

ANNUAL REPORT

2022



BASIC INFORMATION ABOUT THE COMPANY

Dear ladies and gentlemen,

The year 2022 was marked by events that we, on the European continent, considered to be beyond civilization. Opened war conflict on the “old continent” has been absent for several decades, and thus the Russian Federation’s attack on Ukraine caused even greater shock.

In addition to the human level, this shock was also transmitted to the European economy and affected the business cycle and the economic reality of every business entity, as well as us. After the period affected by the pandemic, the desired calming of the situation did not come, but on the contrary, further escalation and an increase of risk factors.

In addition to the price shocks related to energy prices, we also faced problems with disrupted supply chain and, in general, an unprecedented increase in the prices of production inputs.

Despite such demanding conditions, we did not give up and we were able to fulfil the goals in the field of production volume mainly thanks to the committed and exceptionally well-disposed work team as well as thanks to long-term stable ties with our business partners. Profitability of the economic activity was the field, in which we have fallen behind due to unpredictable price fluctuations, but despite that it had a positive result.

In 2022, we manufactured 3,968 wagons and 11,548 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 549.7 million and profit before tax in the amount of Euro 10,981,729 mil

For 2023, we mainly wish for stability in every respect. So that we can focus on developing the business, on returning to the desired volumes of investments in technology and infrastructure with the aim of increasing the efficiency of production and the quality of the working environment.



Ing. Juraj Hudáč

General Director

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 ml.
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 2022. 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

	BASIC CAPITAL SHARE		VOTING RIGHTS
	€	%	%
Optifin Invest, s. r. o.	43 196 283	50	50
Budmar Logistics, a. s.	43 196 283	50	50
TOTAL	86 392 566	100	100

BASIC INDICATORS OF THE COMPANY

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 2022 to the date of issuing the annual report; events that occurred before the date of signing the Annual report are specified in the attached Statement of finances.

v €	2017	2018	2019	2020	2021	2022
Revenues	221 893 952	286 764 810	368 569 775	413 009 385	443 192 964	549 685 004
Average numb. of employees	1 828	1 947	2 108	2 185	2 273	2 322
Assets	249 645 105	278 185 884	306 161 666	328 017 846	389 647 431	429 924 539
Fixed assets	151 906 786	155 204 382	165 829 706	170 651 157	224 631 325	225 699 745
Basic capital	86 357 826	86 357 826	86 357 826	86 357 826	86 357 826	86 357 826
Profit before tax	10 411 693	13 242 277	18 027 701	36 387 546	45 262 246	10 981 729
Investments	7 591 737	8 536 434	20 432 936	10 552 655	20 297 020	15 242 031

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 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.

Sgnss 60' disc

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 track gauge. The wagon is equipped with the bogie Y25ls(s)f-D with a disc brake. Wagon tare is 20 + 1%. The maximal weight of loaded wagon is 90 t.

Sggness 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.

Sggmrss 92'

6-axle freight wagon designed for transportation of ISO containers 20', 26', 30', 40' classified in UIC 592-2, Class I, and 40' refrigerating containers. 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 30 t +/- 1.5 % t. Weight of loaded wagon is 135/120 t.

Sggmrss 90'

6-axle freight wagon designed for transportation of ISO containers 20', 26', 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.

Sggrss 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.

Sggmrss 90' ESP

6-axle freight wagon designed for transportation of ISO containers 20', 26', 30', 40', and 45' 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 29.5 +/- 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)1f. 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.

Tagnpss 103 m³

4-axle covered discharging wagon with 103 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.

Tagnpss 95 m³

4-axle covered discharging wagon with 95 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 two discharging reservoirs with an inclination of max.50° to the vertical axis, 4 discharging openings with discharging by means of vaulted segmented flaps into the rail centre.

The wagon tare is 20.5 t. Weight of loaded wagon is 90 t.

Sagmmns

6-axle flat freight wagon designed for transportation of heavy loads and heavy military vehicles. The wagon tare is 31 t and the max. weight of loaded wagon is 135 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.

Zacens 73 m³

4-axle tank wagon with volume of 73 m³ with heating and insulation is designed for transportation of dangerous goods of class 3.6 and 9 according to RID. The wagon is designed for climatic conditions with temperatures from -25 °C to + 50 °C. The wagon tare is 22.5 t ± 2 % and max. weight of loaded wagon is 90 t.

Kgs

2-axle flat wagon. The wagon is designed for transportation of bulk materials in small amounts, boxes, pallets on all European railway networks with 1435 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 100 km/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 100 km/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 100 km/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 100 km/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 according to EN ISO 9001 in 1994 and according to ISO/TS 22163 in 2019. This system is verified by regular annual periodical audits by the reputable auditor company DNV.

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

- Quality management CERTIFICATE according to EN ISO 9001:2015

DET NORSKE VERITAS

- Quality management CERTIFICATE according to ISO/TS 22163:2017

DET NORSKE VERITAS

- Quality management CERTIFICATE according to EN ISO 14001:2015

DET NORSKE VERITAS

- Quality management CERTIFICATE according to ISO 45001:2018

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

Dopravný úrad, 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

DVS ZERT

- 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

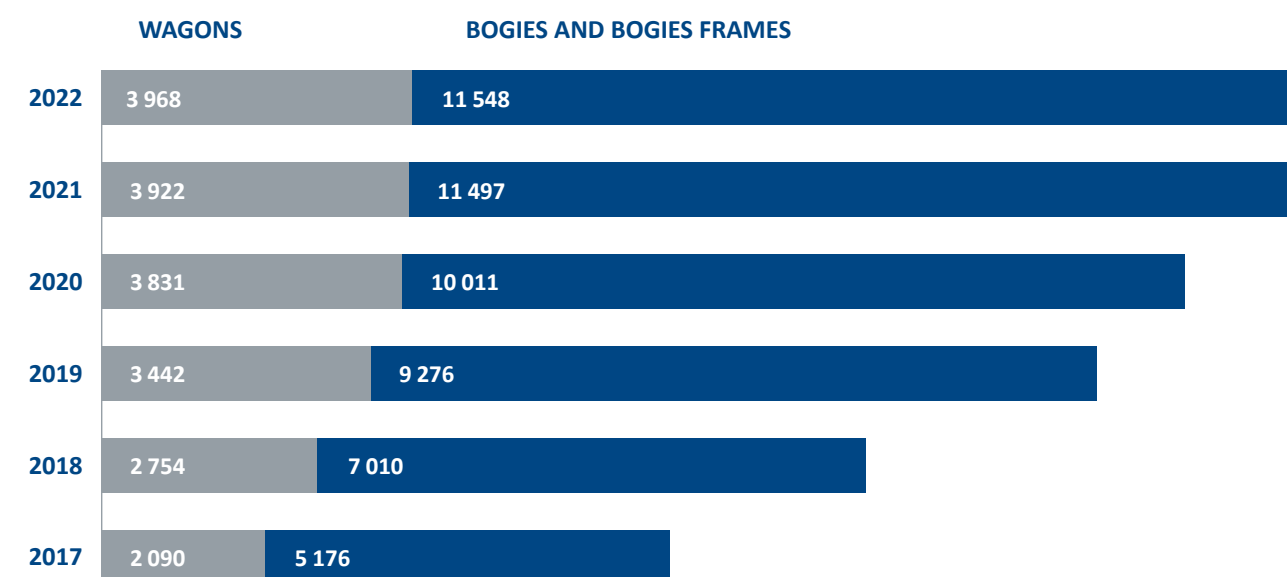
For all types of wagons and bogies, we provide product certification according to the regulations of TSI by reputable Notified Bodies.

PRODUCTION AND SALES IN 2022

We entered the jubilee hundredth year of the production of freight railway wagons in Poprad with enormous uncertainty. Instead of expected economic recovery after two years of 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 have experienced the highest growth in the prices of energy and input materials in recent decades. The price development was unpredictable. The situation at the market influenced almost all supply chains. Material availability worsened, some supply chains had to be completely replaced. It took us a huge effort to secure components on time and to minimize delays in deliveries to end customers. However, we managed to cope with the extremely difficult market situation with our joint efforts and we maintained our position as the European leader in the production of railway wagons.

PRODUCTION

The production plan for 2022 was determined at the level of 4,161 freight wagons and 12,222 bogies. We did not fulfil this plan, but with 3,968 wagons and 11,548 bogies we surpassed the production of 2021 and thus continued the long-term growing trend of the volume of our production.



The Poprad plant disposes of 9 specialized production lines, which enable us to manufacture several types of railway wagons at the same time. This diverse production program and the related high utilization of production capacities does not allow for mistakes, it requires rigorous organization of production, emphasis on quality and precision, timely provision of material inputs and, of course,

significant investments in new technology and renewal of the machine park, and last but not least, maximum involvement and teamwork of all our employees.

From the overall production of Tatravagónka, a. s., the Poprad plant covers more than 80%. In 2022, 3,181 wagons were finished in the plant. We were able to fulfil the defined production plan to 98% despite unfavourable circumstances at the market.

The share of almost 59% of the Poprad plant production in 2022 is represented by container wagons in different variants. From the overall number of 1,866 container wagons, 1,095 were manufactured with length of 80 feet with majority of so called long 80. The type Sggnss 80 XL was designed already in 2010 at the initiative of the Czech customer Metrans; it found its place at the market very quickly and it was awarded with the award "Machine product of the year". The wagon is exceptional not only for its low weight, but also for reduced noise thanks to its non-traditional construction and for great variability of container loading, which makes it very popular among the end customers. By removing the articulation in the wagon centre, it achieved an advantage (when compared to the standard 80') in the form of electric energy savings by 20% and in the form of increasing the effectiveness of a train set by including larger number of wagons, which increases volume of transported goods.

The second most represented category in the production program of the Poprad plant in 2022 was discharging wagons of the Tagnpps type. These wagons are designed for transportation of agricultural products, mainly grain and similar bulk products sensitive to moisture. The wagon is specific due to opening roof controlled from beneath and due to wagon body with two or three reservoirs (depending on the overall wagon volume) and with discharging openings designed so that discharging of the wagon is performed through vaulted segmented flaps to the rail centre. In 2022, we manufactured 604 of these wagons in two basic volumes for 4 different customers. The success of the project is supported also by the fact that we launched another line in 2022. This line enabled simultaneous production of 2 types of discharging wagons with different volumes. At the beginning of 2023, we even plan further expansion and Tagnpps 95 m³ type, extremely popular with the customers, will be manufactured in a double line.

The end of 2022 marked the end of production of one of our most modern and successful lines. The tank wagon production line has been operating non-stop since 2011, and in the 11 years of its existence, more than 4,000 wagons consisting of more than 20 design types have left the gates of this line. The wagons found use in the fleets of dozens, mainly European customers. In 2022, 519 wagons in 73 m³, 88 m³ and 98 m³ version were manufactured. These wagons were designed mainly for transportation of light mineral oils and various chemical products. Although the line ends in Poprad, tank wagons will continue to be manufactured in our affiliated company Tatravagónka Bratstvo Subotica in Serbia, which has been specializing in this type of wagons since 2020.

In addition to these "fixed stars", the production program contained also wagons, which in terms of the total number of manufactured amount did not stand out, but nevertheless tested our ability not only to flexibly rebuild the production line according to the current needs of customers and shorten its start-up period, but also the quality of our own development department, which celebrated its 60th anniversary this year. One of such projects was the wagon Kgs for the Swiss customer SBB. In 2022, we successfully dispatched 66 of these special wagons designed for maintenance of railway infrastructure. The wagons are equipped with lighting and can be connected to electric devices. They are also adapted to transportation of small amount of bulk material, 10', 20' and 30' ISO containers and swap bodies.

The wagon is specific due to its bogie-free execution with only two axles, and it is equipped with hinged side stanchions and wooden floor.

The result of cooperation of our design department and the long-term customer DB was launching of a serial production of the wagon Sagmms 490 in autumn of 2022. The wagon is designed for transportation of heavy tracked military vehicles, heavy industrial goods (steel, profiles, rails...), ISO containers and swap bodies. By the end of 2022, 74 of these wagons were completed in the production line.

A speciality of 2022 was also the project Sggrms 92' for the French customer Modalis, the whole wagon fleet of which comes from Tatravagónka, a. s. The wagon is designed for transportation of refrigerating swap bodies and boxes. Integrated diesel generator causes single-sided prolongation of the superstructure, and because of that it was necessary to solve prolongation of the standard articulated 90-foot wagon.

From the overall number of 3,968 wagons, 787 wagons were manufactured in Trebišov Plant. The defined plan of 930 wagons was not fulfilled due to late deliveries of basic components. The production in 2022 was focused mainly on the wagon T3000 in several design versions for 11 customers. If we wanted to choose the most successful project in the modern history of Tatravagónka, a. s., we can without hesitation include the T3000 pocket wagon among the favourites of the last decade. The line for manufacture of these wagons has been operating since 2011. If we think about the essence of the success of this wagon, we must certainly mention its universality and adaptability with regard to intermodal and combined transport, which sets the current trend. The wagon designed for transportation of mega-trailers and comes closest to the concept of "green" transport, which advocates transfer of cargo from roads to railways and thus reduction of carbon emissions. Ecologically minded countries have limited transit of freight transport through their territory so much that rail transport becomes the only alternative there.

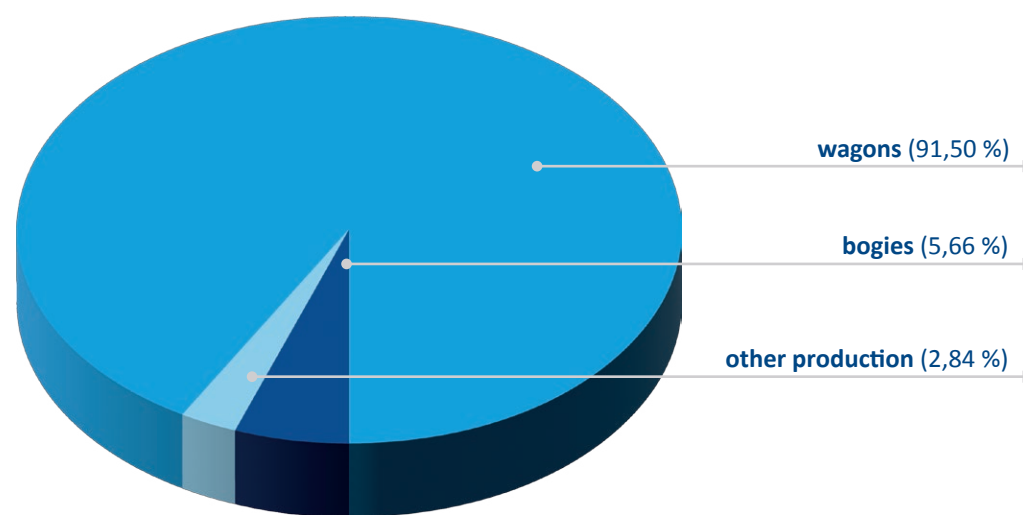
In 2022, our designers worked also on the development of the wagon type Laados, which is designated for transportation of truck-tractors. If the production of this type of wagon is successfully launched, the transfer of freight transport to the railway would once again move to the next level.

The portfolio of bogies and bogie frames consists mainly of several variants of the standard Y25 type. The year 2022 brought also a return of 3-axle bogies, which were needed for the project of the flat wagon Sagmms 490. In total, 11,548 bogies were manufactured in 2022, which again increased the production volume from previous years, even though we fulfilled the production plan only to 94%. 2,348 bogies and bogie frames were dispatched to the external customers.

Parts and components of wagons are also an integral part of Tatravagónka's production portfolio. In 2022, we manufactured 157 underframes of the articulated wagon with length of 80 feet for our subsidiary company TŽV Gredelj.

PRODUCTION	€	%
wagons	422 700 562	91,50
bogies	26 161 140	5,66
other production	13 121 470	2,84
TOTAL	461 983 172	100

PRODUCTION AND SALES IN 2022



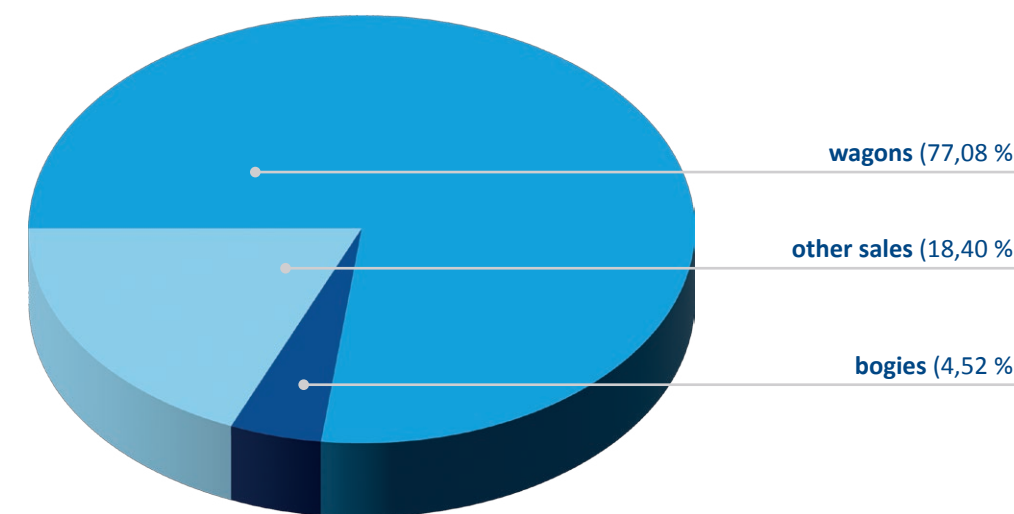
SALES

In 2022, Tatravagónka, a. s. Achieved total sales in the volume of Euro 549.7 million, which represents an increase of EURO 8.9 million compared to the established annual plan. In comparison with the plan, we recorded increase of sales by Euro 106.5 million. The most significant component of sales is sales of wagons, which make up over 77% of the total volume.

The result of the company economy as of December 31, 2022 was a profit before taxation in the amount of Euro 10,981,729 mil.

SALES	€	%
wagons	423 694 015	77,08
bogies	24 841 050	4,52
other production	101 149 939	18,40
TOTAL	549 685 004	100

STRUCTURE OF SALES IN 2022



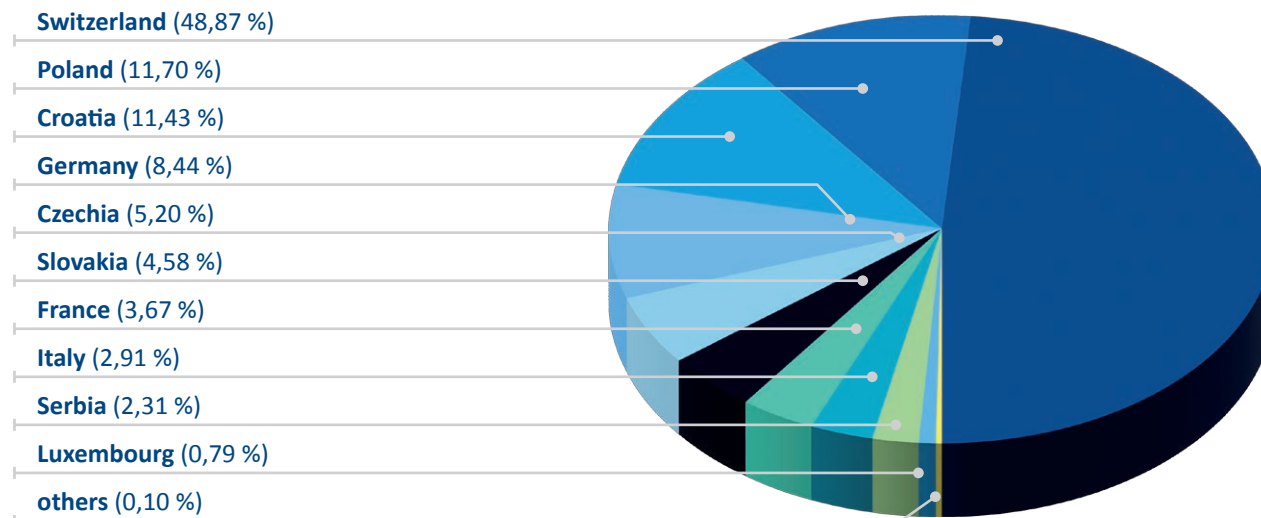
EXPORT

With regard to the territorial structure, our largest sales area is Switzerland, where almost 49% of our production is directed. The pro-export orientation of the company is confirmed also by the fact that more than 95% of the production goes to the foreign market.

But we also record a year-to-year increase in sales of production to domestic customers by more than Euro19.3 million to the level of 4.58% of the total volume of sales.

SALES BY TERRITORIES	€	%
Switzerland	268 648 544	48,87
Poland	64 287 089	11,70
Croatia	62 853 842	11,43
Germany	46 417 767	8,44
Czechia	28 581 592	5,20
Slovakia	25 185 009	4,58
France	20 193 690	3,67
Italy	16 022 400	2,91
Serbia	12 699 552	2,31
Luxembourg	4 324 641	0,79
others	470 878	0,10
TOTAL	549 685 004	100

TERRITORIAL STRUCTURE OF SALES IN 2022



PRESENTATION OF THE COMPANY IN THE WORLD

After a break due to the COVID 19 pandemic, the most prestigious trade fair in the railway industry, INNOTRANS 2022, was held again after 4 years. We were traditionally one of the exhibitors from the total number of 3,000 of them. The topic of “green strategy” of European politics resonated mainly among exhibitors and visitors, but the direct impact of geopolitical developments in Europe, especially in the field of discharging wagons, was also noticeable. Tatravagónka’s exhibition consisted of proven products as well as new pieces of our production program. We exhibited the prototype of the wagon T4000, which is a modification of the popular T3000 and it is designed for application mainly on the Iberian peninsula. Its special feature is that its wheelsets can be replaced and thus it can be used on the broad Spanish track gauge as well as on the standard one. We exhibited also the intermodal wagon Sggn 80 XL for transportation of containers, flat wagon Snps designed for transportation of timber, Sagmms 490 designed mainly for transportation of heavy military vehicles and the wagon Tadns for transportation of bulk agricultural products, which is equipped with the CFCB brake and it is ready for installation of the automatic coupling. Furthermore, we exhibited the wagon Habbiillnss with aluminium sidewalls and with quiet „track friendly“ bogie. At our stand, the visitors could also see the aluminium bogie, which was created with the support of the European funds. The stand of Tatravagónka, a. s. has traditionally been a demonstration of the most modern railway technologies.

EMPLOYEES, RECRUITMENT AND EDUCATION

As of 31. 12. 2022, Tatravagónka, a. s. company employed 2,302 employees. We find the employees to be a key factor for successful running of the company; their qualification, expertise and motivation are the headstones of the company. Provision of satisfaction and security of the employees and their families ranks among the top priorities in our company.

By means of the intensive recruitment during the whole year, we tried to provide qualitative, professionally prepared employees. We tried to provide qualitative, professionally prepared employees by means of an intensive recruitment, we make every effort to adapt and stabilize them. In the present, recruitment is very difficult due to situation at the labour market; to obtain suitable candidates, we tried to use advertising through the employment office at ISTP, 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.

In addition to standard recruitment activities, we used also a new recruitment campaign via SMS in the selected region aimed at the specific age group of applicants. In the last year, we attended a mass event called Burza práce, organiser of which was the Central office of labour, social affairs and family Poprad, where we introduced mainly production job positions in our company to the applicants.

We aimed our recruitment activities mainly at the future graduates of the universities. We introduced ourselves to the students at the fair called Opportunity days, where students had a unique opportunity- to find a job in the field. Specifically, we visited the Faculty of Mechanical Engineering of the University of Žilina and the Technical University of Košice. The main goal was to make a direct contact with the students. It is thanks to the international association (IAESTE), which provides education and employment opportunities for students and acts as an intermediary for communication with companies, that Tatravagónka, a. s. could be among the students of technical universities and present prospective application in practice.

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.

DEVELOPMENT OF EMPLOYMENT SINCE 2017

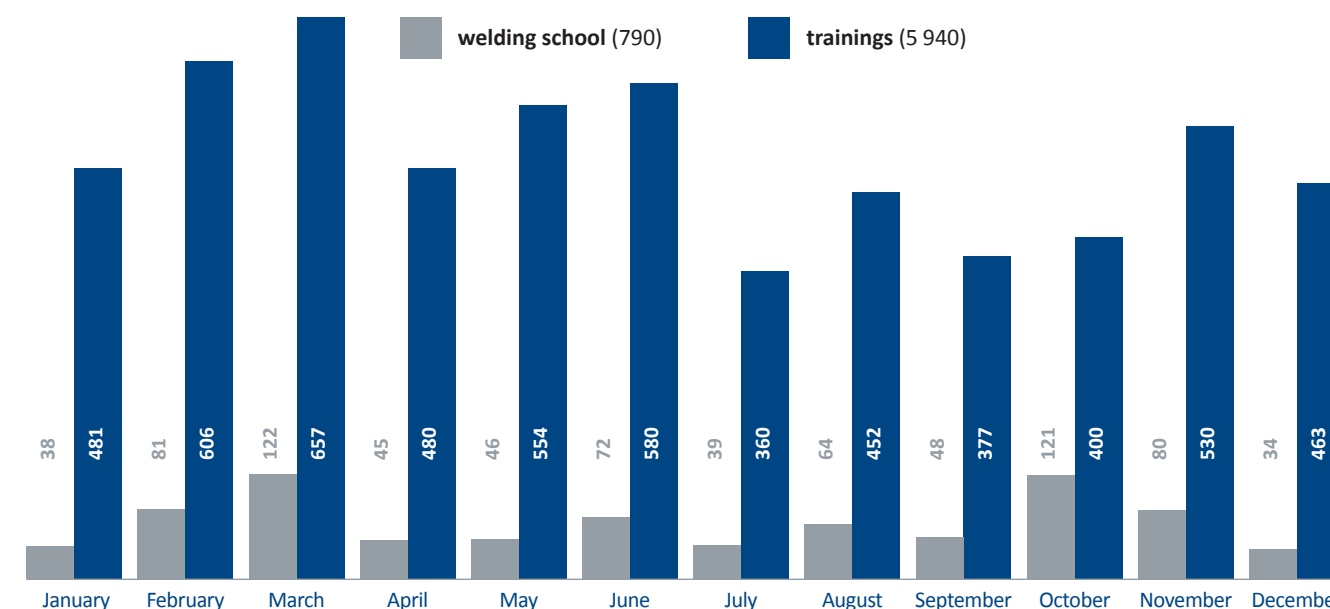
AVERAGE NUMBER OF WORKERS	2017	2018	2019	2020	2021	2022	%
production workers	1 023	1 098	1 202	1 223	1 243	1 249	53,79
indirect workers	333	356	381	402	440	461	19,85
administrative workers	472	493	525	560	590	612	26,36
TOTAL	1 828	1 974	2 108	2 185	2 273	2 322	100

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 2022, the company provided the employees with development and growth through managerial, professional, computer, development and language courses provided by an internal or external company. In the given year, the trend in the implementation of basic and preparatory courses in the company's own Welding School continued.

NUMBER OF TRAINED EMPLOYEES IN 2022



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 2022, 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 9 students of the program Metal machining, and 37 students of the program Programmer of CNS machines and devices, as well as 2 students of Mechanist of PC networks and 3 students of the Mechanist-Electrician. The Trebišov plant cooperates in the system of dual education with the Church Secondary Vocational School of St. Josaphat in Trebišov. In 2022, 17 students were trained in the field of mechanical engineer.

OBJECTIVES AND TARGETS FOR 2023

In 2022, despite all the obstacles related to the Russian-Ukrainian conflict, we were almost able to meet the production plan. We owe a lot to our ability to produce most of the parts and components for our wagons within our own Tatravagónka group. Which means that we were able to largely compensate for the disruption of the supply chain with our own production.

We also managed to enforce a partial price increase for all our customers, even though we had valid contracts for 2022. This also helped us to soften the effects of the adverse market situation and to remain in positive numbers at the end of 2022, even though we are significantly behind the results of previous years.

We entered the year 2023 with echoes of chaos and uncertainty in commodity prices, but also in the supply of goods themselves. Gradually, the situation begins to stabilize and allows at least short-term predictions of market development, prices of final products, but also of input raw materials and sub-deliveries.

However, due to the ongoing conflict, we are forced to periodically review the prices; we have introduced a system of half-yearly prices, which are recalculated at regular intervals.

The overall price increases of basic commodities associated with inflation in Slovakia force us to further increase prices in order to be able to economically produce our freight wagons and maintain ongoing investments and manage the increase in costs associated with servicing financial debt.

Even despite these unfavourable circumstances we plan to preserve the current trend and to increase the overall number of manufactured freight wagons compared to 2022. We are planning a significant increase in production in the new plant within the group in Tatravagónka Ilmače spol., s. r. o.

There are no significant changes in the planned structure of production in 2023 when compared to previous years. Although the Russia-Ukraine conflict has raised the demand for tank wagons for transportation of fuels and oil, the green policy of the European Union and its efforts to reduce the consumption of fossil fuels still prevail. Therefore, the majority of large customers buy tank wagons at the level of renewal of the wagon fleet due to the need to scrap old wagons. We can see increase in the wagons for transportation of gases (LPG, LNG, Ammonium...), but we do not plan to introduce these wagons into our production plan so far.

A continuous trend can be seen in rising of production of wagons for transportation of grain products. Ukraine's need to transport grain through Europe, due to limited seaborne exports directly from Ukraine, still keeps demand for grain transportation at the high level. However, a new industry was also created, where Bio bags, cups, plates and other types of ecological substitutes for products that were previously made from plastic began to be produced from food granules (wheat, etc.).

The current situation with the intermodal wagons, except for the pocket wagons, is not very positive in the first half of 2023. However, a turnaround is expected in the 3rd Q and a renewed increase in demand from the 4th Q/2023. Although our lines for intermodal transport are fully loaded for this year, there is a large portion of intermodal wagons at the market that are decommissioned and are out of any transportation/hire.

However, our pocket wagons continue to maintain a rising trend, demand is steadily increasing, and we can say that we currently have production secured and even higher numbers for 2024 than for

2023. The main reason for this increase is the EU's green policy and the related stricter rules, road restrictions and discounts offered for preferring rail transport. We are noticing an increasing pressure to shift the transport of goods from roads to railways. Another reason is the economic impact of transporting semi-trailers by rail - transporting of semi-trailers by rail is financially more advantageous than transporting them entirely by truck. The fact that we are currently experiencing a huge shortage of truck drivers in Europe contributes significantly to the choice of rail transport of semi-trailers.

In 2023, we are preparing restoration of the car-carrying wagon line due to significantly growing demand. It is caused by several factors. The first is very low investment in renewal of the wagon fleet for this type of wagons in recent years and as a result the existing fleets are obsolete and there is a high number of scrappings per year. Subsequently, these wagons need to be replaced. The second factor is production of new types of cars, mainly electric cars, which are significantly heavier than cars with combustion engine. Current fleets of car-carrying wagons are not adjusted for such large loading, and therefore they are not suitable for transportation of these types of cars. Last but not least, the increase in demand for car-carrying wagons is influenced by the growing import of vehicles from China, the USA, or Vietnam, which need to be transported from ports to customers, or to the terminals.

Within 2024, we plan to introduce to production newly designed freight wagons, which will enable the freight railway transport to expand the portfolio of goods transported on rails with positive economic profitability compared to other types of transport. Our main goal for 2023 is to maintain permanently growing costs for input materials, components and energies and to maintain stability of the supply chains.

Strategy of the company in the field of freight wagon development is 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 development for 2022/23 and for further years, there still persists a trend of development of new innovative types of freight wagons and bogies with a focus upon minimization of freight wagon weight, increasing of versatility and preparation of the wagons for installation of the automatic coupling (DAC). Furthermore, it is a development of wagons for transportation of road cars on the rails (truck-tractors, big utility vehicles, electric cars, passenger cars). In the field of rapidly developing intermodal transport, it is development of intermodal wagons aimed at transportation of new types of containers, swap bodies and development of wagons suitable for transportation of non-cranable semi-trailers that represent majority of semi-trailers in Europe (60-80%).

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 2022 among the bearing newly developed products (note: with regard to tests and approval, some projects will continue in 2023):

- **Snps** – wagon for transportation of timber equipped with container elements with a new type of reinforced stanchions and sleepers optimised for customer's needs.
- **Sammns 490.0** – wagon for transportation of heavy rolled and other bulky and heavy materials, at the same time designated for transportation of heavy tracked vehicles
- **Tadns 83 m³** – wagon for transportation of bulk materials (sand, lime...)
- **Sggnss 80' XLs** – wagon for intermodal transport of containers and swap bodies with optimised distribution of cargo and increased bearing capacity and optimised wagon length for the possibility to introduce more wagons into a train set
- **Sgns 60'** – wagon for transportation of containers and swap bodies equipped with a disc brake for optimisation of LCC and noise
- **Tagnpss 103 m³** – optimisation (increase) of wagon volume for transportation of grain
- **Sdggmrss** – basket wagon for transportation of non-cranable semi-trailers, containers and swap bodies
- **Y25ALsi-C-K (Aluminium)** – light bogie with the frame made of aluminium alloy, for improvement of LCC and other.

The wagons are ready for installation of the automatic coupling, and with regard to design, they follow the above specified trends.

RESULTS OF COMPANY'S OPERATIONS AS OF DECEMBER 31, 2022

SHORT FORM OF THE BALANCE SHEET ACCORDING TO IFRS (IN THOUSANDS OF EURO)

ASSETS	as of 31. 12. 2022	as of 31. 12. 2021
Intangible assets	8 724	10 441
Property, plant and equipment	124 749	122 609
Investment property	1 197	1 171
Financial Assets	91 030	90 410
Total non-current assets	225 700	224 631
Inventory	40 091	31 837
Trade and other receivables	132 565	96 022
Tax receivables	3 099	5 091
Cash and cash equivalents	28 470	32 067
Total current assets	204 225	165 016
TOTAL ASSETS	429 925	389 647

EQUITY AND LIABILITIES	as of 31. 12. 2022	as of 31. 12. 2021
Subscribed equity	86 358	86 358
Funds	17 278	16 334
Retained earnings	77 343	70 037
Equity in total	180 979	172 729
Long-term finance liabilities	71 878	67 039
Other non-current liabilities	584	457
Deferred tax liability	2 192	1 101
Non-current reserves	7 901	7 882
Non-current liabilities - total	82 555	76 479
Trade and other liabilities	126 562	86 988
Tax liabilities	647	1 439
Short-term financial liabilities	39 182	52 013
Current liabilities - total	166 391	140 439
Total Liabilities	248 946	216 918
TOTAL EQUITY AND LIABILITIES	429 925	389 647

SHORT FORM OF INCOME AND EXPENSE STATEMENT (IN THOUSANDS OF EURO)

	as of 31. 12. 2022	as of 31. 12. 2021
Revenues from the main activity	549 685	443 193
<i>Revenue from the sale of merchandise</i>	82 813	42 763
<i>Revenue from the sale of own products and services</i>	466 872	400 430
Capitalization	761	726
Changes in inventories of finished goods and own production	10 462	11 920
Cost of main activity	550 824	415 441
Other operating income	7 228	5 221
Other operating expenses	5 292	31 510
Interest	-1 881	-1 137
Other financial expenses - net	746	1 758
Other financial income - net	1 049	34 056
Profit before tax	10 982	45 262
Tax expenses	2 732	1 095
Profit for the period of continuing operation	8 250	44 167
Profit for the period of discontinued operation	0	0
Profit after taxes for accounting period	8 250	44 167
Other components of comprehensive income in total	0	0
TOTAL COMPREHENSIVE INCOME FOR ACCOUNTING PERIOD	8 250	44 167

CASH FLOW (IN THOUSANDS OF EURO)

	as of 31. 12. 2022	as of 31. 12. 2021
Profit before tax	10 982	45 262
<i>Items modifying profit before tax to cash flows from operating activities</i>	12 027	8 972
Operating profit before changes of working capital	23 009	54 234
Changes in assets and obligations	302	-24 315
Net operating cash flow	22 411	29 919
Interest received	240	329
Interest paid	-2 121	-1 465
Income tax paid	-2 829	-9 659
Net cash flow from operations	17 701	19 124
Expenses for acquisition of subsidiary and associated enterprises	-3 000	-59 113
Expenses for purchase of long-term tangible property	-8 237	-16 281
Expenses for purchase of long-term intangible property	-4 187	-4 718
Income from sale of long-term assets	357	904
Income from sale of shares of subsidiary companies	0	0
Expenses for long-term loans provided by accounting unit to subsidiary and associated company	-1 018	0
Income from repayment of loans	400	0
Incomes from dividends and other share of profits	2 380	0
Net cash flow from investment activities	-13 305	-28 858
Income from changes of loans and long-term obligations	15 000	45 000
Expenses for settlement of loans (-)	-22 993	-2 643
Expenses for paid dividends and other shares of profits	0	-32 500
Net cash flow from financial activities	-7 993	9 857
Net increase or net decrease of financial resources and equivalents	-3 597	122
Financial resources and equivalents at the beginning of account period	32 067	31 945
Exchange rate differences enumerated for financial resources and equivalents	0	0
FINANCIAL RESOURCES AND EQUIVALENTS AT THE END OF THE ACC. PERIOD	28 470	32 067

REPORT ON SUSTAINABILITY

The issue of sustainability and corporate social responsibility has been resonating in society for several years. Today, however, these concepts are not just a phrase, but rather an urgent call to move from words to real actions. The company Tatravagónka, a. s. has built its name and position as the largest manufacturer of railway freight wagons and bogies in Europe for more than 100 years, and with its responsible approach to the product, to society, to the environment and to business partners tries to represent the legacy of the generations that built this company before us and to be its bearers for the generations that will come after us.

“TO BE THE FIRST CHOICE”

The vision of Tatravagónka stands 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

OUR VALUES



NAŠA TATRAVAGÓNKA

RESPONSIBILITY TEAMWORK TRUST INNOVATION SAFETY

- **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 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.

ESG ENVIROMENT

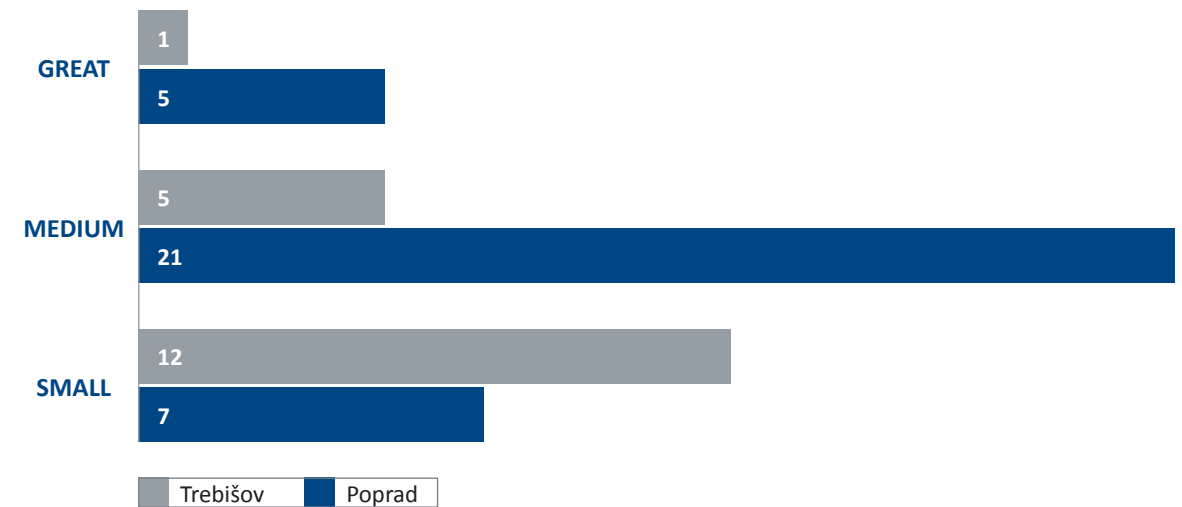
WE PROTECT THE ENVIRONMENT

As the company, we are committed to protect the environment, taking into account the rights of future generations. In our activities, we strive for a balance between production and environmental interests. Products, which leave the gates of both our plants, are CO neutral and they support “green” policy of the European Union. We are constantly modernizing, introducing new technologies and streamlining the production process so that not only our products, but also the path to their creation has the least possible impact on the environment.

We respect observance of generally binding legal and other regulations, and we try to make the goals set annually known not only to our employees, but also to business partners and other interested parties. The employees of the Health and Safety Department develop valid legislation in the field of environmental protection into internal company management acts, operational and safety regulations, work procedures, guidelines, etc.; they guide methodically and professionally executives and individual employees at all levels of management in the field of environmental protection and hygiene supervision of the Regional Office of Public Health, they process reports, concepts in the environmental field, ensure the necessary measurements, analyses, contracts with disposal facilities, etc.

There is established an individual greasing and tribotechnic service in the company, which provides 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, 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, 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, the company operates 51 sources of air pollution.



OVERVIEW OF SOURCES OF POLLUTION

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 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 successfully reduced thanks to thorough maintenance of machines and devices, regular cleaning and replacement of filters of mainly shot-blasting machines and thanks to their gradual modernisation.

For the new business period of 2021-2030, Tatravagónka, a. s. is not a member of the business scheme. The company was removed from the trading scheme of mandatory participants due to reduction of heat rate of the facilities that burn the natural gas.

We dispose of all types of waste in an ecologically clean way through an external company. The production departments have precisely determined method of handling waste, i.e. sorting, storage in designated containers and export from disposal centres or their transfer as secondary raw materials, mechanisms are defined for handling scrap metal, collecting paper and wood, for handling oil substances, etc. Method of waste disposal is precisely defined by an internal company directive. Containers for separate waste collection are located in all production and administrative departments.

We record and control the amount of produced waste on a monthly basis. We have elaborated a detailed overview of quantities and types of waste produced at each collection point on the company premises. We are aware that we still have room for improvement, so we are committed to continuously taking additional measures not only within our internal processes, but also by gradually introducing sustainability criteria in our supply chain.

Within the company, we support electronic processing, storage and sharing of documents. In 2020, we invested in RPA software for automating company processes, which is used, among other things, for the electronic processing of supplier invoices. In 2022, more than 80% of incoming invoices were processed electronically, including their approval process.

In 2023, we plan to introduce electronic invoice processing for work suppliers (welding, machine fitters etc.), which will significantly increase the share of paperless invoice processing in the company. We are constantly trying to increase the share of invoices sent electronically, even for customer invoices.

We have an established system for the electronic circulation of tender questionnaires, calculation processing, and ongoing investments for expansion of cloud storage options, or to share information and documents exclusively in electronic form, so that the need for the circulation of documents in paper form not only within the company, but also externally, copies the worldwide decreasing trend.

WE INVEST WITH THE ENVIRONMENT IN MIND

Investments in 2022 were mainly aimed at increasing work safety, reducing energy consumption and environmental burden. By means of technological innovations in 2022, we strengthened welding, material cutting by laser and plasma. Robotized workplaces, a doubled hydraulic positioner were added, and construction of a new cutting line for thermal (plasma) cutting of profile material was started at the beginning of the year. A new CNC bending machine, a welding machine for contact flashing welding, whose advantage is high quality weld and much higher welding efficiency, were added to the machine park. One of the investments was represented by a modern tact blasting device, which will simplify the handling of loads and also has an impact on a significant reduction of the environmental burden.

We are aware that efficient use of energy contributes to reducing our climate footprint, therefore, in addition to investing in the modernization of machinery, we also continued to replace windows, entrance gates and skylights in the production halls, replacing the original lamps with more economical alternatives, insulating the building of the IT department and reprographics and replacement of outdated drinking water distribution systems within the premises of the company. These measures and investments lead to reduction of energy load and to increase of efficiency of our production process.

As a company, we believe that understanding the importance of maintaining environmental sustainability is the right way to maintain an acceptable environment for all of us. We focus on prevention and restriction of occurrence of unacceptable risk; at the same time, we increase the environmental awareness of all employees. Because the environment is not only a legacy from those who were here before us, but also a loan from our children.

ESG SOCIAL

WE CREATE OUR WORKING ENVIRONMENT

Our employees create our working environment, culture and common values. We believe that satisfaction of our colleagues is important for achieving the defined goals and for creating an overall company image regardless of the fact whether the employees are in the direct contact with our customers and suppliers or they are part of the production process, or they provide other supporting activities necessary for problem-free running of the 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:

- **Voluntary choice of employment** – we support the elimination of all forms of forced labour or involuntary work of prisoners.
- **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.
- **Minimum wages** – our employees receive wages and bonuses that meet or exceed the statutory minimum. The average wage in the company in 2022 exceeded the average wage in the Slovak economy by almost Euro 250.
- **Working hours** – we do not require our employees to work more than the maximum number of hours worked required by local law. The weekly work pool in the company is 37.5 hours; our employees are adequately compensated for possible overtime work, night shifts, work during weekends and holidays, respecting all statutory allowances, breaks between shifts and other legal limits.
- **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, nationality or any preferred group.
- **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.
- **Freedom of association** – we exercise the rights of employees associated in trade unions in accordance with local laws and established procedures.
- **Business rules** – the company's suppliers are obliged to announce and promote legal rights.

TATRAVAGÓNKA respects the personal integrity and diversity of opinions of its employees and it requires the highest level of personal morality and compliance with the principles of the Code of conduct at workplace. We take a negative attitude towards any form of harassment, bullying, mobbing or bossing. We believe that everyone has the right to be treated fairly and courteously, whether by superiors or colleagues.

WE SUPPORT EQUAL OPPORTUNITIES

Tatravagónka provides equal opportunities regardless of race, gender, skin colour, age, religion, disability, or social origin. We strive for an even distribution of workforce and we make decisions solely on the basis of the qualification and professional prerequisites of the employees.

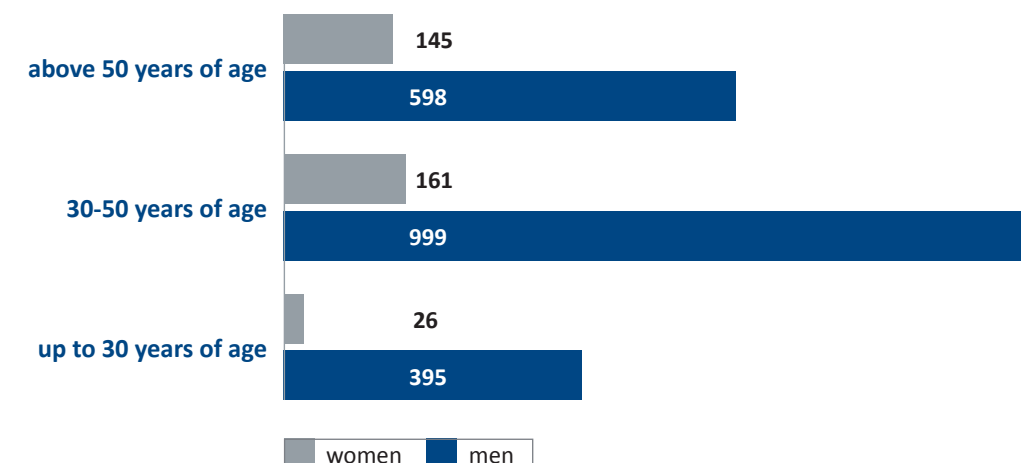
We regularly invest to the personal development and education of our employees with an aim of development of their capabilities, knowledge and skills. There are free language courses held directly in the company by the company's own lecturers, which employees can attend during working hours, professional trainings, whether compulsory or optional, and last but not least, training development programs intended for managers and prospective employees included in the "talent pool" or "key people" list with the aim of preparing management reserves. We actively look for talents and give them space to develop their skills for the benefit of our company. We have opened doors for decent expression of one's opinions freely and without fear of any consequences.

DEVELOPMENT OF AVERAGE NUMBER OF ROOT EMPLOYEES IN 2017 – 2022

Rok	men	women	together
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
2022	1 995	327	2 322

The ratio of men and women working in our company copies the trend of labour force distribution in the engineering industry in the Slovak economy. As a percentage, the most men work in the category of production worker- up to 99.4% (from the total number of 1,237 production workers in the company, 7 are women). In the categories of indirect workers and administrative workers, the men to women ratio is 70:30.

AGE STRUCTURE OF EMPLOYEES AS OF 31. 12. 2022



As of 31. 12. 2022, 104 employees with a medical handicap worked in the company (15 employees with disability of more than 70% and 89 employees with disability over 40%).

WE CARE ABOUT THE SAFETY OF EACH OF US

Safety is paramount for us. Given the nature of our manufacturing activity, we place great emphasis on compliance and support of rules and principles ensuring workplace safety. However, with HSE we are not only concerned with compliance with legal regulations, for us it is more than just an administrative obligation. Through good HSE, we reduce the likelihood of a serious work accident, several weeks of incapacity for work, or the occurrence of occupational diseases. On a long-term basis, we manage to maintain the number of occupational accidents at an acceptable level with zero or minimum number of serious work accidents.

	2017	2018	2019	2020	2021	2022
Average number of health insured employees	1 827	1 948	2 110	2 186	2 275	2 321
Number of registered work injuries	63	52	54	30	56	63
Serious work injuries	1	0	1	1	0	0
Occurrence rate - i.e. Number of injuries per 100 employees	3,5	2,7	2,6	1,4	2,5	2,7

We are aware that everyone across the company has a share of responsibility in creating safe working conditions. We are constantly trying to improve. In order to achieve this goal, the company uses various tools to increase awareness in the field of occupational safety and also education with a form of positive motivation. The company invites employees to actively participate in the creation of the "Health and Safety Policy", the aim of which is to create a safe and balanced working environment. Through open communication with employees who notice common deficiencies and problems during their day-to-day work, the company manages to detect them in time and free up resources for their effective elimination. With timely intervention, we prevent the occurrence of production losses, production shutdowns, occupational accidents and, ultimately, damage to the overall corporate image. We constantly monitor and assess our effort and responsibility in this field. The company regularly rewards workplaces with the lowest or zero accident rate.

WE CARE ABOUT OUR EMPLOYEES

Care about our employees does not end at the workplace. With regard to our motto "To be the first choice", we try to be a reliable partner not only for our customers, but also for our employees, who help to strengthen our position on the market and to build a good company name in the world through their daily efforts.

An interesting package of financial and non-financial benefits is available for employees. In addition to the benefits that we provide as part of the work process, there are also benefits by means of which we try to diversify and to make free time more enjoyable.

FINANCIAL BENEFITS

- Holiday and Christmas reward
- Rewards for work and life anniversaries
- Age automat
- Attendance bonus
- Allowance for the birth of an employee's child or the employee's marriage
- Financial donation to women for the International women's day
- Contribution to joint children's recreation
- Reward for blood donors
- Allowance of the employer to the 3rd pillar of pension savings
- Wage benefit when working in 3- and 4-shift operation

NON-FINANCIAL BENEFITS

- Vouchers for workforce regeneration twice a year
- Fuel cards for purchasing fuels for better prices for private purposes
- Mobile phone and calling cards for private purposes for employees and their family members
- Language courses, qualification improvement, company library
- Contribution to entrance fees to the fitness centre, discounted entrances to the water park, etc

The company regularly organizes leisure events, where not only our employees, but also their families can enjoy pleasant moments outside the working environment. Winter skiing, football league, St. Nicholas event or Children's Day are a great success, "Skating at the ice-ring" or "Children's summer camp" are regularly organized and are popular especially among the youngest.

After a break forced by the pandemic, the Technical Innovation Course- "TIK" is starting again, under the auspices of colleagues from the R & D department, where young designers- children of our employees- meet every week. We want to lead them to technical thinking and to educate the next generation of technicians at a time when interest in technical sciences is rather on the decline. We introduce children to the basics of mechanics, engineering and programming through WeDO or Mercury lego, and enable them to get to know our products through virtual reality. Older children discover our products directly in the Creo View program and have the opportunity to try 3D printing.

WE ARE PART OF THE COMMUNITY

For a long time now, the company TATRAVAGÓNKA ranks among the pillars of the region not only in the field of employment. We realize that relationship with people, communities and the country in which we live is an important part of sustainability. That's why we've been dedicated to volunteering and the issue of philanthropy for a long time. The company's Board puts its trust in the employees, and a Sponsoring and Philanthropic Commission was created from representatives of individual departments. Its main task is to communicate transparently and to help in satisfying the needs of the region, communities, institutions, individuals and our colleagues in the fields of sports, culture, education and health. The commission meets on a monthly basis and distributes financial resources and non-financial support through transparent voting.

By building the "Employee with a big heart" community, we try to engage, motivate and inspire our colleagues to participate in volunteer activities, which improve our surroundings, quality of life for others and contribute to their personal growth. We regularly organize various events and collections, or we are also involved in nationally organized events- collection of school supplies, toys, help for war refugees, or the pre-Christmas nationwide organized collection "How much love can fit in a shoe box" for seniors, as well as the regular Drop of blood for blood donors.

Together, we strive to improve the public welfare of our region and improve the environment of which we ourselves are a part.

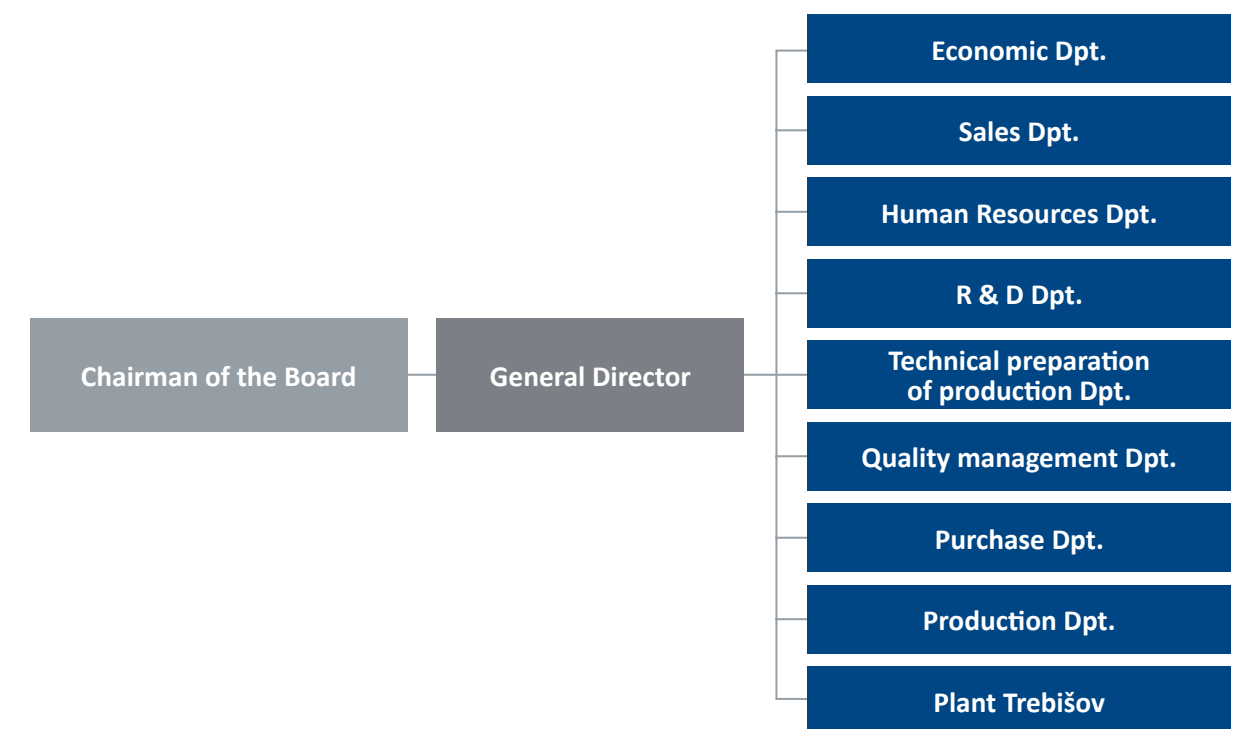
ESG GOVERNANCE

RELIABLE MANAGEMENT

Our organizational structure and the elements of the management act system form the basis of the company's daily operations. By means of effective management of the company, we try to fulfil our vision and to balance interests of all involved parties, such as shareholders, top management, customers, suppliers, government, and the community.

The General Assembly acts as the main decision-making body of the company and it enables the shareholders to make decisions on essential matters related to day-to-day operations. The company is managed by the Board of directors, which meets on a regular basis. The activity of the Board of directors is supervised by the Supervisory Board. The general manager is directly subordinate to the Board of directors.

The chairman of the Board of directors is responsible for the Marketing and public relations department, which coordinates transparent and consistent sharing of information about the company.



The aim of the management activities of Tatravagónka, a. s. is to ensure that all organizational, commercial, technical, control and production activities in the company are planned, managed, checked and meet the requirements of interested parties and applicable standards. For its management activity, the company creates its own system of management acts that divide the company's activities among the company's departments, define the degree of responsibility and authority in performance of these activities, establish mutual relations between the performers of individual activities and ensure the overall consistency of the company.

In the company's management structure, there are nine separate departments with their own management, which report to the general manager and are divided into other separate specialized divisions.

The Division of safety and services falls under the GM Department. The division manager coordinates the operation, implementation and fulfilment of statutory regulations in the field of health and safety and fire protection, covers scrap management and proper waste management, and he also supervises our own general health care clinic.

The Division of investments and investment projects and also the Division of process engineering are also directly responsible to the general manager. In the framework of all ongoing and planned investment actions, we take into account the principles of sustainability and the "green strategy" of the European Union.

The company Tatravagónka, a. s. is established and managed in accordance with the applicable legislation governing commercial companies in the Slovak Republic as well as with the EU legislation. Furthermore, we follow internal directives, work procedures and other documents, and we ensure that each of our employees is timely and sufficiently informed and knows all work procedures and documents necessary not only for the performance of their work, but also general regulations and instructions that apply across the whole company.

BASIC REGULATIONS ISSUED BY THE COMPANY INCLUDE

- **THE ORGANIZATIONAL ORDER** is our basic organizational standard of the company, which has a complex nature; it regulates the principles and rules of the internal organization and relations between the company's departments in the management system.
- **THE QUALITY POLICY** is a document by which the company's executive management formulates our overall intentions and directions of the company's activities in the field of quality for a period of 5 to 10 years.
- **THE QUALITY MANUAL** is the main document of the quality management system, which provides us with its detailed description and helps us to implement and maintain it.
- **THE ENVIRONMENTAL POLICY** and the Health and Safety Policy formulate our goals, commitments and efforts for continuous improvement in the relevant area from a strategic point of view.
- **THE INTEGRATED MANAGEMENT SYSTEM MANUAL** is an extension to the technical-organizational procedures, and it describes the IMS model according to the ISO 14001 and ISO 45001 standards.

WE BUILD UPON THE CORRECT PARTNERSHIP

The company Tatravagónka, a. s. is aware of its duties and obligations arising not only from business relationships, but also moral and ethical obligations. Our working environment, in which we spend a significant part of our lives influences and shapes us to a certain extent. Each employee participates in the way we communicate within the company, how we behave, how tolerant and considerate we are to each other. What kind of atmosphere will prevail in the workplace depends on each one of us. The management of the company undertakes to set an example in this area and to consistently apply accepted moral and ethical principles.

What applies within the company, it also applies in relations with external companies. As a company, we build on a correct partnership, which means for us not only the fulfilment of legal obligations, but mainly corporate and business culture. We build on correct and transparent relations with all interested parties. By our behaviour towards partners and institutions, we represent the company, its values, attitudes and principles, not our personality. We care about the professional reputation of our company. We refrain from any action that could affect our impartial judgment and objective action in the interest of the company.

When it comes to receiving gifts and hospitality, the company trusts its employees. Employees may accept such form of commercial attention, but it cannot represent a form of illegal enrichment that will affect their objective judgment and decision-making.

WE PROTECT PROPERTY AND INTERESTS OF ALL OF US

The interest of the company's shareholders represents the interest of all of us. Together, we are building an efficient, profitable and competitive company that represents a supportive and stable pillar for its employees. We protect property, interests, know-how of the company and handle them economically.

As a company, we oblige ourselves to protect our and others' intellectual property in all its forms - patents, copyrights, licenses, software, trademarks and brands, web and print content, various forms of design and other forms of intellectual property.

TRANSPARENCY IS THE SHORTEST WAY TO THE GOAL

We provide all required information on time with an emphasis on their completeness, propriety and correctness of their flow.

We respect legitimate demands of others, and, at the same time, we insist on fulfilling our own demands so that continuity of the information chain is maintained and the information and data we provide lead to the fulfilment of set goals.

We always provide accurate and true values and information, correct data and outputs, and thus we enable fact-based decision-making.

To ensure consistency of statements, only individual members of the board of directors and the PR and marketing department may speak on behalf of the company. Employees observe confidentiality, do not take videos and photos on the premises of the company. The area of the company's external communication is the task of the PR and marketing department.

WE ARE NOT POLITICALLY ENGAGED

We do not use the good name and reputation, or the assets of the company to support a certain political party or movement, belief, direction. At the same time, we exclude such support on company grounds in any way.

As the company and its management take an apolitical stance, we expect that an employee's political sympathies or membership in a political party or movement will not have a negative impact on the proper and honest performance and quality of his/her work.

CODE OF CONDUCT IN PRACTICE

In cases where a situation arises in practice in which the observed behaviour is outside of our values and good manners defined in the valid code of ethics and it is not possible to solve it by agreement of the affected entities, an ethics commission is established. The application of principles of issued Code falls under the responsibility of the company's General Director, who convenes the Ethics Committee every time a complaint or suspicion is received and is responsible for checking and preventing possible retaliatory measures against the whistleblower. In addition to assessing notices, the Committee meets once a year (at the end of the calendar year) to update the Code for the next calendar year.

RELATIONS WITH PUBLIC INSTITUTIONS

Relations with public institutions are based on correct, legal and maximally ethical approach that does not compromise the good reputation of our company. This condition also applies to direct or indirect contributions, expenses, gifts or entertainment provided by employees or other representatives of the company for the benefit of public institutions.

We all ensure maximum protection of processed personal and other data against their possible misuse in accordance with applicable legislation. When dealing with this data, we maintain confidentiality in accordance with the company's internal regulations as well as the generally applicable

GDPR legislation. Employees who work with such data are retrained on a regular basis and proper compliance with these regulations is checked as part of internal audits of individual departments.

The current era places high demands on the quality of products and processes, so that companies can satisfy the growing demands of customers. One of the basic tools for achieving and permanent ensuring of quality is considered to be building of an effective quality management system, which can be certified according to international ISO standards with respect to the industry. Currently, we are certified in accordance with the latest applicable standards ISO TS 22163, ISO 45001 and ISO 14001, and our goal is to continue in maintaining and increasing the level of certification of the company's products and systems. Since the beginning of the certification of our system according to ISO (formerly IRIS) standards, we have noticed a positive trend of continuous improvement of our quality management system. The last recertification audit in 2022 with a success rate of 82% is also a ticket to a higher - silver - level of performance. The performance levels are introduced by UNIFE - the Association of the European Railway Industry with the aim of increasing the overall quality in the railway industry, focusing on the performance of companies in this sector. The increase in the level of performance does not reflect only the effective implementation of the quality management system, but also the measurable results for the stakeholders. The year-round efforts of all our employees to constantly improve quality of products and business processes bring visible results. An effective quality management system brings added value to the products we manufacture, which is ultimately perceived not only by the end customers in the form of meeting, or even exceeding, their expectations and requirements and product reliability, but also by employees, owners, or our other partners.

In addition to regular external audits, the company also conducts internal audits, purpose of which is to monitor the implementation and compliance with company regulations, guidelines and compliance with work procedures. Audits are carried out by selected employees of the company – internal auditors, who have undergone the necessary training and their task is to determine the percentage of compliance with system requirements and, in case of non-compliance, to agree on corrective measures and to evaluate their fulfilment at the subsequent audit.

TAXONÓMIA EÚ – CALCULATING KPIs

EVALUATION OF ECONOMIC ACTIVITY

In June 2020, the European Union adopted the Taxonomy Regulation (2020/852), which has become an essential element of the European Sustainable Growth funding plan. The Taxonomy aims to simplify, make transparent and standardize the process of reporting sustainability information for companies and to enable financial institutions to direct capital to those projects and assets that make the greatest contribution to the European Union's climate goals. These targets are defined by the European Green Deal, which calls for a 55% reduction in greenhouse gas emissions by 2030 and the achievement of carbon neutrality by 2050.

To this end, the Regulation creates a classification of economic activities according to their potential contribution to six EU environmental objectives, namely:

- Mitigating climate change
- Adapting to climate change
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protecting and restoring biodiversity and ecosystems

A review of the technical criteria and an assessment of the compliance of the company's activities with the EU taxonomy has been carried out in accordance with the current regulation 2020/852 and the delegated Act C(2021) 2800 which complements this regulation.

The main activity of our company- according to the NACE 30.20 classification, the manufacture of railway locomotives and rolling stock- is classified under category 3.3 Manufacture of low-carbon technologies for the transport sector, according to the delegated Act 2021/2139. On the basis of this classification, the economic activity has been assessed as eligible from the perspective of the EU taxonomy.

According to Annex 1 to EU Delegated Act C (2021) 2800, the company's activities have a significant contribution to climate change mitigation due to the production of freight wagons and their components with zero direct CO2 emissions (paragraph 3.3(a) of Annex 1).

As a next step, the company proceeded to check the DNSH criteria and assessed whether the economic activity significantly undermines the achievement of other EU environmental objectives.

- **Adaptation to climate change** – the assessment carried out found that the company's activities meet the criteria set out in Appendix A of Annex I of the delegated act.
- **Sustainable use and protection of aquatic and marine resources** – the activity meets the criteria set out in Appendix B of Annex I to the delegated act on climate. The company's activities do not undermine the sustainable use and protection of water resources, nor damage the good status or ecological potential of water bodies, including surface water and groundwater.
- **Transition to a circular economy** – waste management prioritizes recycling over disposal by re-using and recovering secondary raw materials, vehicles are free of lead, mercury and hexavalent chromium. The products produced in the company's plants are in line with the concept of high durability, reparability, manufacturability and recyclability. The company's waste management plan ensures reuse as far as possible and prioritizes recycling of waste over disposal.
- **Pollution prevention and control** – the company does not manufacture, place on the market or use in the production process substances listed in Appendix C of Annex I to the delegated act. The company prevents or reduces emissions of pollutants into the air.
- **Protection and restoration of biodiversity and ecosystems** – the company has carried out the necessary assessment and meets the criteria set out in Appendix D of Annex I of the delegated act on climate. The company's activities do not harm the condition or resilience of ecosystems or the conservation status of habitats.

In assessing the economic activity against the criteria set out in the delegated act, account has been taken of the environmental impacts of the economic activity itself as well as of the environmental impacts of the products during their life cycle, in particular in terms of production, use and end-of-life of those products.

The company has procedures in place to ensure compliance with the OECD Guidelines, the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. On this basis, the Company complies with the minimum guarantees set out in Article 3(c) of Delegated Act 2020/852.

On the basis of the technical criteria assessment carried out, the company's economic activity is classified as supporting (according to Article 10(1)(i) of Delegated Act 2020/852). By fulfilling all the required conditions, the company's main economic activity is assessed as aligned with the EU taxonomy.

The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU.

KPI CALCULATION

TURNOVER

Economic activities	codes (2)	Overall turnover in thousands of €	Share of turnover in %	Significant contribution criterion						DNSH criterion (does not cause significant damage)				Minimal warranties	Turnover share harmonized with taxonomy in the year N (in %)	Turnover share harmonized with taxonomy in the year N+1 (in %)	Category (supporting activity)	Category (temporal activity)	
				mitigation of climate change in %	adaptation to climate change in %	water and sea sources in %	Circular economy	Pollution	Biodiversity and ecosystems	mitigation of climate change in Y/N	adaptation to climate change in Y/N	water and sea sources in Y/N	Circular economy						Pollution
A. Taxonomy - legitimate activities																			
A.1 Environmentally sustainable activity (harmonized with taxonomy)																			
Production of low-carbon devices for transport	3.3	498 396	90,67	100	0	0	0	0	0	0	Y	Y	Y	Y	Y	Y	90,67	N/A	E
Turnover from environmentally sustainable activity (harmonized with taxonomy) A.1		498 396	90,67	100	0	0	0	0	0	0	Y	Y	Y	Y	Y	Y	90,67	N/A	E
A.2 Taxonomy - legitimate, but environmentally unsustainable activity																			
Turnover from environmentally unsustainable activity (not harmonized with taxonomy) A.2		0	0														0	N/A	
Total A.1+A.2		498 396	90,67														90,67		
B. Taxonomy - illegitimate activities																			
Turnover from illegitimate activities (B)		51 289	9,33																
TOTAL (A+B)		549 685	100																

KPI – TURNOVER consists of revenue from sales of own products, revenue from sales of goods and revenue from services rendered (the attached financial statements- section 21)- turnover represents total revenue net of unbilled revenue from contracts with customers) 90.67% of revenue has been assessed as aligned with the EU taxonomy. Total revenue was adjusted for turnover from activities not related to the company's core business (IT support services, rental of land and non-residential premises, maintenance services, etc., energy distribution). These were assessed as turnover from non-eligible activities for taxonomy purposes.

CAPEX

Economic activities	codes (2)	Total CAPEX in thousands of €	Share of turnover in %	Significant contribution criterion						DNSH criterion (does not cause significant damage)						Minimal warranties	CAPEX share harmonized with taxonomy in the year N (in %)	CAPEX share harmonized with taxonomy in the year N-1 (in %)	Category (supporting activity)	Category (temporal activity)
				mitigation of climate change in %	adaptation to climate change in %	water and sea sources in %	Circular economy	Pollution	Biodiversity and ecosystems	mitigation of climate change in Y/N	adaptation to climate change in Y/N	water and sea sources in Y/N	Circular economy	Pollution	Biodiversity and ecosystems					
A. Taxonomy - legitimate activities																				
A.1 Environmentally sustainable activity (harmonized with taxonomy)																				
Production of low-carbon devices for transport	3.3	14 117	92,62	100	0	0	0	0	0		Y	Y	Y	Y	Y	Y	92,62	N/A	E	
Turnover from environmentally sustainable activity (harmonized with taxonomy) A.1		14 117	92,62	100	0	0	0	0	0		Y	Y	Y	Y	Y	Y	92,62	N/A	E	
A.2 Taxonomy - legitimate, but environmentally unsustainable activity																				
Turnover from environmentally unsustainable activity (not harmonized with taxonomy) A.2		0	0														0	N/A		
Total A.1+A.2		14 117	92,62														92,62			
B. Taxonomy - illegitimate activities																				
CAPEX from illegitimate activities (B)		1 125	7,38																	
TOTAL (A+B)		15 242	100																	

CAPEX consists of additions to tangible and intangible assets, including their technical development, and the capitalization of the 25% share of direct costs incurred for research and development (financial statements part 4 and 5, additions from 31. 12. 2021 to 31. 12. 2022) All ongoing investment projects were considered. 92.62% of the total CAPEX is aligned with the EU taxonomy, as it has been incurred to support the company's core business.

OPEX

Economic activities	codes (2)	Total OPEX in thousands of €	Share of turnover in %	Significant contribution criterion						DNSH criterion (does not cause significant damage)						Minimal warranties	OPEX share harmonized with taxonomy in the year N (in %)	OPEX share harmonized with taxonomy in the year N-1 (in %)	Category (supporting activity)	Category (temporal activity)
				mitigation of climate change in %	adaptation to climate change in %	water and sea sources in %	Circular economy	Pollution	Biodiversity and ecosystems	mitigation of climate change in Y/N	adaptation to climate change in Y/N	water and sea sources in Y/N	Circular economy	Pollution	Biodiversity and ecosystems					
A. Taxonomy - legitimate activities																				
A.1 Environmentally sustainable activity (harmonized with taxonomy)																				
Production of low-carbon devices for transport	3.3	5 198	92,41	100	0	0	0	0	0		Y	Y	Y	Y	Y	Y	92,41	N/A	E	
Turnover from environmentally sustainable activity (harmonized with taxonomy) A.1		5 198	92,41	100	0	0	0	0	0		Y	Y	Y	Y	Y	Y	92,41	N/A	E	
A.2 Taxonomy - legitimate, but environmentally unsustainable activity																				
Turnover from environmentally unsustainable activity (not harmonized with taxonomy) A.2		€	0														0	N/A		
Total A.1+A.2		5 198	92,41														92,41			
B. Taxonomy - illegitimate activities																				
OPEX from illegitimate activities (B)		427	7,59																	
TOTAL (A+B)		5 625	100																	

OPEX includes non-capitalized costs in relation to building refurbishment, maintenance and repair measures, short-term plant and equipment leases and the non-capitalized portion of direct costs incurred for research and development in 2022. OPEX of 92.41% of total costs has been assessed as aligned with the EU taxonomy as these costs were necessarily incurred to support the Company's core business



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