and swap bodies found also application at the non-European tracks, and the long 80 found its place at the market very quickly. With rising number of end users of the wagon, new requirements for changing its useful parameters also begin to increase. A significant improvement of the XL version is readiness for installation of DAC (Digital Automatic Coupling) and increase of transport capacity by 4 t.

The current demand on the freight wagon market looks positive and predicts further continuation of production.

Another wagons manufactured in 2021 are from the category of tank wagons in two different versions - Za(c)ns 98 m³ in the amount of 470 manufactured wagons designed for transportation of light mineral oils and Za(c)ns 88 m³ in the amount of 133 wagons, which we started to deliver 6 years ago. It is a wagon with volume of 88 m³ in weight-optimised frame-free execution that is ready for automatic coupling installation. This wagon found its customers across all Europe. This wagon type dominated also our production line in Tatravagónka Bratstvo Subotica, where 218 wagons of this type were manufactured in 2021.

Another important representative of the railway transport was the wagon of type Tagnpps 101 m³. It is high-sided covered wagon that is used for transportation of grain and other bulk products. It is interesting thanks to its roof, which is controlled by means of the hand wheel from the ground from both wagon sides. In 2021, we manufactured 360 of these wagons for three customers.

April of this year was the last month of production of the special wagon Snps/Sgns 63' designed for transportation of timber. We have already manufactured a similar type with some modifications. Production of this wagon started at the end of 2020, and we managed to dispatch 156 wagons until the end of April. With its design solution, the wagon reminded of the container wagon Sgnss 60', but with several modifications, which were proposed in order to improve transport characteristics and to adapt to the customer's requirements for timber transportation. For example, it is a non-standard length adapted to possible fitting of the stanchion system or parts of the floor, which has a solid character in the form of floor boards.

After one year of development, works on details and building of prototype, we started the serial production of the Rens wagon in May of 2021. 122 flat wagons in three different versions (80 wagons with wagon climbing equipment, 40 wagons without wagon climbing equipment and 2 wagons without side plates) were designed and developed for our new customer SBB - Schweizerische Bundesbahnen (Swiss federal railways). The Rens wagon is a low-sided flat wagon with hinged side and front plates, hinged stanchions and wooden floor. The floor contains steel sleepers with integrated fastening elements for securing of transported material such as pallets, concrete sleepers, rail fields or boxes with bulk material. This 4-axle wagon designed for building and maintenance of railway infrastructure in Switzerland is classified into the group of working machines. It is specially modified, lower located wagon with many elements, which lay stress on safety of operation and operating staff.

The remaining 20 % (789 wagons) of the overall wagon production took place in the Plant Trebišov, which is a part of Tatravagónka a.s. since 2009.

As in the previous years, the production program of the Plant Trebišov was focused on production of two-segment recess wagons of articulated design of type T3000, which are used for transportation of semi-trailers. In 2021, Trebišov plant manufactured this wagon type for four different customers in the amount of 322 wagons.

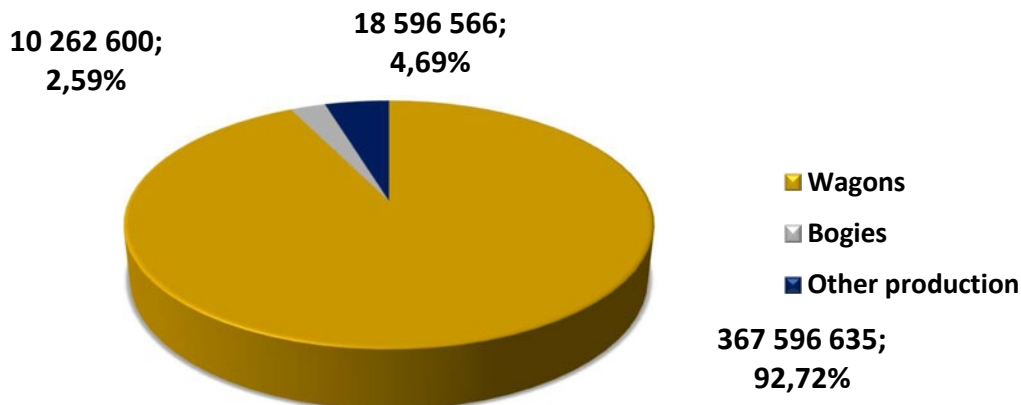
Except for the above specified wagons, we manufactured 467 articulated wagons of type Sggmrrs 90', Sggrss 80' and Sggmrrs 90' in the version for Spanish market in 2021.

The portfolio of bogies and frames consisted of several types in 2021. The overall number of manufactured bogies and frames was 11,497 (1,991 bogies for external customers). In comparison with the last year, 1,486 more bogies and frames were manufactured.

The production portfolio of Tatravagónka consists also of wagon parts. In 2021, we manufactured 565 underframes of articulated container wagons of type Sggmrrs 90' and Sggrss 80' and the underframes for Laaers wagons. The manufacturing program consisted also of Y25 bogie frames and containers of type RT ORE.

Production	in €	in %
Wagons	367 596 635	92,72%
Bogies	10 262 600	2,59%
Other production	18 596 566	4,69%
Total	396 455 800	100%

Production in 2021



Sales

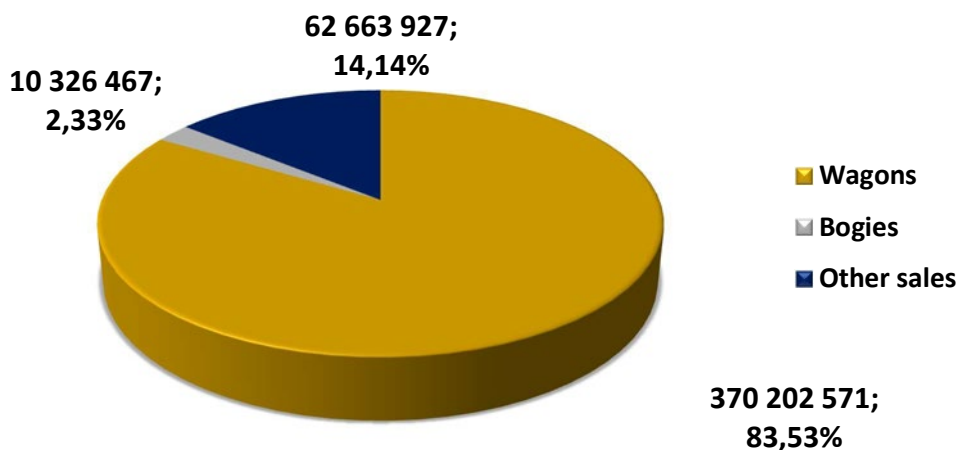
In 2021, Tatravagónka a.s. was able to sell products and services in the total value of Euro 443.2 mil., which represents an increase in comparison with the defined annual plan by Euro 22.1 mil. (5.26%). In comparison with the previous year, the incomes grew by Euro 30.2 mil. .

From the overall volume of incomes, the incomes from sale of the freight wagons are represented by 83.5 %. Another 2.3 % is represented by incomes from sale of bogies and bogie frames. Remaining 14.1 % are represented by incomes for the additional production program.

The result of the company economy in 2021 was a profit after taxation in the amount of Euro 44.2 mil. .

Sales	v €	v %
Wagons	370 202 571	83,53%
Bogies	10 326 467	2,33%
Other sales	62 663 927	14,14%
Total	443 192 964	100%

Sales in 2021



Presentation of the company in the world

Due to unfavourable epidemic situation in the whole world we participated only in two fairs in order to present the company at the international scene and to acquire knowledge form the competitive environment. In February 2020, we attended the last fair in the United Arab Emirates. From this moment, all events of this character were restricted, or organised in virtual form. Summer of 2021 offered a possibility to return to the original style of company presentation, and at the end of the year our company attended the traditional fair in the northern Poland - TRAKO 2021 in the harbour city of Gdansk. The fair takes part every two years, and in this year 500 exhibitors from 39 world countries participated.

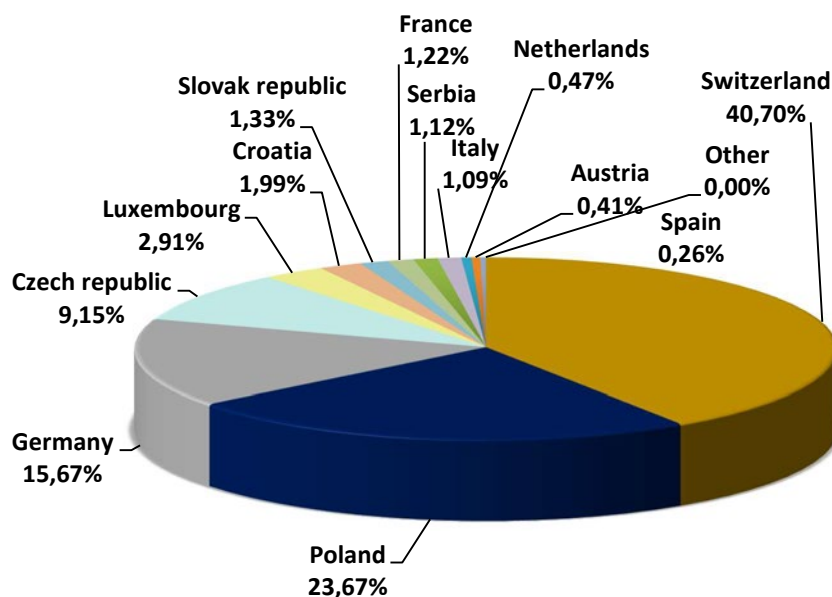
In October 2021, we attended another fair named Middle East Rail 2021, which takes place every year in the centre of the Middle East, in Dubai. Our company attends this fair regularly, and this year we even became a platinum partner to this event. It does not offer so wide range of rolling stock manufacturers as we are used to from the European markets, but it is interesting for us with regard to obtaining new knowledge from the non-European territory. Countries such as Saudi Arabia, Oman, the United Arab Emirates, as well as the developing countries of East Asia, annually announce tenders for the supply of large quantities of freight wagons. From this point, they are interesting not only for us, but also for our subsidiary and partner companies.

Export

In 2021, Tatravagónka a.s. exported to the foreign markets 98.7 % of its production. With regard to the territorial structure of sales, the market of central and western Europe was the dominant one. The most significant customers were companies from the countries with advanced railway network such as Switzerland, Poland, Germany or Czech Republic. The volume of sales at the Slovakian market in the last year dropped from Euro 7.5 mil. to Euro 5.9 mil. .

Territorial sale	in EURO	in %
Switzerland	180 363 040	40,70%
Poland	104 900 438	23,67%
Germany	69 435 885	15,67%
Czech republic	40 551 375	9,15%
Luxembourg	12 906 652	2,91%
Croatia	8 826 963	1,99%
Slovak republic	5 881 924	1,33%
France	5 428 044	1,22%
Serbia	4 980 204	1,12%
Italy	4 843 705	1,09%
Netherlands	2 093 150	0,47%
Austria	1 813 227	0,41%
Spain	1 155 440	0,26%
Other	12 915	0,00%
TOTAL	443 192 964	100%

Territorial structure of sales in 2021



Investments

The investment activity was mainly focused upon increase of work safety, modernization and renewal of machinery, technologies and production premises with an objective to make the production processes simpler, faster and more qualitative, to enlarge production capacities and also to stimulate the employees towards better performance.

In 2021, Euro 20.3 mil. was put into investments, which is an increased by almost 100% in comparison with the year before.

The investment plan for 2021 was ambitious and it counted with even distribution of resources into the field of purchasing new production and inspection technology, renovation of buildings as well as investments into improvement of working conditions for employees. There were also investments that were fundamental for company development strategy in the total amount of Euro 15 mil .

2021 begun with preparatory works and with arrangement of the area for a new storehouse for wheelsets, which will offer a possibility to unload goods from a truck or freight train. The maximal storing capacity will increase up to 2,400 wheelsets. The project is the first stage of larger centralisation of storage management, which will dominate in the years to come.

In this year, the acetylene-shop was liquidated. The long-unused building freed up the area for a new acceptance hall, which will add to the capacity of the current hall for wagon acceptance, and it will be directly connected to the siding. Five tracks with 40 m length with subterranean channel will provide a shelter for approximately 10 completed wagons.

Within the Trebišov Plant, the investments were put mainly into the machinery, such as a new cutting machine, CNC turning machines and the first welding robot purchased at the end of the year. Building of new shunting lines is also in the plan.

A significant investment in 2021 was acquisition of the company TŽV Gredelj d.o.o. In Croatia, which provides us with infrastructure for entering the passenger transport market. TŽV Gredelj is a company with 125 years history in the field of development and production of coaches and wagons for passenger and freight railway industry; it also provides repairs and provisions of these rolling stocks. Premises of the company with area of 352 thousands m² belong among the most modern factories in this part of Europe.

Employees

As of 31.12.2020, Tatravagónka a.s. company employed 2,315 employees. The find the employees to be a key factor for successful running of the company. At the same time, their qualification, expertise and motivation are the headstone of the company. Provision of satisfaction and security of the employees and their families ranks among the top priorities in our company.

We tried to provide qualitative, professionally prepared employees by means of an intensive recruitment, we make every effort to adapt and stabilize them. The unfavourable pandemic situation caused the recruitment to be very difficult; to obtain suitable candidates, we tried to use advertising through the employment office at IŠTP, through our company's website, LinkedIn; we realized the print form of advertising mainly through Region Press in regional newspapers and we also used employment web portals and services of recruitment agencies.

We make professional preparation of our production employees more qualitative by means of trainings in the Company Welding school. A great support in provision of engineering workers is Secondary Technical School (SOŠT) on Kukučínova street, with which we cooperate in the form of dual education, and during the study, we prepare the graduates for practice.

The development of employment since 2015 is shown in the following table:

		2015	2016	2017	2018	2019	2020	2021	% share
Average number of employees		1 958	1 804	1 828	1 947	2 108	2 185	2 273	100,00%
of that	production workers	1 084	993	1 023	1 098	1 202	1 223	1 243	54,69%
	indirect labour	357	343	333	356	381	402	440	19,36%
	administrative workers	517	468	472	493	525	560	590	25,96%

Men/women ratio

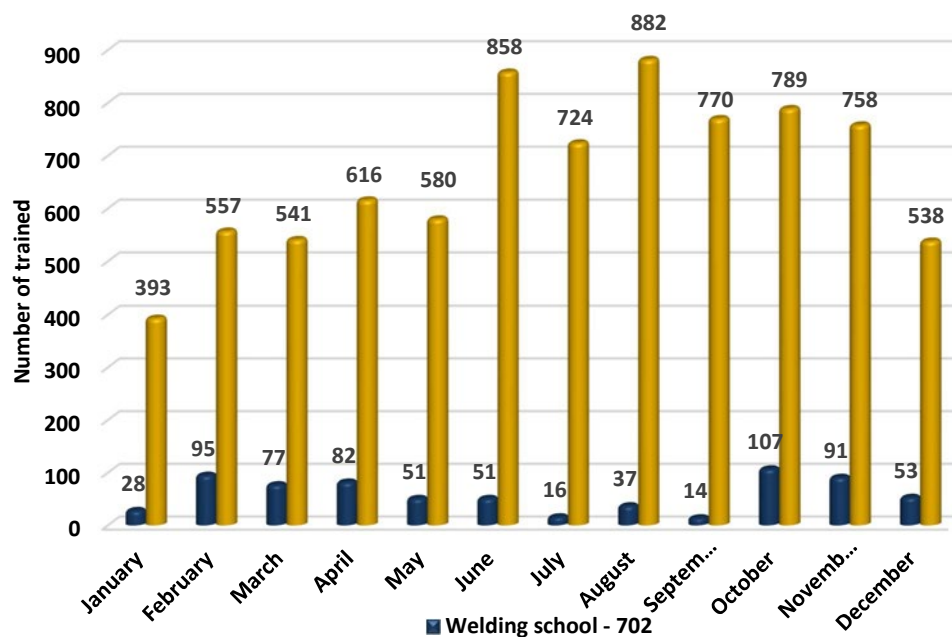
Year	Men	Women	Total
2015	1 670	288	1 958
2016	1 545	259	1 804
2017	1 570	258	1 828
2018	1 683	264	1 947
2019	1 839	269	2 108
2020	1 906	279	2 185
2021	1 972	301	2 273

Education in the company

Education and training of employees form an integral part of the strategy of Tatravagónka a.s. Poprad. The main goal is to provide qualified, educated and competent employees, who are the main prerequisite for the company's competitiveness and who are its driving engine. With the growing demands of the company's customers, the demands on the professional level of employees increase. Trainings, schoolings and professional conferences help to achieve this trend.

In 2021, the company provided its employees with a possibility of personal development and growth through a wide range of trainings. Managerial and development, expert, computer trainings and language courses were performed. the company provides these trainings by internal form or by external partners. In the last year, the trend of basic and preparatory welding courses performed by our own Welding school continued.

Number of trained employees in 2021



Cooperation with schools

Long-term planning in the field of human resources prevents negative phenomena in production caused by labour shortages, retirement and natural staff turnover. One of the sources of potential employees are secondary school and university students. Within the cooperation with secondary schools and universities, the company Tatravagónka a.s. organises professional practice, internships, excursions or it provides consultations for bachelor's and master's theses. In 2021, the company continued in the system of dual education in cooperation with the Secondary Vocational Technical School in Poprad and with the Secondary Vocational Electro-engineering School in Matejovce. The system of dual education is currently attended by 17 students of the program Metal machining, and 35 students of the program Programmer of CNS machines and devices, 1 student in the program of mechanics of PC networks, 3 students of Mechanist electrical engineer program and 2 students of the Electrical engineer program. The Trebišov plant cooperates in the system of dual education with the Church Secondary Vocational School of St. Josaphat in Trebišov. In 2021, 14 students were trained in the field of mechanical engineer.

Impact of the company's activities upon the environment

Authorised employees integrate Environmental protection legislative into the company's acts of management, operational and safety regulations, working processes etc. They methodically and professionally guide head workers and employees at all levels of management regarding the environmental protection, and they regularly control observance of legal state. They cooperate with state authorities of environmental protection and hygienic supervision, they elaborate reports, notifications and concepts in the field of environmental protection, they provide necessary measurements and analyses, contract with corresponding companies, etc. There is established an individual greasing and tribotechnic service, which provide manipulation with oil substances (oils, cooling emulsions, machine greasing). Regarding technical devices, there is built a demulsification and neutralizing station for neutralizing of sewage and waste water and cutting emulsions, which is a device for disposal of dangerous waste. There operates own industrial water conduit, washing ramps for washing of cars and motor transportation carts with oil catchers, gravitation separator of oil substances in rain canalization leading into the stream of Husí potok, diesel fuel dispensing pump with strengthened base and catcher of oil substances. Tatravagónka has safe storerooms for paints and oils, strengthened areas for impounding reservoir for manipulation with metal splinters from tool machines polluted with harmful pollutants, separating devices at shot-blasting lines for air protection against solid emissions. It regularly provides replacement of filter sleeves on spraying and drying cabins for elimination of emissions, in two technologies, catalytic combustion of waste gases with content of organic evaporative substances is built, etc. Totally, TATRAVAGÓNKA a.s. operates 50 sources of air pollution in the following classification:

Source type	Poprad	Trebišov
Small	7	12
Medium	20	5
Large	5	1
TOTAL	50	

Except sources of power, where heating medium is natural gas, they are sources of pollution with solid substances such as shot-blasting lines, and pollution with organic solvents during surface treatment. For operated sources of air pollution, the company pays annually amounts corresponding with the volume of emissions according to demonstrated calculations.

The total amount of pollution by solid substances is significantly reduced thanks to cleaning and replacement of filters in shot-blasting machines, by disassembly of several shot-blasting machines that were replaced by more modern technologies and also by thorough maintenance of these machines.

For the business period of 2013-2020, Tatravagónka a.s. is not a member of the business scheme. It was excluded from the scheme of trading with emission quotes as of 31.12.2013 due to reduction of heat rate of the facilities that burn the natural gas.

All kinds of wastes were disposed by ecologically clean method. In Tatravagónka, the activities connected with waste disposal are fully provided by the external company. Our production departments are ordered to treat waste through introduced system of complex waste treatment. The organisation directive is elaborated, which defines an exact method for waste treatment, i.e. system of its separation, storage within specified vessels and export from the departments for disposal or handing over as the secondary material. Furthermore, the organisational directives are elaborated in the company that relate to treatment of metal scrap, collection of waste paper and wood, to manipulation with oil products, oil replacement, etc.

Social responsibility

Tatravagónka a.s. has long been building a relationship with its customers based on four basic pillars:

- to achieve a dominant position in the production of freight wagons and bogies by the quality and flexibility of deliveries using traditional values, experience and modern technology,
- to develop and produce innovative products that satisfy all customer requirements through satisfied and qualified employees,
- to be a stable and attractive employer through an open corporate culture focused on teamwork, connecting employees through management and an individual approach,
- by strict adherence to safety standards and norms, creating a social and work environment for employees in which they behave responsibly towards their health and the health of their colleagues

With regard to the environment, the company is committed to acting responsibly in order to achieve the following result:

- We ensure that our products, activities and services comply with applicable environmental legislation and regulations.
- We maintain and continually improve our environmental management systems to comply with more stringent requirements required by specific market or local regulations.
- We conduct our activities in a manner that aims to continuously improve environmental sustainability through recycling, conservation of resources, protection against pollution, product development and the promotion of environmental responsibility among our employees.
- We responsibly manage the use of hazardous materials in connection with our activities, products and services.

Environmental goals are adopted and defined each year based on the requirements of management and company.

In compliance with the principles of social responsibility in the field of human rights and labour policy, Tatravagónka respects the basic principles set out in the Universal Declaration of Human Rights. The company's core values and culture reflect the company's commitment to ethical business practices and suitable work environment. Our procedures and practices require the conduct of our business activities with uncompromising integrity and the promotion of human rights within the sphere of company influence:

1. Voluntary choice of employment - we support the elimination of all forms of forced labour or involuntary work of prisoners.
2. Prohibition of child labour – the company is against any form of child labour abuse, and does not employ child labour and supports the elimination of child labour abuse.
3. Minimum wages - our employees receive wages and bonuses that meet or exceed the statutory minimum.
4. Working hours - we do not require our employees to work more than the maximum number of hours worked required by local law.
5. No discrimination - we support and approve the elimination of discriminatory employment practices and promote diversity in all areas of our business activities. Our

practices prohibit discrimination based on race, skin colour, age, gender, sexual orientation, gender identity and expression, nationality, religion, physical imperfections, military affiliation, and nationality or any preferred group.

6. Prohibition of inappropriate or inhuman treatment - physical abuse, maltreatment or any threats are prohibited. We provide a safe and healthy work environment for all our employees.
7. Freedom of association - we exercise the rights of employees associated in trade unions in accordance with local laws and established procedures.
8. Business rules - the company's suppliers are obliged to announce and promote legal rights.

In the social field, emphasis is placed on:

- **Responsibility** - we behave professionally and we want to constantly learn new things and improve both humanly and professionally. We approach the living, social and cultural environment responsibly.
- **Cooperation** - is based on two pillars, self-confidence and humility. Each of us believes in ourselves and remembers that we can do it together. We work together to achieve our common goal. We are all members of one team and work together for integrity, responsibility, quality, excellence and expertise. An important element of our cooperation is open communication across the entire company. We share not only the same values, but also the same information.
- **Innovation** - we are appropriately curious and with an open mind we create, implement and look at innovative solutions in the rail freight market. The personal development and education of all our employees brings us creative solutions, approaches and perspectives from little things to big projects. We push the boundaries and look for new challenges that materialize in real products thanks to our creativity.
- **Trust** - is our common moral value, by which we express our unequivocal attitude towards the Tatravagónka a.s. company as well as towards every single colleague. This value unites us and manifests itself in loyalty to the company. We trust each other, and at the same time we are trustworthy. We also show trust to our colleagues, whether it is a superior or a subordinate within the vertical organizational structure. We also treat our partners openly, transparently and ethically, building our credibility and respect in business relationships.
- **Safety** - is paramount for all of us. We value human life the most. Our highest priority is to create a safe work environment. We do not compromise on security, nor is it affected by the achievement of the company's goals, quality, costs and deadlines. We are aware of our responsibility for our own safety. At the same time, we assume collective responsibility for the safety and health of each one of us.

Another important area of support from the company is the area of philanthropy. On a monthly basis, Tatravagónka a.s. devotes itself to redistributing a certain amount of funds for the development of sports and cultural events, organizations and projects in the region. We support all activities aimed at children and people with disabilities, where we give priority to such disadvantaged children of our employees.

Tatravagónka a.s. complies with the conditions in the area of public procurement through public tenders. Information on activities in the field of environmental, social and employment, respect for human rights, the fight against corruption and bribery are published on the company's website <https://tatravagonka.sk/vizia-spolocnosti-tatravagonka/>.

Objectives and targets for 2022

In 2021 we were successful in our target to exceed the production of 2020. We achieved the planned results even despite ongoing COVID 19 pandemic and rising price of input materials at the end of the year caused by nervousness at the market.

Instead of expected economic recovery after the COVID 19 pandemic, the year 2022 brought a difficult situation caused by the Russia-Ukrainian conflict. Economically, the war affected the whole world, but it had the greatest impact on Europe. We are experiencing the historically highest increase in the prices of input raw materials, components and energy. It influenced almost all supply chains, and the suppliers are not able to deliver necessary materials for the original prices. Material availability generally worsened, some supply chains even had to be completely replaced. Ensuring the delivery of components when they are needed is currently a big problem for us. Unpredictability of price development puts us in economic jeopardy. We make every effort to minimize the impact of rising costs, not only by negotiating with suppliers, but also by streamlining the production process and seeking savings in direct and indirect costs. But at the same time, we are forced to negotiate with the customers and to re-evaluate agreed contractual conditions, in order to be able to achieve certain balance and to partially compensate negative impacts of the current situation.

Even despite these unfavourable circumstances we plan to preserve the current trend and to increase the overall number of manufactured freight wagons compared to 2021. Start of production in a new factory within the group - in Tatravagónka Tlmače spol. Ltd. - should help to achieve this goal.

There are some significant changes in the planned structure of production in 2022 when compared to previous years. One of them is rising demand for tank wagons for transportation of fuels and oil. Thanks to the green policy of the European union and its effort to reduce consumption of fossil fuels, we have recorded, in the last years, dropping interest of our customers in these type of wagons. But the conflict in Ukraine caused restriction of oil deliveries from Russia or Belarus. EU is looking for alternative suppliers, but at least part of the deliveries will have to be transported on rails. The current capacity of the tank wagons within the EU is not sufficient for covering so large volume of transportation.

A continuous trend can be seen in rising of production of wagons for transportation of grain products. Ukraine is one the largest producers of grain in the world. The current blockade of their seaports makes it impossible to export grain by ship, which has been the preferred method of transporting agricultural products in recent years. EU is willing to help with transportation by rail. But it is not possible to cover this significant increase of transportation volume, which is in millions of tons, by the existing wagon fleet if the individual forwarders in Europe.

Various restrictions in cargo transport, introduction of sanctions and change of transportation routes caused increased demand for ship transport. The result is increased need for transportation of ship containers, which our wagon of type Sggns(s) 80' XL is the most suitable for. We record increased order volume for this wagon for the next period. The growing trend also continues in the production of T3000 pocket wagons (wagons intended for the transport of semi-trailers), which, thanks to the EU's pressure to reduce emissions, is the most suitable solution for long-distance freight transport.

Strategy of the company in the field of freight wagon development is still governed by three basic EU documents, which are based upon the EU environment policy and upon the climate agreement of Paris of December 12, 2015. The specified documents are: "Transport 2050 – EU White paper", "Masterplan Schienengüterverkehr DE" and "White Paper - The intelligent Freight Train".

In the field of freight wagon and bogie development, the main trend is represented by minimization of freight wagon weight, reduction of noise and increasing versatility. The field of intermodal wagons is focused upon development of wagons for transportation of new container and swap body types.

In the field of rail freight in Europe, the TIS initiative "White Paper - The Intelligent Freight Train IF2" is important, describing a roadmap for the rail freight future, which is characterized by the transition from an innovative freight wagon to an intelligent freight train. In practice, this means the gradual equipping of freight wagons with monitoring systems for monitoring both the movement of the wagon, the consignment or the goods, as well as the parameters related to the operating condition of the wagon. Furthermore, wagons need to be prepared for the possibility of incorporating an automatic coupling (a strategy called "DAC Charter", which aims to automatically connect freight wagons by 2030), and in practice gradually move from pneumatic to electro-pneumatic brake as a necessary condition for automatic coupling of wagons. The trend towards the DAC is noticeably more pronounced than in the previous period, so all the designs of the new wagons are gradually being modified, so that DAC can be incorporated once it will be approved Europe. The first activities are beginning to take place in the EU for the development of an innovative measuring system that can create a digital twin of a freight wagon during its run. This digital twin will help improve train handling and freight wagon maintenance.

The following types of freight wagons and bogies belonged in 2021 among the bearing newly developed products (with regard to tests and approval, some projects will continue in 2022):
 Tagnpps 103 m³ – wagon for transportation of grain with optimised vessel volume,
 Zacens 73 m³ – wagon for transportation of heavy oil products,
 Tadns 83 m³ – wagon for transportation of bulk materials (sand, lime...),

RESULTS OF COMPANY'S OPERATIONS AS OF DECEMBER 31, 2021

Short form of balance sheet according to IFRS (in thousands of €)

ASSETS	as of 31.12.2021	as of 31.12.2020
Intangible assets	10 441	7 183
Property, plant and equipment	122 609	115 395
Investment property	1 171	1 171
Financial Assets	90 410	46 901
Total non-current assets	224 631	170 651
Inventory	31 837	24 225
Trade and other receivables	96 022	96 809
Tax receivables	5 091	4 388
Cash and cash equivalents	32 067	31 945
Total current assets	165 016	157 367
TOTAL ASSETS	389 647	328 018

EQUITY AND LIABILITIES	as of 31.12.2021	as of 31.12.2020
Subscribed equity	86 358	86 358
Funds	16 334	13 398
Retained earnings	70 037	62 806
Equity in total	172 729	162 562
Long-term finance liabilities	67 039	44 105
Other non-current liabilities	457	295
Deferred tax liability	1 101	7 125
Non-current reserves	7 882	7 559
Non-current liabilities - total	76 479	59 084
Trade and other liabilities	86 988	68 572
Tax liabilities	1 439	3 878
Short-term financial liabilities	52 013	33 922
Current liabilities - total	140 439	106 372
Total Liabilities	216 918	165 456
TOTAL EQUITY AND LIABILITIES	389 647	328 018

	as of 31.12.2021	as of 31.12.2020
Revenues from the main activity	443 193	413 009
<i>Revenue from the sale of merchandise</i>	42 763	27 398
<i>Revenue from the sale of own products and services</i>	400 430	385 611
<i>Capitalization</i>	726	558
<i>Changes in inventories of finished goods and own product</i>	11 920	5 971
Cost of main activity	415 441	378 731
Other operating income	5 211	3 817
Other operating expenses	31 510	8 442
Interest	-1 137	-960
Other financial expenses - net	1 758	1 651
Other financial income - net	34 056	2 816
Profit before tax	45 262	36 387
Tax expenses	1 095	7 018
Profit for the period of continuing operation	44 167	29 369
Profit for the period of discontinued operation	0	0
PROFIT AFTER TAXES FOR ACCOUNTING PERIOD	44 167	29 369
Other components of comprehensive income in total	0	0
TOTAL COMPREHENSIVE INCOME FOR ACCOUNTING PERIOD	44 167	29 369

Cash flow (in thousands of EURO)

	as of 31.12.2021	as of 31.12.2020
Profit before tax	45 262	36 388
<i>Items modifying profit before tax to cash flows from operating activities:</i>	8 972	3 992
Operating profit before changes of working capital	54 234	40 380
<i>Changes in assets and obligations:</i>	-24 315	-8 983
Net operating cash flow	29 919	31 397
Interest received	329	156
Interest paid	-1 465	-1 116
Income tax paid	-9 659	-5 914
Net cash flow from operations	19 124	24 523
Expenses for acquisition of subsidiary and associated enterprises	-59 113	-2 439
Expenses for purchase of long-term tangible property	-16 282	-11 545
Expenses for purchase of long-term intangible property	-4 718	0
Income from sale of long-term assets	904	458
Income from sale of shares of subsidiary companies	50 240	0
Expenses for long-term loans provided by accounting unit to subsidiary and associated company	0	-2 857
Income from repayment of loans	110	0
Net cash flow from investment activities	-28 858	-16 383
Income from changes of loans and long-term obligations	45 000	6 436
Expenses for settlement of loans (-)	-2 643	0
Expenses for paid dividends and other shares of profits	-32 500	-8 000
Net cash flow from financial activities	9 857	-1 564
Net increase or net decrease of financial resources and equivalents	122	6 575
Financial resources and equivalents at the beginning of account period	31 945	25 370
Exchange rate differences enumerated for financial resources and equivalents	0	0
FINANCIAL RESOURCES AND EQUIVALENTS AT THE END OF THE ACC. PER	32 067	31 945



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