ANNUAL REPORT
2023

TATRAVAGÓNKA POPRAD

Dear ladies and gentlemen,

in 2023, the effects of the previous period's price shocks gradually fade away and energy and raw material input prices were slowly returning to pre-2022 levels, although it is highly likely that they will never reach these levels again.

Supply chains have also been largely consolidated, contributing to stabilising supplies

and a smoother production flow.

However, the list of positives ends there. Efforts of central banks to reduce inflation and the consequent upward adjustment of interest rates have inevitably heralded a gradual cooling in the pan-European and global levels. This trend has also affected the demand for goods as well as requirements for the volume of transported goods, which has led to adjustments in the range and quantity of ordered wagons.

We anticipate that this trend, which became apparent in the fourth quarter of the year, will continue in the following year and will require a significant adjustment of the product portfolio.

However, 2023 will certainly go down in our company's history as one of the more successful years. And this both in terms of production volume and profitability.

In 2023, we produced 4,072 wagons and 11,001 bogies, which corresponds to the planned production volume.

The volume of manufactured wagons and bogies, expressed in financial figures, represents the turnover of Euro 597.994 million and profit before tax in the amount of Euro 32.759 mil. In terms of turnover, this is the best result achieved in the company's history so far.

I believe that in 2024 we will excel mainly in flexibility, so that we will be able to adapt as quickly as possible to the rapidly changing conditions and be able to meet the requirements of our customers even in this extremely dynamic environment.

Ing. Juraj Hudáč
General Director

BASIC INFORMATION ABOUT THE COMPANY

BUSINESS NAME:
TATRAVAGÓNKA a.s.,
HEAD OFFICE:
Štefánikova 887/53, 058 01 Poprad
BUSINESS ID NO.:
31699847
TAX ID NO.:
2020514496
ID NUMBER FOR TAXES:
SK2020514496
FOUNDED IN:
December 1st, 1994 on the basis of National property fund decision of 29th September 1994

SUBJECT OF BUSINESS:

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

ANNUAL REPORT 2023

- 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
Chairman of the Board of Directors

Ing. Alexej Beljajev ml.
Member of the Board

Ing. Juraj Hudáč
Member of the Board

Ing. Jaroslava Ďumbalová
Member of the Board

SUPERVISORY BOARD

JUDr. Michal Lazar

Ivan Petríček

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 86,392,565.6 as of December 31st 2023. 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

ANNUAL REPORT 2023

BASIC INDICATORS OF THE COMPANY

in €	2018	2019	2020	2021	2022	2023
Revenues	286,764,810	368,569,775	413,009,385	443,192,964	549,685,004	597,994,455
Average numb. of employees	1,947	2,108	2,185	2,273	2,322	2,302
Assets	278,185,884	306,161,666	328,017,846	389,647,431	429,924,539	497,896,386
Fixed assets	155,204,382	165,829,706	170,651,157	224,631,325	225,699,745	237,824,225
Basic capital	86,357,826	86,357,826	86,357,826	86,357,826	86,357,826	86,357,826
Profit before tax	13,242,277	18,027,701	36,387,546	45,262,246	10,981,729	32,758,978
Investments	8,536,434	20,432,936	10,552,655	20,297,020	15,242,031	14,437,205

OTHER DISCLOSURES PURSUANT TO § 20 OF ACT NO. 431/2002 COLL. ON ACCOUNTING

- Costs for research and development activities for the year 2023 amounted to EURO 7,955,520.
- The Company does not own own shares, temporary certificates, commercial shares and shares, temporary certificates and commercial shares of the parent accounting entity
- The Company does not have a branch abroad.
- The proposed appropriation of profits is set out on page 34, note 12.

n 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 2023 to the date of issuing the annual report; events that occurred before the date of signing the Annual report are specified on page 62, in the note 36.

PRODUCTION PROGRAM

FREIGHT WAGONS

T4000

Two-segment pocket wagon of articulated design with 2 bogies of Y25 Ls(s)i1e-K type and with a standardized Y25 Ls(s)i1e(f)-K bogie. The wagon is designed for transportation of Megatrailers and other cranable semi-trailers and standardized swap bodies / containers in all European railway networks with normal track gauge of 1.338 mm and 1.435 mm. 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 36.5 t and weight of loaded wagon in s/ss mode is 135/120 t.

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.

Sggnss 80‘

4-axle freight wagon suitable 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 or in a XLs version with optimized length over buffers. 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.

ANNUAL REPORT 2023

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

T3000eD/Sdggmrss

Two-segment pocket 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.

Tagnpps 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 up to 21 t. Weight of loaded wagon is 90 t.

Tagnpps 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.

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.

BOGIES

Y 25 Ls1-K

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

Y 25 Lsi-K, Y 25 Lsif-K

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

Y 25 Ls-K

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

Y 25 Lsi-C-K

2-axle headstock-free bogie for freight wagons with axle load of 22.5 with compact CFCB brake, or IBB10. Max. speed loaded 100 km/h. Max. speed empty 120 km/h. Track gauge is 1,435 mm. Weight is 4.2 t. The Y 25 Lsi-C-K bogie is manufactured also in the version for 1.524 mm track gauge (Finland).

Y 25 Lse-K

2-axle headstock-free bogie for freight wagons with axle load of 22.5. Max. speed loaded 100km/h. Max. speed empty 120 km/h. Track gauge is 1,435 mm, as well as for the track gauge of 1.668 mm (Spain). Weight is 4.3 t.

Y 25 Lss(f)e-K

2-axle bogie for freight wagons with axle load of 22.5. Max. speed loaded 100km/h. Max. speed empty 120 km/h. Track gauge is 1,435 mm, as well as for the track gauge of 1.668 mm (Spain). Weight is 4.7 t.

SUBASSEMBLIES OF RAILWAY PASSENGER TRANSPORTATION

Subassemblies of wagons for passenger transportation

ANNUAL REPORT 2023

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. The company processes are managed and monitored by means of SAP information system, with using of outputs also from other supporting systems such as Windchill, M365, 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

Office for railway transportation regulation, Bratislava

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

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

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.

TECHNICKÁ INŠPEKCIA, a.s. Bratislava

- CERTIFICATE for welding of metal pressure vessels designed for transportation of dangerous substances according to RID 2023 and EN 14025:2018 + AC:2020.

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

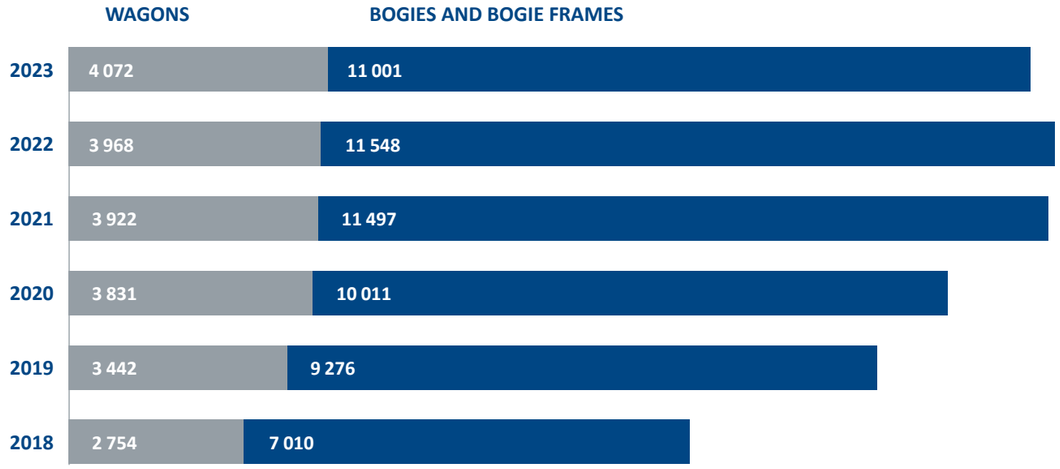
ANNUAL REPORT 2023

PRODUCTION AND SALES IN 2023

Tatravagónka a.s., as well as other manufacturing companies in Slovakia and Europe, faced major challenges in 2023, especially as a result of the war in Ukraine. It has significantly affected supply chains, business relations and overall economic stability. We have found ourselves in the middle of a turbulent geo-economic environment full of uncertainty and trade restrictions, and this has understandably led to rising costs of raw materials, energy, transport and logistics costs, and thus to an overall increase in production costs. The manufacturing sector has also continued to be shaped by regulatory changes, particularly in the areas of environmental sustainability and renewable energy. We are therefore adapting our practices and targets to new environmental standards and striving for responsible resource consumption and energy efficiency. However, the results we have achieved this year show that we have successfully tackled this complex combination of challenges.

PRODUCTION

The production plan for 2023 was determined at the level of 4,115 freight wagons and 10,977 bogies. Although the plan was not 100% fulfilled, we managed to increase wagon production year-on-year again and thus maintain the upward trend in production. A total of 4,072 wagons and 11,001 bogies were manufactured in 2023.



The Poprad plant enables production of several types of railway wagons at the same time thanks to nine specialised production lines. On the one hand, the diverse production programme represents a great competitive advantage, on the other hand it requires rigorous planning and organisation of production, maximum emphasis on quality and compliance with deadlines, as well as investments for introduction of new technologies and renewal of the machinery.

The majority of the production, up to 78%, was covered by the Poprad plant. The plant manufactured 3,220 wagons in 2023 and thus fulfilled its annual plan by almost 98%.

Container wagons accounted for the largest share of production (56%) in Poprad. In 2023, a total of 1,811 wagons were produced in various designs, but mostly in 80-foot lengths (948 wagons). Of these, the predominant version was the so-called long 80 (779 wagons). This type of wagon was developed in 2010

on the initiative of Czech customer Metrans and was awarded the title „Engineering Product of the Year“. It stands out not only because of its low weight, but also because of its unconventional design with reduced noise level, reinforced overhang part and high variability of container loading. Special superstructures for LNG containers or, for example, containers for the transport of wood chips can be transported on this wagon. However, at the customer‘s request, we have slightly modified also this wagon to make it even shorter by 80 mm. This makes it possible to add an extra wagon to the train set. This applies to train sets operating in the Federal Republic of Germany, which is the busiest route for this type of wagon.

The second largest share in the production of the Poprad plant (29 %) is represented by Tagnpps hopper wagons. These are high-sided covered wagons for transport of moisture-sensitive bulk products, especially grain, which have a opening roof controlled from the ground, a body with two or three hoppers and are emptied by means of vaulted segmented flaps into the centre of rails. In 2023, we produced 936 wagons of this type in the double-line with volumes of 95 m3 and 103 m3 for customers such as VTG, Ermewa, GATX, Wascosa, Interfracht and PalletExpress.

Although production of pocket wagons is a specialty of our Trebišov plant, demand for these wagons exceeds its capacity capabilities, so the Poprad plant helped with their production with a quantity of 377 wagons. They were manufactured not only in the T3000 version, but also in the newer T4000 version, which allows to transport intermodal cargo also on the Iberian Peninsula. Although these are not simple types of wagons in terms of design, by setting up the production technology correctly, managing quality consistently and maintaining discipline in the production process, we were able to successfully achieve required quality and meet deadlines agreed with our customers.

In 2022, we said goodbye to production of tank wagons and to the tank wagon line in Poprad itself, but the market can be unpredictable at times and surprised us with an increased demand for tank wagons. Our affiliated company Tatravagónka Bratstvo in Subotica was not able to cover needs of our customers and therefore in the second half of the year we proceeded to restart production of tank wagons in Poprad. 95 wagons were manufactured for two different customers. Operation of the tank wagon line in the coming year will depend on further market developments and the size of demand for this type of wagon. This year we also successfully completed the Sagmms 490 wagon production project after the 100th wagon manufactured. These are wagons for transporting heavy cargo such as heavy tracked and wheeled military vehicles and heavy industrial goods such as steel semi-finished products, rolled sections, rails, etc.

We were able to meet the annual plan (815 wagons) at the Trebišov plant, where a total of 852 wagons were manufactured, which represents 22% of the total production of TATRAVAGÓNKA a.s. As in previous years, the production was specialized in T3000 wagons in several design versions for 8 different customers. Demand for these wagons intended for transport of semi-trailers is increasing. One reason for this is the European Union‘s drive to move goods from road to rail and the pressure to reduce emissions from road transport, but it is also particularly popular due to its versatility and adaptability in terms of intermodal and combined transport. The line for production of these wagons has been in operation since 2011 and we plan to continue it in the next period, and in addition to the T3000 type, we plan to switch to production of T4000 type in the second half of the year.

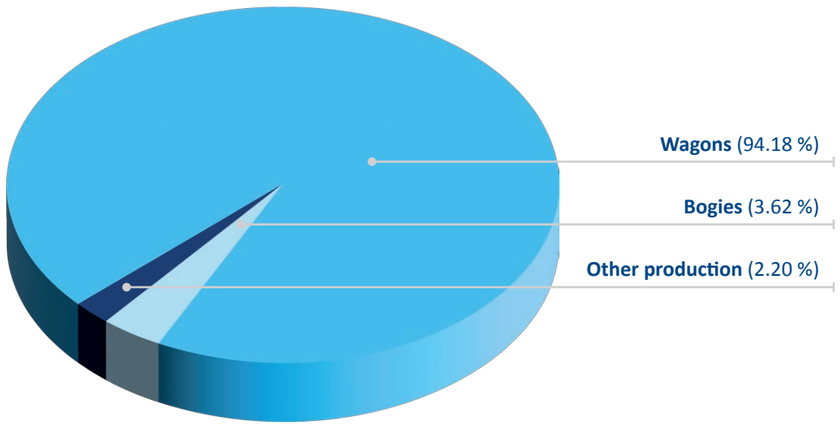
ANNUAL REPORT 2023

The portfolio of bogies and bogie frames consisted mainly of several variants of the standard Y25 type. A total of 11,001 bogies were manufactured in 2023, of which 49 were 3-axle bogies for the Sagmms 490 wagon. We were thus able to successfully fill the planned quantity of 10,977 bogies even with a slight lead.

Our R&D Department embarked on a new cooperation with VÚKV Praha this year, and within the framework of this cooperation we are involved in the development of a new freight bogie with an innovative concept marked as NP-X. The main objective of this project is to reduce force effects of a vehicle on a track, to reduce the overall noise of wagons, reduce transmission of vibrations to a wagon body and interchangeability with standard Y25 bogies. By bringing this innovative solution to a successful conclusion, we would achieve significant progress in the environmental field of rail transport.

PRODUCTION	v €	v %
Wagons	504,568,024	94.18
Bogies	19,369,600	3.62
Other production	11,759,291	2.20
TOTAL	535,696,915	100

PRODUCT STRUCTURE IN 2023



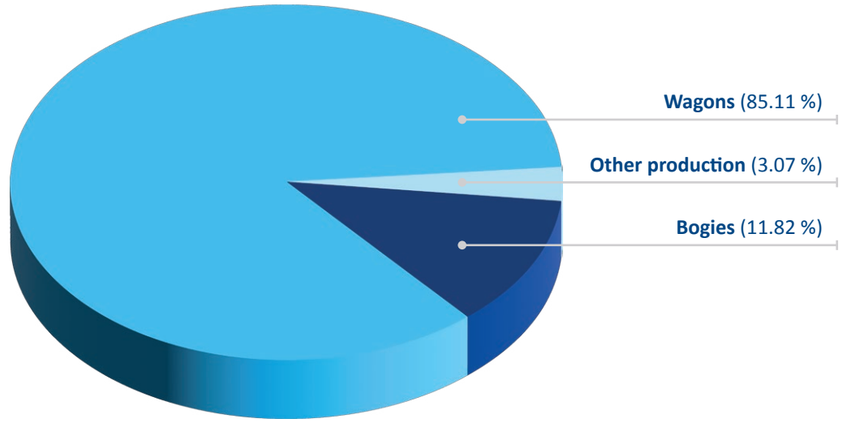
SALES

Tatravagónka a.s. achieved total sales of Euro 598 million in 2023. Compared to defined annual plan, they are lower by 28 million. Compared to the previous year, however, we register an increase in sales of Euro 48.31 million. The most significant component of sales is sales of wagons, which make up over 85% of the total volume.

The result of the company economy as of December 31, 2023 was a profit before taxation in the amount of Euro 32.758.978 mil.

SALES	v €	v %
Wagons	508,961,791	85.11
Bogies	18,331,930	3.07
Other production	70,700,734	11.82
TOTAL	597,994,455	100

SALES STRUCTURE IN 2023



ANNUAL REPORT 2023

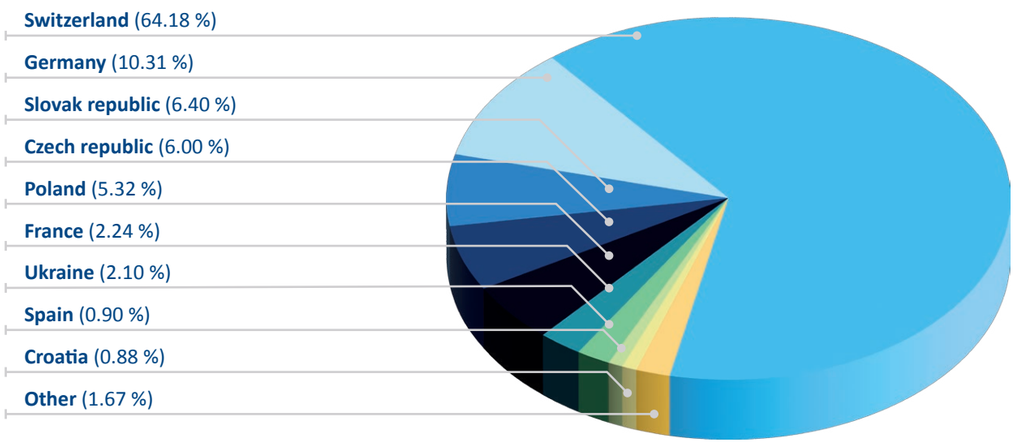
EXPORT

Of the total production volume of Tatravagónka a.s., 93.6% was directed to foreign markets. Switzerland remains the dominant market. Exports to this country even increased by more than 15% to 64% compared to 2022.

However, sales from domestic customers also increased year-on-year by Euro 13 million and their share of the overall production is 6.4%.

TERRITORIAL SALES	in €	in %
Switzerland	383,780,940	64.18
Germany	61,635,569	10.31
Slovak republic	38,285,176	6.40
Czech republic	35,860,406	6.00
Poland	31,799,557	5.32
France	13,401,342	2.24
Ukraine	12,569,500	2.10
Spain	5,398,858	0.90
Croatia	5,290,690	0.88
Other	9,972,417	1.67
TOTAL	**597,994,455**	**100**

TERRITORIAL STRUCTURE OF SALES IN 2023



PRESENTATION OF THE COMPANY IN THE WORLD

This year, an important logistics exhibition Transport & Logistic took place in Munich, where transport solutions in freight transport are presented and Tatravagónka a.s. did not miss this opportunity. Although its previous edition was cancelled due to anti-pandemic measures,

after four years, we again had the opportunity to meet our customers at this exhibition and to present innovations from our production developed since the last big fair, which took place in the autumn in Berlin. In cooperation with our partners, we exhibited three brand new wagons and another three were presented through our customers as time-tested bestsellers in the field of transport services. The biggest novelty was undoubtedly the 6-axle intermodal wagon Sdggmrss with integrated baskets, which is the first of its kind in Europe. Its originality lies in its equipment with a transport basket. It replaces existing need for lifting jigs in pocket wagons for non-craneable semi-trailers, while at the same time in no way it limits the largest possible loading gauge „e“ available in operation. The second exhibit was the most efficient running gear wagon Laados for transportation of truck-tractors and light commercial vehicle. This wagon can transport heavy truck-tractors up to 9.5 tonnes. The third new wagon was the fastest TSI intermodal wagon Sggmrss 92‘. It is mainly used on railway corridors where transport speeds of up to 140 km/h are possible. This speed is achieved primarily by using RC25NT-D bogies, which are equipped with disc brakes. Other exhibits included the time-tested pocket wagons T3000e in a modified DAC-ready version and also its newer T4000 version, enabling freight transport on the Iberian Peninsula. Wagons that had been developed and produced some time ago but had not yet been part of any exhibition included the Sgmmns 41‘. This wagon is intended mainly for heavier loads and operation in the Nordic countries, as it is designed for T2 temperature interface.

Another event where we had the opportunity to present ourselves was the TRAKO exhibition. It is the largest and most prestigious meeting of the railway transport industry in Poland and the second in Europe. It presents the current level of development of transport systems and railway infrastructure in the world. We had no shortage of visitors, our stand successfully attracted attention of both customers and professional public, and we won an award for its design.

EMPLOYEES

As of 31.12.2023, TATRAVAGÓNKA a.s. company employed 2.232 employees. We find the employees to be the most important factor for successful running of the company; we work hard to maintain and improve their qualifications, expertise and motivation. Provision of satisfaction and security of the employees and their families is a top priority in our company. By means of the intensive recruitment during the whole year, we tried to provide qualitative, professionally prepared employees. We are constantly making every effort to adapt and stabilise them. In the present, recruitment is very difficult due to situation at the labour market; to obtain suitable candidates, we tried to use adver-

tising 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.

The current times also affect the career choice of each individual, our education and recruitment department is aware of the seriousness of the situation and actively tries to take an active role in this process of student selection for future work in our sector. We are actively working with universities as well as vocational secondary schools. The beginning of the semester was traditionally marked by participation in Opportunity Days, specifically we visited the Faculty of Mechanical Engineering of the University of Žilina and the Technical University in 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 our company could be among the students of technical universities and present prospective application in practice. Thanks to many years of experience, the fair is characterized by its professional organization and is regularly attended by companies operating in the information technology, electrical engineering, telecommunications, energy, automotive and mechanical engineering industries. In addition to universities, our goal was to establish direct contact with high school students in the Poprad district. One of such visits was a visit to the Secondary Industrial School of Technology and Design in Poprad, specialization in mechatronics and mechanical engineering. Our aim was to find suitable candidates from future graduates for a profession of quality inspector.

We are aware of importance of selecting employees from students. Already during an internship we can motivate and educate them for needs of the company, so that they want to return to us as future employees. Our goal is to employ people of required quality and in required numbers, so we take every opportunity to select the best from graduating students. In addition to cooperation with schools, we took part in the Profession days job fair in Košice, which is a festival of opportunities offering a wide range of educational activities, workshops and lectures designed for a broad audience. Our company was among nearly 100 exhibitors, where we introduced the production company and its job positions to the participants. The Profession Days event is suitable not only for people who do not have a job, but also for employed people, entrepreneurs and students trying to improve in a certain field, which we saw as a great opportunity.

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 Kukučinova 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 2018

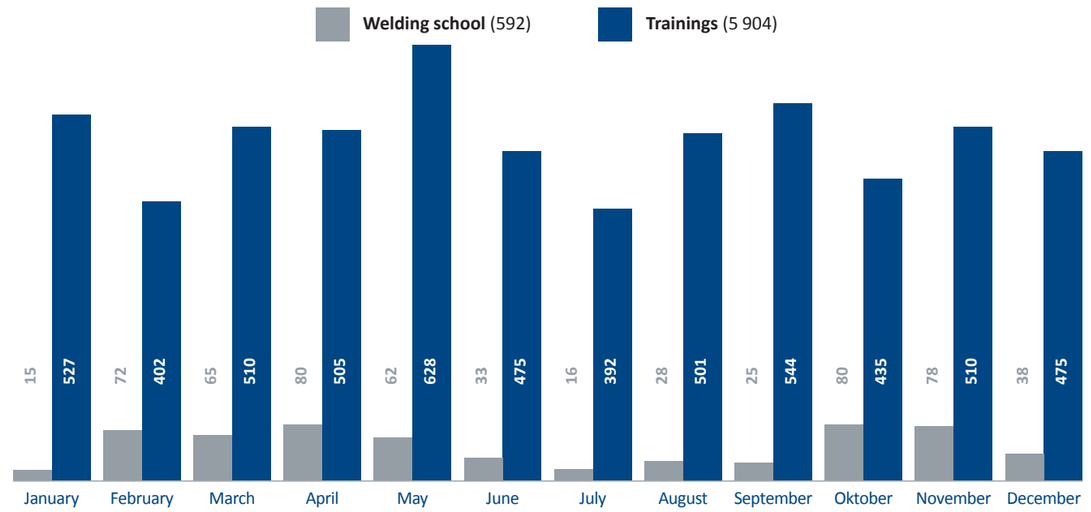
AVERAGE NUMBER OF EMPLOYEES	2018	2019	2020	2021	2022	2023	podiel v %
production workers	1,098	1,202	1,223	1,243	1,249	1,212	53
auxiliary workers	356	381	402	440	461	474	20
administrative workers	493	525	560	590	612	616	27
TOTAL	1,947	2,108	2,185	2,273	2,322	2,302	100

EDUCATION IN THE COMPANY

Education and training of employees form an integral part of the strategy of TATRAVAGÓNKA a.s. 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 2023, the company provided 6,493 trainings aimed at development and growth of employees 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 Welding School continued.

NUMBER OF TRAINED EMPLOYEES IN 2023



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 2023, 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 following students are currently involved in the dual education system: 1 student in the program

ANNUAL REPORT 2023

Metal machining, 30 students in the program Programmer of CNS machines and devices, 2 students in the field of Mechanic of PC networks and 5 students in the field of the Mechanic-Electrician. In 2023, the company has also included the Mechanic of Machines and Equipment in the list of disciplines, in which 2 students are included.

The TREBIŠOV plant cooperates in the system of dual education with the Church Secondary Vocational School of St. Josaphat in Trebišov and from 2023 also with the Private Vocational Secondary School DSA in Trebišov. Currently, 11 students are being trained at the Trebišov plant in the field of Mechanical Engineering and 12 students in Mechanic adjuster.

OBJECTIVES AND TARGETS FOR 2023

In 2023, we managed to maintain the upward trend in production volumes from previous periods and manufactured more railway wagons than in 2022. We were also able to negotiate price increases that at least partially reflect increased cost of materials and input components. Both of these factors contributed to increase in total sales and profit compared to the previous year's figures. However, by the end of 2023, we began to experience a significant decline in demand for intermodal wagons, which complicated our situation and resulted in adjustments to the production plan and lower overall production volumes compared to the original 2023 plan.

By the beginning of 2024, decline in intermodal traffic was already in full effect. For the first quarter of 2024, we record a decline of up to 20-25%. In real terms, this means putting tens of thousands of intermodal freight wagons out of service across Europe, leading to a marked drop in demand for this type of wagon. For our company, this means reduction in the cadence or even a complete shutdown of production lines for this type of production. We are already seeing the first signs of recovery in the market, but we can only expect to see intermodal demand reach its original level at the end of 2024 and beginning of 2025.

On the other hand, demand for grain wagons and wagons for car transport is still on the rise. We are managing to maintain a stable production of wagons for the Spanish market, where intermodal transport is not experiencing the same crisis as in the rest of Europe, thanks to a well-designed state aid scheme. In the tank wagon sector, we can say that demand remains balanced. The portfolio of wagons of Tatravagónka a.s. is extensive and this gives us a huge competitive advantage and allows us to react very flexibly to the changing situation in the world.

Due to these significant changes in the market, we are expecting the highest number of line conversions ever in 2024. In order to be able to reflect customer demands and market changes, we will increase production of grain wagons, start up new lines for production of car-carrying wagons and reduce or stop production of intermodal wagons. These changes will severely test our ability to flexibly realign our production line to meet current market demands, to shorten start-up periods and to minimize production downtime.

2023 brought an increase in interest rates, and this was particularly felt by the freight wagon rental market. So-called speculative purchases have been affected to the greatest extent. Most of our customers do not have 100% utilization of their fleet. On the one hand, this is due to the expected fleet downtime due to the need for repairs and overhauls, but on the other hand, it is also due to the ability to quickly offer additional vehicles to new customers. Already at the turn of the year, a trend of buying a certain number of wagons without a signed lease agreement with an end lessee started to become apparent, but it was bought ‚speculatively' on the basis of estimates of likely market developments. It was such purchases that gave lessors a major competitive advantage because they were able to lease wagons to their customers immediately. However, the unfavourable market situation, coupled with rise in interest rates, has considerably curtailed these purchases.

These negative effects can also be seen in the overall market demand. In 2024, there was a significant decline in demand for freight wagons compared to 2023. This is also related to decline in household consumption. It had also an impact on reduction in shipping volumes and consequent decline in container traffic from ports. Some Nordic ports are experiencing a drop in shipping volumes of more than 10% compared to the same period of the previous year. The same downward trend has been recorded in the Silk Road, i.e. transport of goods from China by rail. Warehouses in the wholesalers are overcrowded and, as a result, intra-continental traffic is severely constrained. The decline in subsidies has also had a negative impact on the development of rail transport and this puts rail transport at a disadvantage compared to road transport, even though it is still the most environmentally friendly form of transport and one of the main objectives of the European Green Deal is to reduce CO2 emissions.

One of the plans for the coming period is to focus more on special wagons designed for use for needs of rail infrastructure. A large number of infrastructure repair and extension projects (bridges, railway lines, tunnels, etc.) are planned for the near future in Europe and have already been approved and will be implemented. Most of the wagons currently in use for rail infrastructure applications are already obsolete and do not meet the applicable TSI standards today. We are also planning to manufacture wagons for transport of scrap which is needed in the production of ‚green steel'.

Last but not least, we continue to launch projects that are unique for Tatravagónka a.s. One of them is the basket wagon, which is designed for transport of non-cranable semi-trailers, where the basket is fully integrated part of the wagon. The share of non-cranable semi-trailers is about 60-70% of the total semi-trailer volume in Europe.

Another special project of our own development is a wagon for transport of truck-tractors, which would also allow transport of truck-tractors themselves by rail, which has not been possible so far. In parallel with these projects, we are also starting production of wagons adapted for transport at high speeds of up to 140 km/h and 160 km/h respectively. These wagons are extensively used for transport of consignments. Demand for this type of transport is increasing due to restrictions on local flights, particularly in Germany and France. In line with the EU's objective to reduce CO2 emissions, rail transport is a viable alternative and it is very important for our company to bring innovative solutions for rail transport and to contribute with our products to the European Union's „green" objectives.

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 2023/24 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

ANNUAL REPORT 2023

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%). Another rapidly developing area is starting to be an increase of speed of rail freight transport from the current 120 km/h to 140 km/h and 160 km/h.

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 2023 among the bearing newly developed products (note: with regard to tests and approval, some projects will continue in 2024):

- **Laados** – wagon is low loading plane for transportation of truck-tractors
- **Sammns 490.1** – modification of the 490.0 wagon for transportation of modernized heavy tracked vehicles
- **Sggmrss 92´** – wagon for intermodal transport of containers and swap bodies
- **Sdggmrss** – basket wagon also for transportation by of non-cranable semi-trailers, containers
- **Zans 56 m³** – tank wagon with stainless steel tank for transportation of ammonium nitrate.
- **Zacns 88m³** – tank wagon with lightweight frame for transportation of propylene oxide
- **TVP NG2** – bogie of Y25 series with improved running and technical characteristics for speed up to 140km/h
- and others.

The wagons and bogies 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, 2023

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

ASSETS	as of 31. 12. 2023	as of 31. 12. 2022
Intangible assets	8,960	8,724
Lands, buildings and equipment	127,652	124,749
Investment property	1,197	1,197
Financial Assets	100,015	91,030
Total non-current assets	**237,824**	**225,700**
Inventory	53,877	40,091
Trade and other receivables	185,705	132,565
Tax receivables	6,321	3,099
Cash and cash equivalents	14,169	28,470
Total current assets	**260,072**	**204,225**
TOTAL ASSETS	**497,896**	**429,925**

EQUITY AND LIABILITIES	as of 31. 12. 2023	as of 31. 12. 2022
Subscribed equity	86,358	86,358
Funds	17,279	17,278
Retained earnings	102,837	77,343
Equity in total	**206,474**	**180,979**
Long-term finance liabilities	24,672	71,878
Other non-current liabilities	618	584
Deferred tax liability	1,624	2,192
Non-current reserves	7,455	7,901
Non-current liabilities - total	**34,369**	**82,555**
Trade and other liabilities	111,821	126,562
Tax liabilities	5,908	647
Short-term financial liabilities	139,324	39,182
Current liabilities - total	**257,053**	**166,391**
Total Liabilities	**291,422**	**248,946**
TOTAL EQUITY AND LIABILITIES	**497,896**	**429,925**

ANNUAL REPORT 2023

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

	as of 31. 12. 2023	as of 31. 12. 2022
Revenues from the main activity	597,994	549,685
Revenue from the sale of merchandise	59,308	82,813
Revenue from the sale of own products and services	538,686	466,872
Capitalization	368	761
Changes in inventories of finished goods and own production	-2,513	10,462
Cost of main activity	556,445	550,284
Other operating income	9,060	7,228
Other operating expenses	8,775	5,292
Interest	-5,867	-1,881
Other financial expenses - net	1,416	746
Other financial income - net	353	1,049
Profit before taxation	**32,759**	**10,982**
Tax expenses	7,264	2,732
Profit for the period of continuing operations	**25,495**	**8,250**
Profit for the period of completed operations	**0**	**0**
Profit after taxes for accounting period	25,495	8,250
Other components of comprehensive income in total	0	0
Total comprehensive income for accounting period	**25,495**	**8,250**

CASH FLOW (IN THOUSANDS OF EURO)

	as of 31. 12. 2023	k 31. 12. 2022
Profit before tax	**32,759**	**10,982**
Items modifying profit before tax to cash flows from operating activities	19,039	11,127
Operating profit before changes of working capital	**51,798**	**22,109**
Changes in assets and obligations	-90,000	302
Net operating cash flow	**-38,202**	**22,411**
Interest received	437	240
Interest paid	-6,304	-2,121
Income tax paid	-2,324	-2,829
Net cash flow form operations	**-46,393**	**17,701**
Expenses for acquisition of subsidiary and associated enterprises	-8,504	-3,000
Expenses for purchase of long-term tangible property	-12,923	-8,237
Expenses for purchase of long-term intangible property	-1,779	-4,187
Income from sale of long-term assets	619	357
Income from sale of shares of subsidiary companies	0	0
Expenses for long-term loans provided by accounting unit to subsidiary and associated company	0	-1,018
Income from repayment of loans	2,318	0
Income from dividends and other profit shares	0	400
Other income related to investment activity	0	2,380
Net cash flow from investment activities	**-20,269**	**-13,305**
Income from changes of loans and long-term obligations	61,425	15,000
Expenses for settlement of loans (-)	-9,063	-22,993
Expenses for paid dividends and other shares of profits	0	0
Net cash flow from financial activities	**52,362**	**-7,993**
Net increase or net decrease of financial resources and equivalents	**-14,301**	**-3,597**
Financial resources and equivalents at the beginning of account period	**28,470**	**32,067**
Exchange rate differences enumerated for financial resources and equivalents	**0**	**0**
FINANCIAL RESOURCES AND EQUIVALENTS AT THE END OF THE ACC. PERIOD	**14,169**	**28,470**

ANNUAL REPORT 2023

REPORT ON SUSTAINABILITY

The issue of sustainability and corporate social responsibility has been resonating in our company for several years. Today, however, these concepts are not just a phrase, but rather an urgent call to move from words to real actions. Over the past decades, companies have increasingly changed their view of business practices. This view has shifted from maximum profitability and consumerism to one that places greater emphasis on equality, ethical practices and the pursuit of a range of activities for social benefit. 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.

TATRAVAGÓNKA a.s. strives to draw attention of the entire society to the environmental benefits of rail transport and, through its product portfolio, wants to make the sustainable choice the first and also an easy choice of the company. We have decided to follow the path of the freight rail industry's commitment to increase sustainability and environmental responsibility. Our efforts include developing new, more sustainable products, creating new design solutions that increase efficiency and enhance sustainability. By implementing sophisticated manufacturing processes and procedures that work in harmony with a goal of monitoring and reducing our impact not only on the environment, but on society as a whole, we strive to raise awareness of sustainability of entire rail freight industry and thereby contribute to make this mode of transport more efficient for all its customers.

Reduced greenhouse gas emissions

According to world-renowned research and statistics, rail freight is responsible for only 1.9% of greenhouse gas emissions. It is estimated that when a shipper shifts its goods from road freight to rail, it reduces its emissions by 75%.

Increased freight transport efficiency

Compared to road transport, a single freight wagon, with a fraction of the fuel, can replace a load of three to four semi-trailers. Numerically speaking, rail transport can carry 1 tonne of freight, over a distance of more than 700 km, using one gallon of diesel fuel. This level of fuel consumption is unmatched by other modes of transport.

Increased use of recycled materials

Through reprocessing of scrap iron, freight rail wagons achieve a high level of recyclability. This, combined with a longer product lifetime, reduces both consumption of raw materials and frequency of new production, again reducing overall emissions.

Extended equipment lifetime

Railway wagons are more durable, fail less frequently and are easier to keep in service throughout their entire life cycle, compared to other modes of transport. For all these reasons, rail freight transport is more sustainable in terms of the lifetime of each rail car.

While trucks used in road transport have an average lifetime of 12-15 years, a freight rail wagon can last 35-50 years with proper maintenance, while continuing to be recycled and reused.

All of these statistics draw attention to how much of an impact rail freight has on sustainability efforts.

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.

ANNUAL REPORT 2023

OUR VALUES

The employees of TATRAVAGÓNKA a.s. proudly share these values:

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

It is based upon two pillars. Self-confidence and humility. Each of us believes in ourselves and remembers that we can do it together. We work together to achieve our common goal We are all members of one team and work together for integrity, responsibility, quality, excellence and expertise. An important element of our cooperation is open communication across the entire company. We share not only the same values, but also the same information.

TRUST

It is our common moral value, by which we express our unequivocal attitude towards the TATRAVAGÓNKA company. It 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. We also treat our partners openly, transparently and ethically, building our credibility and respect in business relationships.

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.

SAFETY

It 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 ENVIRONMENT

WE PROTECT THE ENVIRONMENT

As the company, we are committed to protect the environment, taking into account the rights of future generations. We consider protection of the environment to be a core value of the company. We ensure that our products, activities and services comply with applicable environmental legislation and regulations. We conduct our activities in a manner that aims to continuously improve environmental sustainability through recycling, conservation of resources and the promotion of environmental responsibility among our employees. By regular review of the environmental management system in place, we ensure continuous improvement of its effectiveness. All innovations, research and development must respect environmental protection and take into account an impact of the effect of products on the environment throughout their entire life cycle. We maintain and continually improve our environmental management systems to comply with more stringent requirements required by specific market and local regulations. We regularly monitor and evaluate our environmental performance and environmental targets in order to continuously improve our environmental behaviour. We support economic development while being committed to protecting the environment. We conduct our business in accordance with applicable environmental regulations, the requirements of EN ISO 14001:2015 and other requirements that we are committed to meet. We prevent air, water and soil pollution and excessive waste generation, and we assess potential environmental impacts and risks when introducing new technologies. We continuously improve energy management by promoting purchase of energy-efficient products and services and streamlining operational activities. We responsibly manage the use of hazardous materials in connection with our activities, products and services.

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 protection of the environment, working environment and occupational hygiene, they process reports, concepts in the environmental field, ensure the necessary measurements, analyses, contracts with disposal facilities, etc.

2020

MANAGEMENT SYSTEM CERTIFICATION
DNV
ISO 9001 • ISO 14001
ISO 45001

ISO 14001 a ISO 45001

Certificates covering environmental and safety related aspects of the management system.

WE PREVENT AIR POLLUTION

A total of 48 sources of air pollution were registered in the company‘s operations in 2023, which is 6% less than in the previous year.

REVIEW OF POLLUTION SOURCES 2023

Air pollution is generated by the operation of air pollution sources, which are technological and energy equipment necessary to ensure he production and operational activities of the company. Among the technological equipment, these are specifically surface treatment workplaces (shot-blasting facilities and paint shops), and among the energy equipment, these are facilities used to heat production areas and social extensions. Legally, these are large, medium and small sources of air pollution.

Each technological installation includes a filtration unit that reduces quantities of pollutants emitted to the permitted limits. The company uses air separation devices on shot-blasting lines to protect air from particulate emissions, filter cartridges on spraying and drying booths to reduce emissions leakage, catalytic combustion of waste gases containing organic volatiles has been built in two technologies. For power equipment (due to the exclusive combustion of natural gas), this involves regular adjustment of combustion and combustion parameters of the natural gas.

Monitoring of pollutant concentrations is carried out by discontinuous measurements over a period of 1 x 3 years or 1 x 6 years. TATRAVAGÓNKA a.s., plant Poprad, has an integrated permit issued for the surface treatment workplaces, which was issued and is monitored by the Slovak Environmental Inspectorate in Košice. For operated sources of pollution, the company pays annually amounts corresponding with the volume of emissions according to demonstrated calculations. Control of the correctness of fee calculations is carried out by the District Office, Department of Environmental Care, which issues decisions confirming the value of the fee obligation.

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 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 MINIMISE WASTE AND WE RECYCLE

We record and control the amount of produced waste on a monthly basis. There is elaborated a detailed overview of quantities and types of waste produced at each collection point on the company premises. The company strives as much as possible to separate the individual waste components with the aim of generating as little waste as possible for landfill. By adjusting technological processes and monitoring consumption of used materials, generation of waste is minimised, while maximising recycling in the form of reuse of such wastes.

The company as a whole produces both non-hazardous and hazardous waste. The amounts of generated waste are variable and depend on the specific period and the volume of production carried out. However, as a percentage of total waste production, 97% is other and only 3% is hazardous. Of the total amount of other waste, about 90% is recyclable. it is mainly a metal waste, which is exported for reprocessing.

We dispose of all types of waste in an ecologically clean way through an external company. The production sites have a well-defined method of waste management, i.e. sorting, storage in designated containers and export from the sites for disposal or transfer as secondary raw materials. There are defined mechanisms for management of scrap metal, for collection of paper and wood, for handling of oil products, etc. Method of waste disposal is precisely defined by an internal company directive. Employees are also guided to separate waste through visuals and instructions at individual collection points.

WE PREVENT WATER POLLUTION

Water pollution is monitored at the outlets to the industrial or rain-water sewers operated by TATRAVAGÓNKA a.s. These outlets are monitored by regular sampling of discharged water. Pollution must always be within the limits set by the operator of the public sewerage network or in accordance with decisions issued by the state administration authorities in the field of water protection. The individual measurement protocols are archived and are always subject to inspection by the supervising state administration (District authorities, Slovak Environmental Inspectorate...). Monitoring of discharged wastewater is carried out in accordance with issued permits, the monitoring periods are set at an interval of 1 x 3 months.

TATRAVAGÓNKA a.s. also uses two of its own wells, which are used for fire-fighting purposes. 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. The plant has its own industrial water supply, washing ramps for washing cars and motor transport trolleys with oil traps, gravity oil separator from the rain-water sewer drained into the stream called Hozelecký potok, diesel dispenser with paved area and oil trap, safe storage of paints and oils, paved areas with a holding tank for handling metal chips from machine tools contaminated with pollutants.

ANNUAL REPORT 2023

WE REDUCE ENERGY CONSUMPTION

In the area of energy consumption, the dominant consumption in TATRAVAGÓNKA a.s. is represented by consumption of natural gas with a share of more than 61%, followed by electricity with a share of more than 33%. Fuel consumption is at the level of 2-3% and technically usable gases (LPG, ethylene, oxygen) 2.5%. In terms of costs incurred, electricity costs are dominant due to its high price. Costs for technical gases are also significant, accounting for about 14% of total energy costs.

Our company makes considerable efforts to reduce energy consumption. We are successful in doing this primarily through the following activities:

- Replacement of old lighting with new- LED spotlights
- Modernization of heat management with decentralization of heat distribution and use of modern infrared radiators for heating of halls with the possibility of zone control in halls
- Use of waste heat from compressors for heating the hall of the ÚMV
- Use of heat pumps for pre-heating of hot water

By finalising decentralisation of the heat management and replacing the water supply infrastructure, we have managed to reduce our natural gas consumption by approximately 21%. The two heat pumps installed in front of the social extensions of Hall IV and the Y25 Cs bogie production hall are also contributing to this. However, the project has not only reduced consumption of fossil fuels, but we have also found a way to use the waste heat from the compressors that heat the maintenance hall.

In 2023, we also carried out a project to upgrade the electricity grid. The purpose of upgrading the transformer substations was to eliminate technical losses from the transformers. The upgrading consisted in replacing the transformers themselves with new and efficient ones in the ECODESIGN2 design, replacing the high-voltage switchgears, adding protections and setting up a control room, to which a new fibre-optic network was brought up and which serves to visualise the status of the individual elements of the substations and the possibility of switching off the power switches remotely and thus also for the database and archiving of data. The result is lower losses on transformers, but also an overview of the individual substations. Modern protection with selective setting of tripping times allows us to automatically disconnect only damaged section of the line between individual substations in case of a fault, not the entire company premises as was the case before. Thanks to dispatch control, we can quickly identify faults in the network and provide power via alternative routes. In total, 11 transformer substations were upgraded and 26 transformers were replaced.

As a result of the modernisation of the substations, the losses on the transformers have been reduced by 5.7%, which is certainly not an insignificant amount for the size of our company and a really big benefit for our environment. However, our efforts to reduce the energy intensity of the company‘s operations are far from over. We are continuing at the set pace and shifting our attention to insulation of halls and office buildings, expanding the use of waste heat in technological processes, modernising the compressor cooling system as well as modernising compressed air distribution systems.

Optimisation of energy consumption, which is one of the basic production inputs, is seen by the company‘s management as an important aspect in the evaluation of the investment, its return on investment, possible long-term effects and also as an important element in meeting our environmental objectives. Monitoring and reducing the energy intensity of our technologies is a matter of course, and these optimizations have been developed and implemented over a long period of time

However, changing technology is only one side of the coin. Interesting savings can also be achieved by changing our mindset. Of course, each of us has options in our hands to be cost-effective in our workplaces. Elementary patterns of behaviour, consideration and courtesy towards your workplace and colleagues are prerequisites for improving the comfort of your surroundings.

WE BUILD ENVIRONMENTAL AWARENESS

By providing continuous training and education to our employees, we increase and deepen their environmental awareness and the quality of their work activities, thereby ensuring continuous improvement at the level of sustainability and social responsibility. Separate waste collection bins are located in all production and administrative departments and they are clearly marked and equipped with instructions on how to separate different types of waste. Energy saving guidelines are also developed and installed throughout the company‘s premises. Employees are motivated to participate in reducing greenhouse gases and we encourage them to use environmentally friendly transport to work and in volunteer activities such as tree planting and neighbourhood clean-ups. Within the company, we support electronic processing, storage and sharing of any documents and invoices Sharing of any information is done exclusively electronically, so that the need to circulate paper documents not only within the company, but also externally, follows a declining trend worldwide. By selecting local suppliers, we reduce transport routes for importing materials and thus contribute to the reduction of greenhouse gases.

WE INVEST WITH THE ENVIRONMENT IN MIND

Investments in 2023 were mainly aimed at increasing work safety, reducing energy consumption and environmental burden. Energy innovations include the aforementioned decentralisation of the heat management and the modernisation of the electricity system. Technological innovations in 2023 have again strengthened welding process as well as handling and positioning of materials. Robotic workplaces were added, modern handling machines and positioners were added to the halls and the machine park was expanded with automatic shot-blasting equipment. In 2023, a system for digitising autonomous maintenance logs was introduced. All these investments have contributed to a significant reduction in the environmental burden.

We are aware that efficient use of energy contributes to reducing our climate footprint, which is why, in addition to investing in modernisation of machinery, we have also continued to renovate production halls, office buildings and water supply systems.

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. Our investments are aimed both at prevention and at avoiding unacceptable risk in this area. Because the environment is not only a legacy from those who were here before us, but also a loan from our children.

ANNUAL REPORT 2023

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 2023 exceeded the average wage in the Slovak economy by almost Euro 270.
- **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 ones opinions freely and without fear of any consequences

DEVELOPMENT OF AVERAGE NUMBER OF ROOT EMPLOYEES IN 2018 – 2023

Year	men	women	together
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
2023	1 969	333	2 302

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 employee- up to 99.5% (from the total number of 1,145 production employees in the company, 5 are women). In the categories of indirect employees and administrative employees, the men to women ratio is 70:30.

AGE STRUCTURE OF EMPLOYEES AS OF 31. 12. 2023

As of 31.12.2023, 120 employees with a medical handicap worked in the company (18 employees with disability of more than 70% and 102 employees with disability over 40%).

ANNUAL REPORT 2023

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.

	2018	2019	2020	2021	2022	2023
Priemerný počet nemoc. poistených zamestnancov	1948	2,110	2,186	2,275	2,321	2,302
Počet registrovaných pracovných úrazov	52	54	30	56	63	39
Z toho závažné pracovné úrazy	0	1	1	0	0	0
Početnosť, t. j. počet úrazov na 100 zamestnancov	**2.7**	**2.6**	**1.4**	**2.5**	**2.7**	**1.7**

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 ion 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.

BENEFITS

Non-financial

- Healthcare within company's premises
- Vouchers for workforce regeneration twice a year, according to the collective agreement
- Flexible working hours for administrative employees.
- Fuel cards for purchasing fuels for better prices for private purposes
- Mobile phone and calling cards for private purposes also for family members
- Language courses, qualification improvement, company library
- Allowance for PASSES to the GOLEM CLUB fitness centre
- Company events for employees and their family members- Children's Day, St. Nicholas Day, Doors Open Day, Tatravagonka Summer Fest, Tatravagonka Winter Games.
- High standard of work clothes, their maintenance, safety and quality of protective work equipment are a matter of course.

Financial (linked to the Collective Agreement)

- Rewards for work and life anniversaries
- Age automat
- Attendance bonus
- Holiday reward
- Christmas reward
- Remuneration for instructors providing training for new and redeployed production employees
- Wage benefit when working in 3- and 4-shift operation
- Wage benefits for work on Saturdays and Sundays
- Reward for a team leader
- Reward for working more standard hours
- Childbirth and marriage allowance
- Financial donation to women for the International women´s day.
- Reward for blood donors.
- Insurance against damage caused to the employer
- Contribution to joint children's recreation
- Allowance of the employer to the 3rdpillar of pension savings
- Allowance to an employee if he/she is in a particularly difficult social situation or in case of death of the employee or a member of his/her family

VOLUNTEER ACTIVITIES

- Active cooperation and communication with organisations and associations within the region results in regular volunteer activities.
- Regular participation in national and international volunteer and environmental challenges.
- Active participation of the sports team „Tatravagónka in motion" in charity sports events.
- Charity collections

ANNUAL REPORT 2023

PROGRAMMES TO SUPPORT EMPLOYEES

- **Employees to Employees** – employees decide on financial and material support of other colleagues' projects through the sponsorship and philanthropy committee.
- **We support each other** – supporting the region with a system of discounts for employees and their families.
- **Tatravagónka in motion** – project to support sports activities of individuals and teams of employees.
- **Young Designer** – a children's club in the company premises run by a team of technically proficient experts who try to show children the magic of technology.

MEMBERSHIPS IN ORGANISATIONS IN SLOVAKIA

- Slovak Accreditation Agency for University Education
- Association of Industrial Federations and Transport of the Slovak Republic
- Association of Engineering Industry of the Slovak Republic
- Association of Automotive Industry of the Slovak Republic
- Office for Standardization, Metrology and Testing of the Slovak Republic
- Slovak-German Chamber of Commerce and Industry
- Slovak-Hungarian Chamber of Commerce and Industry.

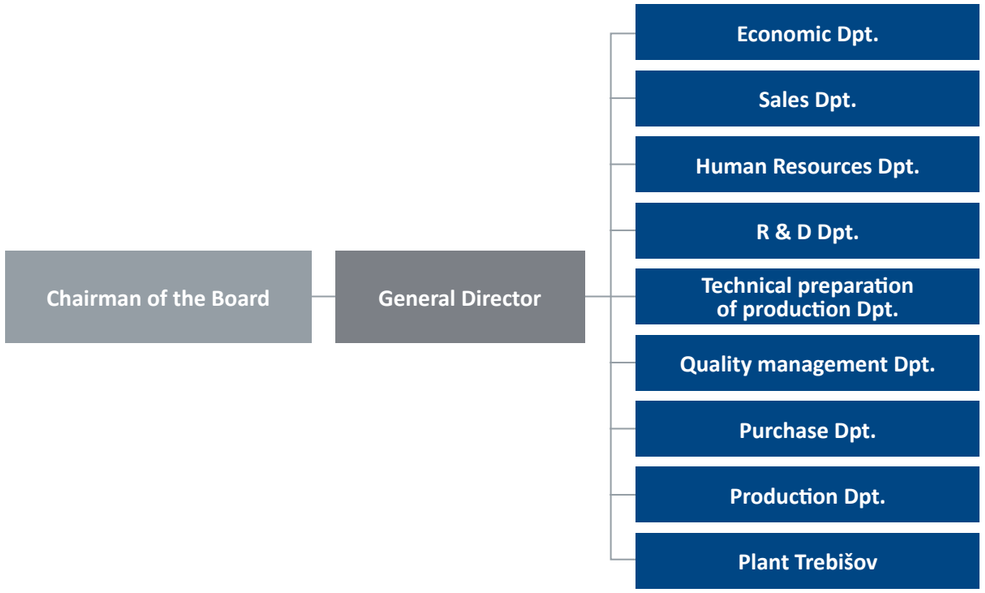
ESG GOVERNANCE

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 company applies a line-staff organisational structure in combination with a matrix organisational structure based on project management, which runs transversally through the company's various departments. These, as well as the Trebišov plant, are subordinate to the company's CEO.

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. The company creates its own set of governing acts for its management activities, which divide the company's activities among the company's departments, they define level of responsibility and authority in performance of these activities, establish interrelationships between 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 CEO Department includes the Security and Services Division, in which 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 Investment and Capital Projects Department, the Process Engineering Department and the ESG Manager also report directly to the CEO. 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.

ANNUAL REPORT 2023

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 represents 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, nor 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.

Like the company, its management takes an apolitical attitude too. 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 updates the Code for the next calendar year.

ANNUAL REPORT 2023

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 22 163, 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 2023 with a success rate of almost 83% 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.

EU TAXONOMY – CALCULATING KPI

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 harmonise the process of reporting sustainability information to companies and to enable financial institutions to direct capital to those projects and assets that contribute most 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 the six EU environmental objectives, namely:

- Climate change mitigation
- Adaptation to climate change
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

In accordance with the current Regulation 2020/852, Regulation 2021/2139, which focuses on the first two climate objectives, namely climate change mitigation and adaptation, and Regulation 2023/2485, which amends Regulation 2121/2139, a review of the technical criteria and an assessment of the compliance of the Company's activities with the EU taxonomy was carried out.

For a company's activities to be considered in line with the EU taxonomy, three conditions must be met simultaneously:

- the activity must make a significant contribution to at least one of the six EU environmental objectives mentioned above,
- the activity must not significantly contribute to the deterioration of the remaining five EU environmental objectives in the sense of the ‚do not significantly harm' principle
- and at the same time, the activity must comply with the so-called ‚minimum safeguards', i.e. the activity under consideration must respect fundamental human rights, standards for working conditions contained in international conventions or internationally recognised principles and guidelines for responsible business conduct.

The main activity of our company is classified under the SK NACE statistical classification code 30.20 - manufacture of railway locomotives and rolling stock. According to the EU Delegated Regulation 2021/2139, this activity is classified under category 3.3- Manufacture of low-carbon transport equipment, rolling stock and vessels.

In addition to the manufacture of rolling stock, the company is also engaged in the manufacture of components and subassemblies of rolling stock, which is classified under category 3.19 Manufacture of rolling stock components under EU Delegated Regulation 2023/2485.

For the assessment of the activity, we focused only on the assessment of the main activity. In addition to the production of railway wagons and their components, the company is also engaged in other activities, but in terms of their share of total turnover, capital and operating expenditure, their values are so insignificant that they have been assessed as intangible and thus not analysed in detail in the light of the EU taxonomy.

As part of the assessment of the Company's economic activity in accordance with EU Regulation 2021/2139 and 2023/2485, a detailed examination has established that our activity has a significant contribution to the European Union's environmental objective 1- mitigation of climate change with respect to the production of freight wagons and their components with zero direct CO_2 emissions

ANNUAL REPORT 2023

(assessed according to paragraph 3.3(a) of Annex 1 of EU Delegated Regulation 2121/2139) and paragraph 3.19(a) of Annex 1 of EU Delegated Regulation 2023/2465). Based on this assessment, Condition 1 to determine the alignment of our activities with the EU taxonomy can be considered to be met.

In addition to significant benefits, the technical review criteria also address the so-called „do not significantly harm“ principle (DNSH principle), which should ensure that the company‘s activities do not have a significant negative impact on the environment and do not interfere with the other five environmental objectives.

An assessment of our business activities in the context of the DNSH principle found that:

- **OBJECTIVE: Adaptation to climate change** – the activity meets the criteria set out in Appendix A of Annex 1 of Regulation 2121/2139 which requires an assessment of climate risks, their severity and an assessment of adaptation solutions that can mitigate both physical and climate risk while taking into account the lifetime of the activity.
- **OBJECTIVE: Sustainable use and conservation of aquatic and marine resources** – the activity meets the criteria set out in Appendix B of Annex 1. The company‘s activities do not undermine the sustainable use and protection of water resources, or damage the good status or ecological potential of water bodies, including surface water and groundwater.
- **OBJECTIVE: Transition to a circular economy** – waste management prioritizes recycling over disposal by reuse and recovery of 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, re-manufacturability and recyclability. The company‘s waste management plan ensures reuse as far as possible and prioritises recycling of waste over disposal.
- **OBJECTIVE: 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.
- **OBJECTIVE: Protection and restoration of biodiversity and ecosystems** – the company has carried out the necessary assessment and complies with the criteria set out in Appendix D of Annex I of the Climate Delegated Act. 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 Organisation‘s Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. There were no human rights abuses (including labour and consumer rights) recorded in the company in the reporting period or historically. To ensure proper functioning in the area of human rights, prevention of bribery and corrupt behaviour, the company has a Code of Ethics and an Ethics Committee has been established to address complaints. On this basis, the company complies with the minimum safeguards set out in Article 3(c) of Delegated Act 2020/852.

The assessment of the technical criteria carried out allows the economic activity of the company to be classified as supporting (according to Article 10(1)(i) of Delegated Act 2020/852). By fulfilling all three required conditions simultaneously, 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

Financial year (N)	2023			Significant contribution criterion						DNSH criterion (doesn not cause significant damage)									
ECONOMIC ACTIVITIES (1)	Code (a) (2)	Turnover (3)	"Share of turnover Year N (4)"	Mitigation of climate change (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimal warrantes (17)	Turnover share harmonized with taxonomy (A.1.) or authorised within authonomy (A.2.) turnover, year N-1 (18)	Category (supporting activity) (19)	Category (temporal activity) (20)
		EUR	%	A; N; ineligible (b)(c)						A/N	A/N	A/N	A/N	A/N	A/N	A/N	%	supporting	temporal
A. TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1 Environmnetally sustainable activity (harmonized with taxonomy)																			
Production of low-carbon devices for transport	3.3	559,544,355	93.57 %	A	N	N	N	N	N	A	A	A	A	A	A	A	92.62 %	supporting	
Production of rolling stock components	3.19	26,870,746	4.49 %	A	N	N	N	N	N	A	A	A	A	A	A	A	N/A	supporting	
Turnover from environmnetally sustainable activity (harmonized with taxonomy) (A.1)		586,415,100	98.06 %	A	N	N	N	N	N	A	A	A	A	A	A	A	92.62 %		
From this- supporting		586,415,100	98.06 %	A	N	N	N	N	N	A	A	A	A	A	A	A	92.62 %	supporting	
From this- temporal																			temporal
A.2 Activities eligible within taxonomy, but environmnetally unsustainable (activities not harmonised with taxonomy) [a]																			
				eligible/ineligible															
Turnover from environmnetally unsustainable activity (not harmonized with taxonomy) (A.2)																			
A. Turnover from taxonomy eligible activities (A.1+A.2)		586,415,100	98.06 %														92.62%		
B. TAXONOMY - INELIGIBLE ACTIVITIES																			
Turnover from taxonomy Ineligible activities (B)		11,579,355	1.94 %																
TOTAL (A + B)		597,994,455	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). 98,06% 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). Their values are individually insignificant and have been assessed as intangible. These were assessed as turnover from non-eligible activities for taxonomy purposes.

CAPEX

Financial year (N)		2023		Significant contribution criterion						DNSH criterion (doesn not cause significant damage)									
ECONOMIC ACTIVITIES (1)	Code (a) (2)	CAPEX (3)	"Share of CAPEX Year N (4)"	Mitigation of climate change (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Mitigation of climate changey (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimal warranties (17)	CAPEX share harmonized with taxonomy (A.1) or authorised within authonomy (A.2) turnover, year N-1 (18)	Category (supporting activity) (19)	Category (temporal activity) (20)
Text		Mena	%	A; N; ineligible (b)(c)						A/N	A/N	A/N	A/N	A/N	A/N	A/N	%	supporting	temporal
A. TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1 Environmnetally sustainable activity (harmonized with taxonomy)																			
Production of low-carbon devices for transport	3.3	11,490,307	79.59 %	A	N	N	N	N	N	A	A	A	A	A	A	A	92.62 %	supporting	
Production of rolling stock components	3.19	551,794	3.82 %	A	N	N	N	N	N	A	A	A	A	A	A	A	N/A	supporting	
CAPEX from environmnetally sustainable activity (harmonized with taxonomy) (A.1)		12,042,101	83.41 %	A	N	N	N	N	N	A	A	A	A	A	A	A	92.62 %		
From this - supporting		12,042,101	83.41 %	A	N	N	N	N	N	A	A	A	A	A	A	A	92.62 %	supporting	
From this - temporal																			temporal
A.2 Activities eligible within taxonomy, but environmnetally unsustainable (activities not harmonised with taxonomy) [g]																			
				eligible/ineligible															
Activity 1 [e]																			
CAPEX from environmnetally unsustainable activity (not harmonized with taxonomy) (A.2)																			
A. CAPEX from taxonomy eligible activities (A.1+A.2)		12,042,101	83.41 %	A	N	N	N	N	N										
B. TAXONOMY - INELIGIBLE ACTIVITIES																			
CAPEX from taxonomy Ineligible activities (B)		2,395,097	16.59 %																
TOTAL (A + B)		14,437,199	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 31.12.2022 to 31.12.2023) All ongoing investment projects were considered. 83,41% of the total CAPEX is aligned with the EU taxonomy, as it has been incurred to support the company's core business.

Since the production of parts consumed in the main wagon production (code 3.3) and the production of railway vehicle components for the purpose of separate sale (code 3.19) take place on the same production lines, it is not possible to split the CAPEX precisely into individual codes. For this reason, we split the taxonomy-aligned CAPEX into codes 3.3 and 3.19 by the ratio of each code's share of taxonomy-aligned sales.

OPEX

Financial year (N)		2023		Significant contribution criterion						DNSH criterion (doesn not cause significant damage)									
ECONOMIC ACTIVITIES (1)	Code (a) (2)	OPEX (3)	"Share of OPEX Year N (4)"	Mitigation of climate change (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Mitigation of climate changey (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimal warranties (17)	OPEX share harmonized with taxonomy (A.1) or authorised within authonomy (A.2.) turnover, year N-1 (18)	Category (supporting activity) (19)	Category (temporal activity) (20)
Text		Mena	%	A; N; ineligible (b)(c)						A/N	A/N	A/N	A/N	A/N	A/N	A/N	%	supporting	temporal
A. TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1 Environmnetally sustainable activity (harmonized with taxonomy)																			
Production of low-carbon devices for transport	3.3	8,263,557	94.21 %	A	N	N	N	N	N	A	A	A	A	A	A	A	92.41%	supporting	
Production of rolling stock components	3.19	396,837	4.52 %	A	N	N	N	N	N	A	A	A	A	A	A	A	N/A	supporting	
OPEX from environmnetally sustainable activity (harmonized with taxonomy) (A.1)		8,660,394	98.73 %	A	N	N	N	N	N	A	A	A	A	A	A	A	92.41%		
From this - supporting		8,660,394	98.73 %	A	N	N	N	N	N	A	A	A	A	A	A	A	92.41%	supporting	
From this - temporal																			temporal
A.2 Activities eligible within taxonomy, but environmnetally unsustainable (activities not harmonised with taxonomy) [g]																			
				eligible/ineligible															
OPEX from environmnetally unsustainable activity (not harmonized with taxonomy) (A.2)																			
A. OPEX from taxonomy eligible activities (A.1+A.2)		8,660,394	98.73 %																
B. NEOPRÁVNENÉ ČINNOSTI V RÁMCI TAXONÓMIE																			
B. TAXONOMY - INELIGIBLE ACTIVITIES		111,218	1.27 %																
TOTAL (A + B)		8,771,612	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 2023. OPEX of 98.43% 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.

Since the production of parts consumed in the main wagon production (code 3.3) and the production of railway vehicle components for the purpose of separate sale (code 3.19) take place on the same production lines, it is not possible to split the OPEX precisely into individual codes. For this reason, we split the taxonomy-aligned OPEX into codes 3.3 and 3.19 by the ratio of each code's share of taxonomy-aligned sales.

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