

ANNUAL REPORT 2022

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SLOVENSKE ŽELEZNICE, d.o.o.
and the SLOVENSKE ŽELEZNICE GROUP


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PERFORMANCE HIGHLIGHTS IN 2022





Key performance indicators of the Slovenske železnice Group¹


 Financial capital				
	Unit	2022	2021	Index
EBITDA	EUR thousand	102,694	83,772	122.6
Net profit (E)	EUR thousand	35,389	29,321	120.7
Equity as at 31 December	EUR thousand	834,109	576,332	144.7
Net financial liabilities as at 31 Dec.	EUR thousand	16,630	17,806	93.4
Return on equity (ROE)	%	5.0	5.2	96.2
Return on assets (ROA)	%	3.2	2.9	110.3

 Social capital				
	Unit	2022	2021	Index
Operating revenues	EUR thousand	613,348	542,798	113.0
Operating expenses	EUR thousand	572,522	508,699	112.5
Goods transported	tonnes thousand	19,552.0	18,925.3	103.3
Net tonne kilometres	NTKM million	4,811.4	4,756.3	101.2
Passengers carried	thousand	14,898.1	11,860.4	125.6
Passenger kilometres	PKM million	835.1	541.8	154.1

 Human capital				
	Unit	2022	2021	Index
Value-added per employee	EUR	54,139	50,766	106.6
No. of employees as at 31 December		6,986	6,752	103.5
Average no. of employees		6,902	6,612	104.4

 Production capital				
	Unit	2022	2021	Index
Property, plant and equipment as at 31 December	EUR thousand	616,368	397,178	155.2
Investments	EUR thousand	275,355	131,239	209.8

 Intellectual capital				
	Unit	2022	2021	Index
Intangible assets as at 31 December	EUR thousand	26,734	25,838	103.5
Investments in the information system	EUR thousand	7,681	4,485	171.3

 Natural capital				
	Unit	2022	2021	Index
Specific consumption of electricity for traction	(kWh/thousand GTKM)	20.63	20.58	100.2
Specific oil consumption for traction	(kWh/thousand GTKM)	9.55	9.51	100.4
CO ₂ emissions	ton	45,465	41,601	109.3

Notable events in 2022

Entry of a strategic partner

The process of the entry of the Czech EPH Group into the Slovenske železnice Group as a strategic partner was formally completed on 13 January 2022. EP Logistics International, a.s. used a cash contribution to increase the capital of the newly established SŽ EP Logistika, d.o.o.; Slovenske železnice, d.o.o. now has a majority equity interest (51%) and EP Logistics International, a.s. a 49% equity interest in that company.

KISS double-decker passenger trains appear on the Slovenian rail network for the first time

KISS electric double-decker trains appeared on the Slovenian rail network for the first time on 14 January 2022. The ten Swiss-manufactured trains are running on all electrified lines throughout the country. By the end of 2022, 52 new modern passenger trains were in service: ten electric double-decker trains, 21 electric single-decker trains and 21 FLIRT single-decker diesel trains.

Financing secured for the technological development of SŽ-Infrastruktura, d.o.o.

On 1 April 2022 the Slovenian government and SŽ-Infrastruktura, d.o.o., signed Addendum No. 4 to the Agreement on the provision of services by the public railway infrastructure manager in the amount of EUR 151.6 million for the performance of the public service obligation (PSO) and for the purchase of new machinery for the maintenance of railway infrastructure.

Increased share capital of Slovenske železnice, d.o.o.

On 6 April 2022 the Management Board of Slovenski državni holding, d.d. decided to increase the capital of Slovenske železnice, d.o.o. by means of a cash contribution of EUR 150 million, which was used to increase the share capital of SŽ-Potniški promet, d.o.o., for the purchase of 20 passenger trains.

Purchase of a stake in Nomago, d.o.o.

In line with its strategic business plan, Slovenske železnice, d.o.o. signed a contract with Adventura Investments, d.o.o. in April 2022 for the purchase of a 50% participating interest in Nomago, d.o.o. The purchase was approved by the Competition Protection Agency in September 2022.

Construction of Ljubljana Passenger Centre

Details of the project to construct Ljubljana Passenger Centre, which will include a new bus station, multi-storey car park and commercial premises, and upgrade Ljubljana's main railway station were unveiled at Ljubljana Castle on 11 April 2022. The Infrastructure Agency will finance the construction of the railway station and rail infrastructure, while Slovenske železnice will construct the bus station and Mendota the commercial aspects of the project.

Presentation of the project for the new main bus station in Ljubljana

On 24 May 2022 a selection of award-winning projects for the new main bus station in Ljubljana, which will form part of the new Ljubljana Passenger Centre, was unveiled at Slovenske železnice's offices in Ljubljana. The project designed by Bevk Perović arhitekti, d.o.o. was selected at the competition as the most technically viable solution for bus station, multi-storey car park and the new offices of the Slovenske železnice Group.

Mobility 2022 Business Conference and 21st European Mobility Week

Mobility 2022, an international conference, took place in Ljubljana on 15 June 2022. The main topic of the conference was environmentally friendly transport. Slovenian and foreign experts from various mobility-related fields highlighted the role and importance of environmentally friendly modes of transport supported by digital solutions.

European Mobility Week, which took place between 16 and 22 September 2022, drew attention to the importance of having a well-connected community in order to raise quality of life, with particular attention focused to the young. As part of the Discover EU initiative, the European Commission distributed 70,000 free rail passes to young people in Europe in 2022.

First ticket vending machines integrated into the sales network

We integrated the first eight ticket machines into the sales network at Ljubljana railway station on 13 October 2022. As an independent sales point, the ticket machine enables passengers to purchase products at a range of different sales points 24 hours a day, seven days a week.

Notable events after the end of the 2022 financial year

Pilot project for the integrated use of trains and electric cars

We launched a new service on 3 January 2023: the country's first system that integrates the use of trains and electric cars ('SŽ GREMO ZELENO'). It is a pilot project that will form the basis for the development and expansion of Slovenske železnice's services.

Replacement of three members of the Slovenske železnice Supervisory Board

On 14 February 2023 Slovenski državni holding was apprised of the resignation of two members of the Supervisory Board, Aleksander Mervar and Boris Markočič, dismissed Supervisory Board member Franci Matoz from his position, and appointed Marko Babič, Hilda Pipan and Vinko Filipič to the nine-member Slovenske železnice Supervisory Board for a four-year term of office.

Purchase of new rolling stock

On 17 May 2023 Slovenski državni holding approved the conclusion of a contract for the purchase of 20 new passenger trains.

Statement from the Director-General²



Dear founder, members of the Supervisory Board, business partners, employees and other stakeholders,

The year was a very important one for the Slovenske železnice Group, one in which we achieved several of the key strategic objectives set out in the business strategy to 2025.

We also managed to considerably exceed the expected operating results. In the logistics pillar, the process of entry of a new foreign strategic partner was successfully completed, and the newly established company, SŽ EP Logistika, d.o.o. began operating. In the mobility pillar, we became the 50% owner of NOMAGO, d.o.o., and Slovenske železnice, d.o.o. was recapitalised to the tune of EUR 150 million for the purchase of the third set of new passenger trains.

The Slovenske železnice Group improved all key financial performance indicators in 2022 compared to the year before. A comparison with 2012, which is the year the Group first operated at a profit following the start of the financial restructuring

process, is even more telling. EBITDA was EUR 103 million in 2022: the first time in the Group's history that it passed the EUR 100 million mark. The net profit of EUR 35 million posted in 2022 is over ten times that of the figure from ten years ago. This was first and foremost the result of the successful management of the key systemic risk, i.e. the rise in the price of electricity, which the Group was able to purchase throughout the year at a favourable futures (pre-determined) contractual price. Over the last ten years, the Group has also managed to reduce its indebtedness: debt/EBITDA has fallen from 7.3 in 2012 to 0.2 in 2022. Value-added per employee increased by 62% over this period; however, thanks to staff restructuring, labour costs increased by a mere 13%.

The operating results achieved are a reflection of the strong cooperation of all key stakeholders over many years:

- my closest associates, who drew up ambitious development plans, kept a close eye on any deviations from the set objectives and were prompt in adopting any necessary measures;
- the Supervisory Board, which took a constructive part at all phases of the preparation and realisation of these plans and monitored them in line with their responsibilities;
- the state, in its role as the Group's founder, and Slovenski državni holding, d.d., as the investment manager, both of whom are keenly aware of the importance of rail transport for the whole of the national economy, believed in our plans and supported all key investments through the necessary capital increases and a moderate dividend policy;
- our employees, who trust the management and who were able to internalise the plans and implemented them constructively.

The start of operations of the newly founded holding company SŽ EP Logistika, d.o.o. brought a set of unique challenges. A fairly large number of procedural adjustments had to be made to incorporate some of the expectations of the foreign partner as a private owner into the legal frameworks that apply to companies that are predominantly state-owned. A very ambitious strategic and development plan for 2023–2027 has been drawn up by SŽ EP Logistika, which was approved by the Supervisory Board in January 2023. The plan includes investments of EUR 300 million in the vehicle fleet (carriages, locomotives and terminal equipment) in the years leading up to 2030. At the same time, EUR 50 million has been earmarked for investments in regional expansion through mergers and acquisitions, with over 20 targets identified in freight rail transport and freight forwarding. By increasing efficiency and expanding regionally, the Group is planning to increase EBIT by EUR 10 million in 2027. We are keen to become the largest railway logistics provider in the region, successfully connecting the northern Adriatic ports with central Europe and the Balkan states with northern Italy.

To realise the strategic objectives in the mobility pillar, we successfully completed the first phase of the purchase of a stake in NOMAGO, d.o.o. We are also continuing to purchase new passenger trains in pursuit of our public passenger transport mission. In 2022 we completed the takeover of the first two batches of passenger trains, which totalled 52 vehicles. In 2023 we will conclude a contract for a further 20, bringing the total number to 72 by 2025. We are also expecting to submit documentation for the acquisition of a building permit for the Emonika project in 2023. With the help of our partners, the project will be completed at the beginning of 2026, and will lead to considerable improvements in public rail passenger services in Slovenia.

We face numerous challenges on the domestic and foreign markets – challenges that also require us to make certain changes to the way we organise our work. From this aspect, the following projects are key: digital transformation, the overhaul of pay system and the introduction of sustainable standards.

We realise the importance of our Group's activities in terms of contributing to sustainable management at the national level. The fact that Slovenske železnice's freight and passenger services produce an average of 748,000 tonnes of CO₂ less per year than road transport is testament to this. We are happy to see our efforts have the support of the government, which has announced extensive investments in public railway infrastructure.

We have also set up a special working group tasked with implementing the new Environmental, Social and Governance (ESG) standards. We are already incorporating ESG criteria into our financial decisions. We are aware that the indicators in this area will have increasing weight when it comes to stakeholders deciding whether to work with us. In the light of this realisation, we have, as a company obliged to report in line with the Non-Financial Reporting Directive, upgraded this annual report with detailed information on the various forms of capital within the Group, thereby complying with the guidelines of the new Corporate Sustainability Reporting Directive. As the report shows, many of our new activities in 2022 were focused on human and natural capital. Based on a wide-ranging procedure that included a number of different interest groups, we identified our basic values and produced a slogan for the Group: 'Together Towards a Green Future'.

Finally, in the hope that we will continue to write new success stories together, I would like to say thank you to all stakeholders for their trust and constructive cooperation.

Let the slogan of Slovenske železnice, 'Together Towards a Green Future', become our common slogan.

Dušan Mes
Director-General of Slovenske železnice

General information³

General information on the controlling company as at 31 December 2022

Company name

Slovenske železnice, d.o.o.

Address

Kolodvorska ulica 11
1000 Ljubljana
Slovenia

Tel.

+386 (01) 291 40 00

Email

info@slo-zeleznice.si

Website

www.slo-zeleznice.si

Management Board

Director-General

Dušan Mes

Member of the Management Board

Tomaž Kraškovic

Workers' Director

Nina Avbelj Lekić

Members of the Supervisory Board

Chair

Aleksander Mervar

Deputy Chair

Franci Matoz

Members

Silvo Berdajs, Melita Malgaj,
Boris Markočič, Aleksander Nagode,
Jože Pavšek, Zlatko Ratej, Gabrijel Škof

Company details

Core activity

70.100 (Activities of head offices)

Quality certificate

ISO 9001:2015, January 2025

Environmental certificate

ISO 14001:2015, January 2024

Energy certificate

ISO 50001:2018, January 2025

Registration number

10537000

Company registration number

5142733000

VAT ID number

SI18190995

Contact for information regarding the annual report

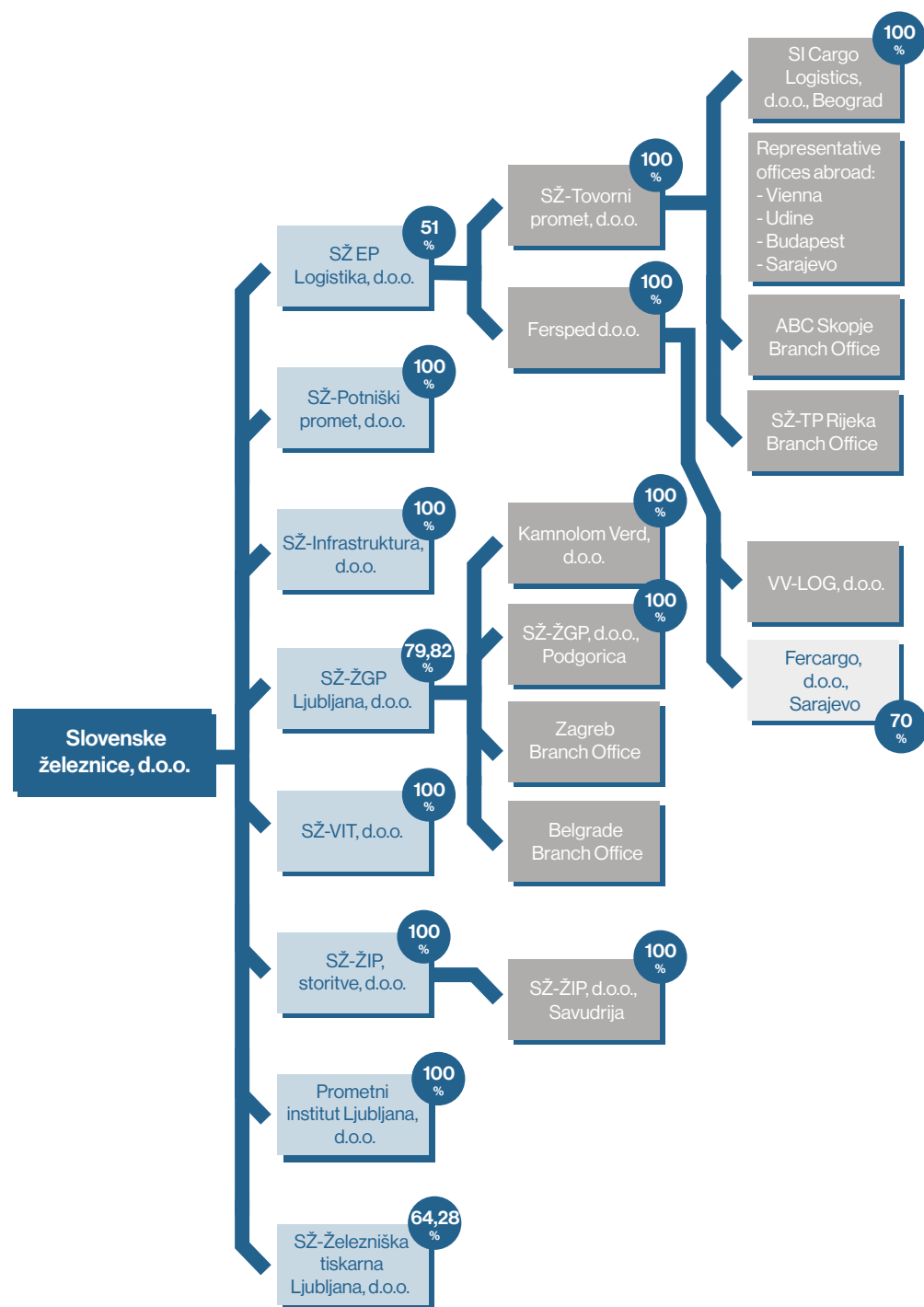
Slovenske železnice, d.o.o.
Kolodvorska ulica 11, 1000 Ljubljana
Central Corporate Office for Public Relations



General information regarding subsidiaries as at 31 December 2022 ⁴

Official company name/ abbreviated company name	SŽ EP logistika, d.o.o.	SŽ-Tovorni promet, d.o.o.	Fersped, d.o.o.	VV-LOG, d.o.o.	SŽ-Potniški promet, d.o.o.	SŽ-Infrastruktura, d.o.o.	SŽ-Železniško gradbeno podjetje Ljubljana, d.d.	Kamolom Verd, d.o.o.	SŽ-VIT, d.o.o.	SŽ-ŽIP, storitve, d.o.o.	Prometni institut Ljubljana, d.o.o.	SŽ-Železniška tiskarna Ljubljana, d.d.
Business address	Kolodvorska ulica 11, 1000 Ljubljana	Kolodvorska ulica 11, 1000 Ljubljana	Zaloška cesta 219, 1000 Ljubljana	Ankaranska cesta 5 B 6000 Koper - Capodistria	Kolodvorska ulica 11, 1000 Ljubljana	Kolodvorska ulica 11, 1000 Ljubljana	Ob zeleni jami 2, 1000 Ljubljana	Verd 145, 1360 Vrhnika	Zaloška cesta 217, 1000 Ljubljana	Kolodvorska ulica 11, 1000 Ljubljana	Kolodvorska ulica 11, 1000 Ljubljana	Hladilniška pot 28, 1000 Ljubljana
Registered office	Ljubljana	Ljubljana	Ljubljana	Koper	Ljubljana	Ljubljana	Ljubljana	Vrhnika	Ljubljana	Ljubljana	Ljubljana	Ljubljana
Core activity	64.200 Activities of holding companies	49.200 Freight rail transport	52.290 Forwarding and other support activities for transportation	52.290 Forwarding and other support activities for transportation	49.100 Passenger rail transport	68.320 Management of real estate on a fee or contract basis	42.120 Construction of railways and underground railways	23.990 Manufacture of other non-metallic mineral products	33.170 Repair and maintenance of other transport equipment	80.100 Private security activities	72.200 Research and experimental development on social sciences and humanities	18.120 Other printing
Registration / entry number	/	/	10125000	10812500	/	/	10011300	/	12596100	12501700	11645100	10004600
Company registration number	8973784000	6017231000	5069084000	2361191000	6017274000	6017177000	5143004000	1278061000	5865824000	5824290000	5674522000	5142881000
VAT number	95301623	SI84667044	SI76557995	SI97246239	SI89393686	SI94995737	SI46621474	SI34750720	SI99181762	SI61613223	SI34722645	SI41764544
Senior management	Melita Rozman Dacar Dušan Žičkar Roman Šilha Zbigniew Klepacki Tomáš Novotný	Melita Rozman Dacar Zbigniew Klepacki Tamara Luskovec (Workers' Director)	Dean Peršič Martin Lunák	Dean Peršič	Darja Kocjan Igor Birčakovič (Workers' Director)	Matjaž Kranjc Matjaž Skutnik (Workers' Director)	Anton Žagar Pavel Piškur (Workers' Director)	Sergij Grmek Uroš Močnik	Dušan Žičkar Zdravko Skrbiš (Workers' Director)	Vojka Martinčič Vesna Ritlop (Workers' Director)	Peter Verlič	Majda Železnik
Supervisory Board	Dušan Mes Tomaž Kraškovic Milan Jelenc Silvo Berdajs Michal Antonin Miodrag Maksimović	/	/	/	Tomaž Kraškovic Bernarda Babič Leon Didič	Urška Grmek Matjaž Trontelj Milorad Šljivič	Gorazd Podbevšek Dušan Mes Silvo Berdajs Bernarda Babič Stanislav Debeljak	Anton Žagar Sergij Grmek Gašper Marc Pavel Piškur	Jožef Petrovič Jana Končar Zdenko Lorber	Miha Butara Andreja Košir Jože Pavšek	/	Boštjan Koren Daniel Vasiljevič Miran Parkelj
General Meeting	General Meeting SŽ EP Logistika, d.o.o.	Sole owner SŽ EP Logistika, d.o.o.	Sole owner SŽ EP Logistika, d.o.o.	Founder Fersped, d.o.o.	Founder SŽ, d.o.o.	Founder SŽ, d.o.o.	General meeting of shareholders	Founder SŽ-ŽGP Ljubljana, d.d.	Founder SŽ, d.o.o.	Founder SŽ, d.o.o.	Founder SŽ, d.o.o.	General meeting of shareholders

Organisational structure of the Group⁵



- controlling company
- subsidiaries in the Group 100% or majority-owned by the controlling company
- subsidiaries in the Group owned by subsidiaries
- companies excluded from consolidation

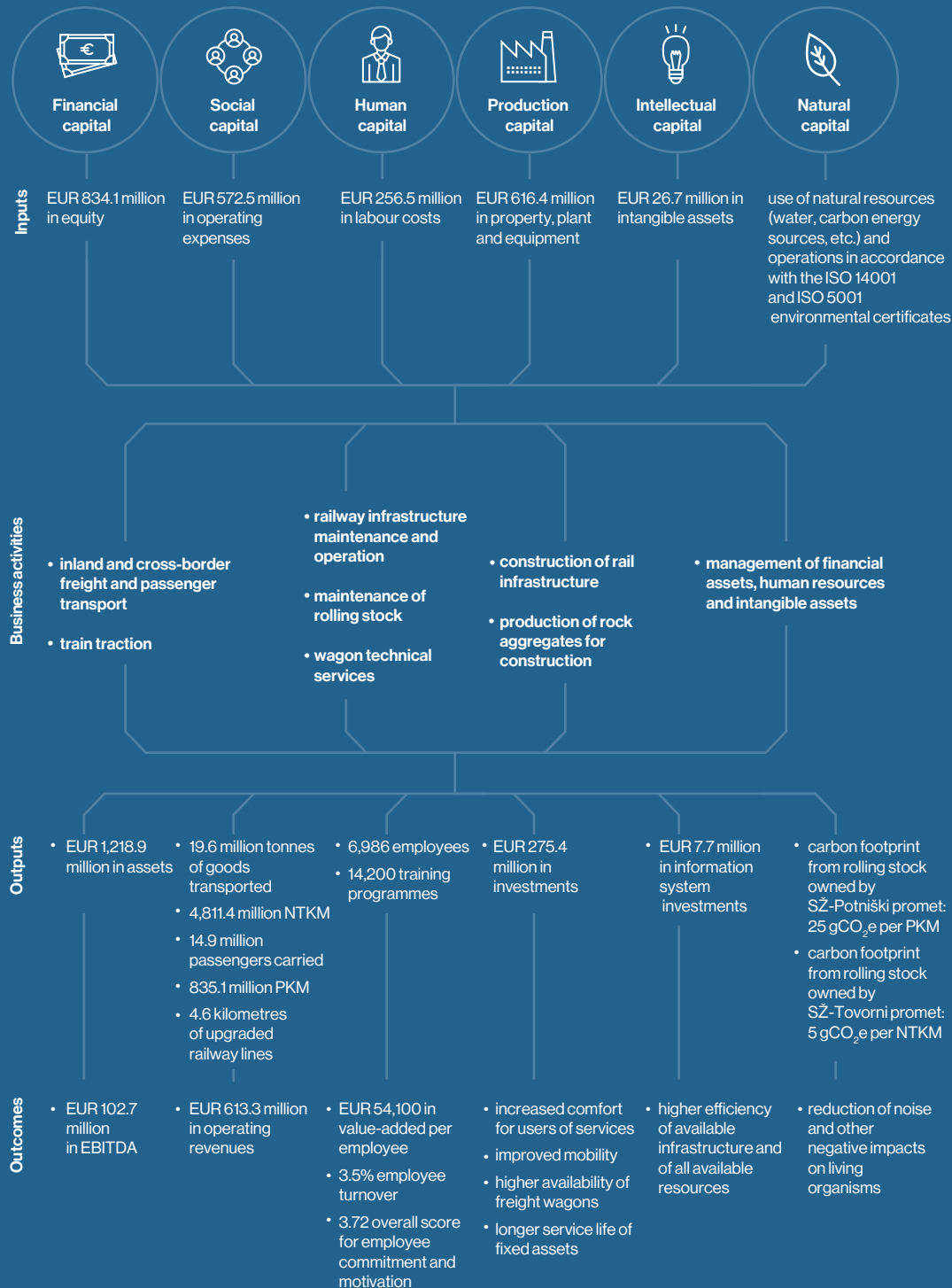
Note:

- Slovenske železnice, d.o.o. increased the capital of SŽ EP Logistika, d.o.o. on 16 December 2021 with a non-cash contribution (the participating interest of Slovenske železnice, d.o.o. in SŽ-Tovorni promet, d.o.o. and Fersped, d.o.o.). On 13 January 2022, the capital of SŽ EP Logistika, d.o.o. was increased again, after which Slovenske železnice, d.o.o. now holds a 51% participating interest and EP Logistics International, a.s. a 49% interest in the company.
- VV-LOG, d.o.o. is 2/3 owned by Fersped, d.o.o. (1/3 owned by the company itself).
- Slovenske železnice, d.o.o. holds participating interests in the following associates: Adria Kombi, d.o.o. (33.72%), Terme Olimia, d.d. (23.87%) and NOMAGO, d.o.o. (50%), and also indirectly in CKTZ Zagreb, d.d. (31.41%).

STRATEGY AND PLANS



Business model⁶



Mission

The Slovenske železnice Group sets green standards and creates advanced practices in Slovenian land passenger transport, and supports the economy with environmentally and economically efficient freight transport.

Vision

The Slovenske železnice Group is an efficient manager of modern population mobility and a generator of new solutions for faster and environmentally sounder freight transport.

Values

Based on the guidelines from the measurement of commitment and motivation, we have identified those values identified as the most important by employees, senior management and social partners in 2022. The most important values of the Slovenske železnice Group can be placed within the following three categories:

Business values of the Slovenske železnice Group, with each pillar highlighted

- Logistics: *internationalisation*
- Mobility: *comprehensive nature of services*
- PRI management: *digital transformation*
- Construction: *quality*
- Support activities: *optimisation of work*

Main values

- traffic safety*
- protection of the natural environment*

Employee-related social values

- remuneration*
- transparency*
- motivation*

Slogan

The Slovenske železnice Group has also created the slogan:

Together Towards a Green Future!

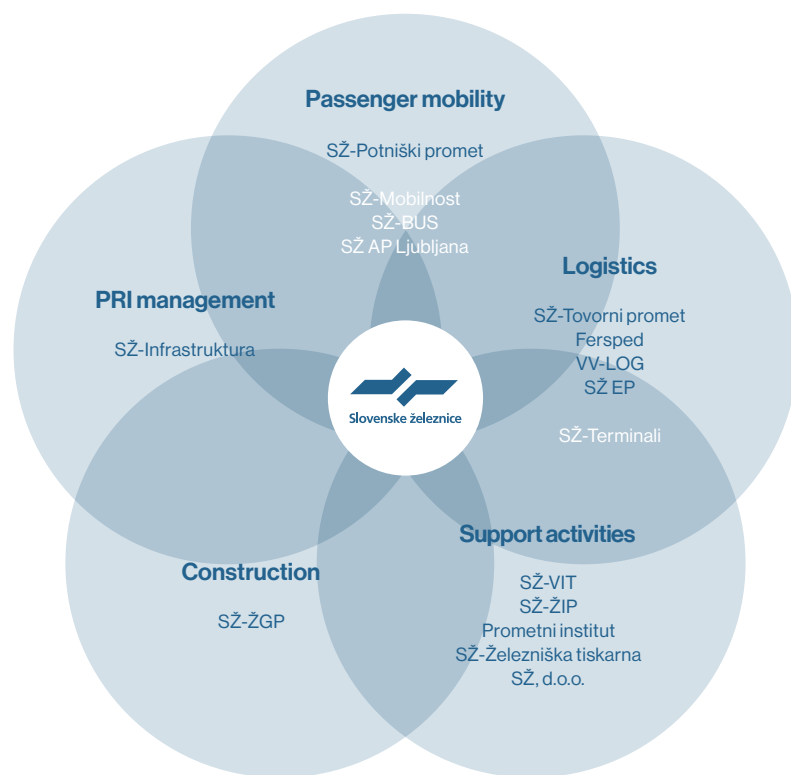
The slogan reflects one of the main areas of focus of railway administrations brought together under within the Community of European Railway and Infrastructure Companies (CER), as well as a wider social awareness that goes beyond the boundaries of a single industry.

Strategic objectives of the Slovenske železnice Group⁷

The key developmental component is the long-term vision of developing and modernising Slovenia's public railway infrastructure. This involves the earmarking of EUR 13 billion for investments in PRI by the Slovenian government by 2050.

The changes dictated by the business environment and the opportunities presented to us by the developmental policies of Slovenia and the European Union will become evident as we replace

passenger trains, modernise PRI management machinery, construct a modern Ljubljana Passenger Centre, coordinate rail and bus timetables and expand the geographical coverage of public transport through the spatial optimisation of transport services. Most importantly, we intend to work with our strategic partner to become the leading provider of comprehensive freight transport logistics services in the region.



OVERVIEW OF EXISTING AND FUTURE COMPANIES BY RESPECTIVE SLOVENSKE ŽELEZNICE GROUP PILLAR

The Strategic Business Plan includes the expectations of all stakeholders, and outlines a path of development that is in line with the key planned and estimated changes in the business environment. It contains development policies concerning the renovation and digital transformation of mobility, logistics, freight and passenger transport, the management of PRI and construction, and the efficient operation of all support activities.

Through the guidelines, projects, investments and the objectives set out in its Strategic Business Plan, the Slovenske železnice Group is evolving from a national rail operator into one of the leading technologically advanced providers of comprehensive merchandise logistics and public mobility services in the region.

The planned entry of a strategic partner in the merchandise logistics pillar and the establishment of SŽ EP Logistika, d.o.o., which will facilitate the further development of this pillar and ease the financial burden on the Slovenske železnice Group, was implemented in 2022. The company was established in October 2021, with the strategic partner finalising its entry into the Slovenske železnice Group in January 2022. The objectives of the strategic partnership are to extend the logistics chain from pick-up to delivery, establish back-office logistics centres with the necessary warehouse units, and become the leading regional logistics group through the acquisition of companies.

As part of its task of serving the public interest, the Slovenske železnice Group has set as one of its key underlying objectives the strategic objective of designing a multimodal range of mobility services at national level. It aims to achieve this by bringing together those state-run activities that are aimed at establishing a unified, accessible and efficient public transport system and at developing the areas around train stations and stops, and upgrading those activities by integrating various modes of transport and related train services into the mobility services offered.

The plan is to establish mobility services that allow passengers to travel by rail and other modes of public transport by providing transfer points between rail and bus transport and coordinating the timetables of these two modes of transport.

In addition, multimodal mobility services will make it easier and simpler for passengers to complete the first and last legs of their journey. Park and Ride car parks will be built at terminals and a range of electric vehicle-hire services designed; this will help reduce car use, mitigate the negative impacts of transport on the environment, and increase Slovenia's contribution to the achievement of the objectives of the European Green Deal. We are planning to carry 30 million passengers by combined transport (17 million by train and 13 million by bus) by 2025.

In tandem with the development of the mobility pillar, the PRI management pillar will be improved through planned investments in the much needed revitalisation of SŽ-Infrastruktura, d.o.o.'s machinery, and a substantial increase in the throughput of the railway network by minimising traffic disruptions. We will therefore be able to ensure significantly better availability of machinery for maintenance. The costs of outsourced services will also be reduced through the development of additional services that could not be provided in the past on account of outdated machinery.

The successful digital transformation of the Slovenske železnice Group is a cornerstone for the development of all pillars. This process takes the form of several key projects that are being or will be implemented across all pillars of the Slovenske železnice Group.

In the 2021–2025 period, three things will have the greatest impact on the Slovenske železnice Group's income statement and on its operations: the entry of a strategic partner, the acquisition of a bus company, and investments in new rolling stock.

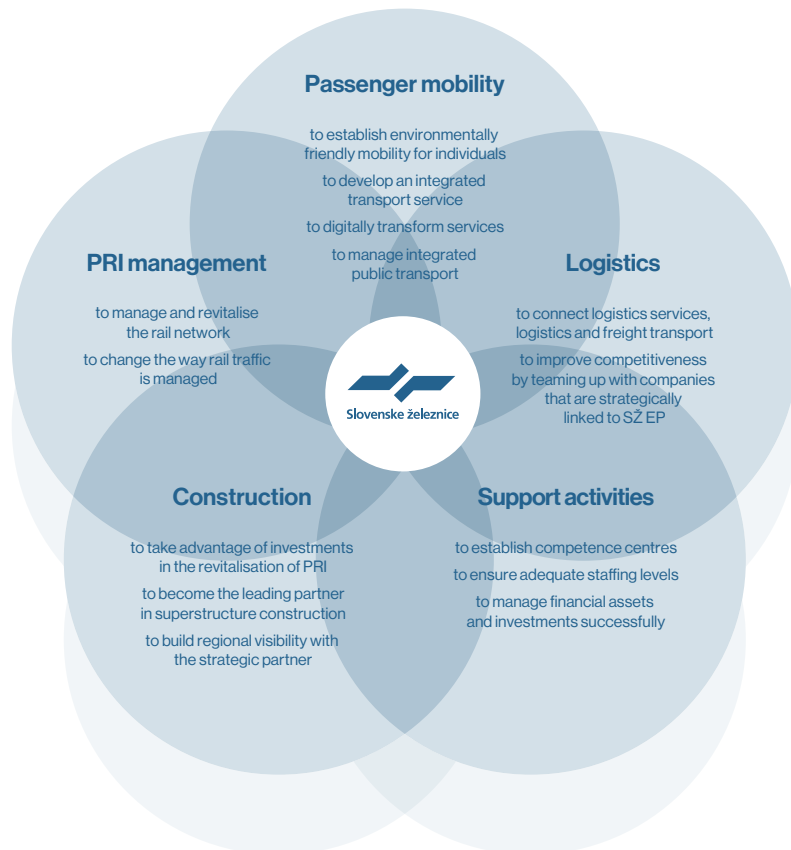
A new dedicated company, SŽ EP Logistika, d.o.o., was established in response to the strategic partner's entry into the logistics pillar. The financial statements of this new company have been fully consolidated. The planned acquisition of the bus company, the financial statements of which will be consolidated with those of the Slovenske

železnice Group after its 100% acquisition in 2024, will have a direct impact on operating profit (a 50% stake was acquired at the end of 2022, as reflected in the participation in the bus company's profit). Approval of the acquisition of the bus company was granted by the Supervisory Board of Slovenske železnice, d.o.o. and its founder, Slovenski državni holding, d.d., in March 2022. Slovenia's Competition Protection Agency gave its consent to the entry of Slovenske železnice into the Nomago Group in September 2022.

In the 2021–2025 period, we are planning to increase revenues from contracts with the Slovenian government. SŽ-Infrastruktura, d.o.o. concluded a long-term contract with the Slovenian government that will provide funding for the purchase of new special-purpose rolling stock.

On the basis of these activities, the company is planning to achieve EBT of EUR 51 million by 2025. Group assets will increase in the 2021–2025 period as a result of large-scale investments and the acquisition of the bus company. The Slovenske železnice Group's investments in the 2021–2025 period will total EUR 1,011 million, with new rolling stock purchases accounting EUR 683 million of this figure. EUR 407 million in investments had already been made by the end of 2022, including EUR 337 million in the purchase of new rolling stock.

In 2025 the net debt of Slovenske železnice Group will be up by EUR 111 million relative to 2020, chiefly due to new borrowing for the purposes of investment financing (acquisitions and investment in Ljubljana Passenger Centre).

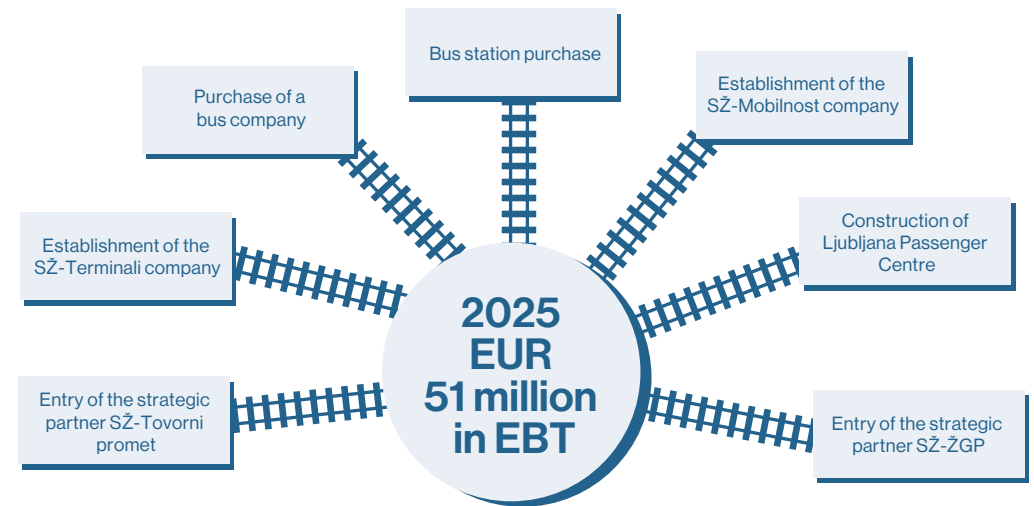


OBJECTIVES OF THE PILLARS

Strategic projects

The greatest organisational changes are planned in the two most important pillars: logistics and passenger mobility. The Slovenske železnice Group is emerging from a period in which it has transformed itself from a national rail operator into a regional provider of comprehensive merchandise logistics and public mobility services.

The entry of the strategic partner SŽ-Tovorni promet and the purchase of the bus company through the acquisition of a 50% participating interest in NOMAGO, d.o.o. were completed in 2022, with work on other projects ongoing. The project for the entry of the strategic partner SŽ-ŽGP is still in the process of being studied.



STRATEGIC PROJECTS IN THE SLOVENSKE ŽELEZNICE GROUP 2021–2025

Logistics⁸

In August 2021, pursuant to EU law on mergers, the European Commission approved the acquisition of joint control over the newly established subsidiary of Slovenske železnice and the Czech company EP Logistics International, a.s. (EPLI), which is a member of the EPH Group. The company established was SŽ EP Logistika, d.o.o., in which Slovenske železnice, d.o.o. has a 51% stake and the Czech EPLI company a 49% stake. SŽ EP, d.o.o. owns SŽ-Tovorni promet, d.o.o. and Fersped, d.o.o. The entry of the strategic partner resulted in a new holding structure.

The extension of transport routes is expected to increase revenue. Customers are looking for the organisation and provision of transport services via the longest possible transport route, which enables shorter delivery times and ensures greater transport reliability. Here we will utilise the networks of our strategic partner and other business partners to ensure that the necessary resources are in place (locomotives, traction services, rolling stock, licences, etc.). In the initial phase, transport routes will be extended in Italy and Hungary, and eventually on other lines. This will also increase the utilisation of our own assets in transport service provision.

Objectives

- to extend the logistics chain from pick-up to delivery;
- to establish back-office logistics centres with the necessary warehousing capacities;
- to become the leading regional logistics group through the acquisition of companies;
- to create the region's main rail operator in the markets of the Western Balkans, Italy, Austria and Hungary, and boost the Port of Koper's role;
- to increase the volume of transport with new customers;
- to increase the flows of goods along Central European corridors (Poland, Czech Republic, Slovakia and Germany) where EPH is already present;
- to invest in rolling stock;
- to increase the scope of SŽ-Tovorni promet's operations in the region (Austria, Italy, Hungary and the Balkans) and acquire logistics companies.

Investments

Having a suitable train fleet, in terms of quantity and quality, is of paramount importance. This will be secured through the purchase and leasing of rolling stock. We currently mostly use our own locomotives, while wagons are leased to ensure that the wagon fleet is adequate.

The train fleet is in a relatively poor condition and needs renewal; we also need to consider the implications of introducing the ETCS (European Train Control system) by 2030 and the construction of the second track on the Divača–Koper line.

The Strategic Business Plan of SŽ EP Logistika, d.o.o. for the 2023–2027 period was prepared and approved after the entry of the strategic partner. The plan covers investments in the purchase and modernisation of rolling stock, and regional expansion through mergers and acquisitions.

Digital transformation

We are digitally transforming the field within the Transport Logistics Information System (TIS), a digital transformation programme that includes support, automation and optimisation for all business process components, along with high-capacity business analytics systems. It enables electronic transactions with all stakeholders (rail traffic managers, transport operators, logistics operators, customs, end-customers) in compliance with the relevant standards.

Passenger mobility

The mission and vision of SŽ-Potniški promet, d.o.o. is to provide socially sustainable and competitive public transport of passengers by rail in inland, international and cross-border regional traffic, in terms of both cost and quality of transport, and therefore to deliver positive company performance over the long term.

Slovenske železnice's strategic objective is to develop SŽ-Potniški promet into the central public transport pillar in Slovenia, improve train service quality and passenger satisfaction, establish modern transfer points, increase the number of passengers carried, and increase the market share of public transport held by rail passenger transport. This will improve operating results.

The strategic development plan of SŽ-Potniški promet, d.o.o., includes the growth of operations in the area of public transport. Within the passenger mobility pillar, there are also plans to purchase the remaining stake in the bus company in order to establish integrated rail and bus transport services.

The coordination of timetables is one key area in which synergies can be achieved.

Objectives

- to be the supporting pillar of integrated public transport (IPT) in Slovenia, with a majority market share of the intercity public transport market, and therefore contributing to a more environmentally sustainable transport sector;

- to offer competitive public rail transport by providing comprehensive travel services from the passenger's home to their final destination, with safe, reliable and comfortable travel by rail and the use of other forms of IPT in Slovenia and Europe;
- to increase the number of passengers carried by rail to 17 million (by 2025);
- to reduce the costs per passenger carried by 10%;
- to develop bus transport as a service that complements rail transport;
- to raise the market share of Slovenian intercity public transport to 33%;
- to reform the sales and marketing policy with a proactive approach and a range of new services on trains and at stations.

Investments

A public tender was published in 2022 for the purchase of 20 passenger trains. The tender selection decision will be taken in the second quarter of 2023. We also plan to purchase a further 20 passenger coaches and four locomotives.

SŽ-Potniški promet, d.o.o. will also invest in the installation of ETCS safety devices.

We are planning to develop a range of integrated door-to-door mobility services through a single digital platform.

Digital transformation

The digital transformation of operations includes the introduction of a modern information system for the sale of tickets through new sales channels and passenger information systems, specifically by establishing a modern and user-friendly platform for travel from home to destination. This will allow the passenger to choose from the various available modes of transport (train, bus, taxi, bicycle, etc.)

PRi management

As the PRi manager, SŽ-Infrastruktura, d.o.o. is facing problems with the maintenance of rail infrastructure as a result of outdated and worn-out machinery (most of the machinery has exceeded its projected service life).

The outdated track machinery employed to service railway lines often breaks down and replacement parts are difficult to obtain. The poor condition of the machinery also leads to slower maintenance of railway lines, longer intervention times when eliminating faults and closures, lower throughput capacities of lines, slow journeys, longer travel times, and so on. The majority of the existing machinery will be replaced by 2030.

Functional and adequately equipped track machinery for the maintenance of railway lines is essential for safe and well-regulated rail transport.

Objectives

- to align with the 2020–2050 rail infrastructure development project;
- to revitalise machinery, which will have a positive impact on the environment in terms of less noise, reduced CO₂ emissions, and lower consumption of fuel and lubricants;
- to use new machinery in order to ensure at least 80% availability;
- to overhaul the organisational and employee structure;
- to engage shunting services at marshalling yards;
- to digitally transform traffic management and maintenance processes;
- to provide a wider range of services (these are currently being hired on the market because of outdated machinery with low levels of availability);
- to develop additional services that could not be provided in the past on account of outdated machinery;
- to reduce the cost of outsourced services.

Investments

In the 2021–2025 period, SŽ-Infrastruktura, d.o.o. will invest primarily in the purchase of new, special-purpose rolling stock. The investment will be financed through PSO development funds and SŽ-Infrastruktura's own funds (purchasing period 2022–2025).

Digital transformation

A key priority is the timely implementation of the Operation of Public Rail Infrastructure (OIS) digital transformation programme, which includes an integrated information system for the management of rail traffic (iISUP), an integrated IT system for train path management and timetable construction with inbuilt optimisation (2022–2023), the automation of the process of billing for PRI access services (2021), and electronic operations that are compliant with regulations TAF TSI and TAP TSI (2021–2023). This will establish a modern information system for the management of rail traffic that is integrated with signalling systems, the timetable construction system and the PRI asset management system (EAM).

Another priority is the introduction of SAP-Maximo, an integrated information system that will support all the basic processes involved in the maintenance of infrastructure and fixed assets, and all relevant support functions.

Construction

The SŽ-ŽGP Group is the leading railway superstructure construction company in Slovenia. With many years of experience behind it, the company performs all major maintenance works on the existing railway infrastructure, and is also involved in the development and construction of new railway infrastructure. It keeps a close eye on the development of advanced technologies and equipment.

Objectives

- to link with a strategic partner;
- to extend the concession for the quarry at Verd (Kamnolom Verd);
- to obtain a concession for Kamnolom Verd in its expansion area.

Support activities

The support activities pillar includes the following companies: Slovenske železnice, d.o.o. as the controlling company, SŽ-VIT, d.o.o., the SŽ-ŽIP Group, Prometni institut Ljubljana, d.o.o. and SŽ-Železniška tiskarna Ljubljana, d.d. All of these companies perform transport-related activities that complement the operation of the other pillars through supporting business services, real estate management, rolling stock maintenance, R&D activities, facility maintenance, cleaning, security and printing.

The main tasks of the controlling company **Slovenske železnice, d.o.o.** include the reliable, high-quality and cost-effective performance of centralised business support functions (finance, accounting, IT, HR, etc.), efficient real estate management, and the disposal of assets not required for business purposes.

SŽ-VIT, d.o.o. carries out important support activities by ensuring high-quality services in the area of maintenance, traction and technical wagon inspection, all of which help increase the availability and reliability of rail vehicles, and

the competitiveness of vehicle owners. SŽ-VIT carries out marketing activities to boost company visibility, and strives to increase the value of sales in EU markets, foster development and provide comprehensive services in the areas of rail vehicle maintenance, traction and technical wagon inspection, with higher value-added. Given the nature of the services, traction and technical wagon inspection activities will be carried out largely in the domestic market, while rail vehicle maintenance services will be marketed with increased intensity on the international European market. We will improve the company's visibility and reputation while also investing in new developmental solutions, technology and staff.

SŽ ŽIP, storitve, d.o.o. operates as a sheltered employment company with the primary aim of developing ancillary services suitable for the employment of workers who, on account of their reduced physical capacities, are no longer able to carry out their basic duties, i.e. because of their reduced physical capacities, they cannot be reassigned to other jobs at the Slovenske železnice Group companies without the relevant training. It provides companies in the Slovenske železnice Group with the servicing required in the area of facility management and maintenance, the cleaning of facilities and rolling stock, physical and technical security, road vehicle management and servicing, replacement bus transport, personnel transport and courier services, sheltered workshops and trade services.

Prometni institut Ljubljana, d.o.o. is a transport institute engaged in research and development projects in the area of transport in the broadest sense of the word, with an emphasis on rail transport. This primarily consists of research and development in the fields of transport technology, transport infrastructure and transport IT, transport economics, legislation and the drafting of investment documentation. The company's operational advantages lie in its interdisciplinary professional and development studies, where an R&D problem is studied on the basis of combined expertise in transport technology, civil engineering, information science, electrical engineering, economy, geography, infrastructure siting and law.

The core activity of **SŽ-Železniška tiskarna Ljubljana, d.d.** comprises all printing and bookbinding work, and the distribution of final products.

Objectives

- to ensure that Slovenske železnice, d.o.o. can direct, finance and control all digital transformation projects in the Slovenske železnice Group, provide all support functions (IT, finance, accounting, HR services, etc.) and take responsibility for the Slovenske železnice Group's development strategy;
- to increase the availability of rolling stock and the utilisation of employees on the rolling stock at SŽ-VIT, d.o.o.;
- to ensure that SŽ-ŽIP, storitve, d.o.o. continues to provide services that can be performed by disabled employees and other workers with a reduced capacity to work;
- to ensure that Prometni institut Ljubljana, d.o.o. serves as a generator of know-how within the Slovenske železnice Group and as a coordinator between the Slovenske železnice Group and national and European institutions in the field of legislation, guidelines and development trends.

Investments

The most important investment is the construction of a new bus station within Ljubljana Passenger Centre and the digital transformation of operations.

Digital transformation

In terms of support activities, digital transformation programmes will help improve the efficiency of rolling stock maintenance processes, increase the availability of rolling stock (asset management), optimise the driving hours of train drivers relative to their total working hours, and increase the daily distance travelled.

These programmes will furthermore upgrade the system of human capital management, the management of operational efficiency, and the digital transformation of document and archive systems.

BUSINESS
REPORT
OF THE
SLOVENSKE
ŽELEZNICE
GROUP



Business environment in 2022

Last year was characterised by major economic uncertainty as a result of the war in Ukraine, which had an impact on economic trends in purchase and sales markets.

Despite economic stagnation in the second half of the year, real GDP growth in Slovenia is projected to reach 5.4% in 2022. In its spring economic outlook for 2023, IMAD forecasts a 1.8% growth rate for Slovenia, with GDP growth expected to be slightly higher again in the next two years (2.5% in 2024 and 2.6% in 2025).

Growth in consumer prices picked up considerably in 2022. Inflation reached its highest level in almost 30 years in mid-2022, before dropping slightly to 10.3% by the end of the year. The impact of inflation at Slovenske železnice Group companies was most pronounced in the rise in material, energy and service costs.

There was considerable volatility in energy prices and other factors in the global market in 2022. However, the increase in electricity prices had no impact on the operations of the Slovenske železnice Group companies; this was because they purchased electricity in 2022 at a pre-agreed contract price. The increase in electricity costs at SŽ-Potniški promet was mainly the result of an increase in the number of kilometres travelled by electric train.

Despite considerable uncertainty, high prices and rising interest rates, investment activity was relatively strong (growth of 7.8%). The growth in total investments was mainly driven by investment in buildings and structures, with a strengthening of government and housing investment. Growth in investment in plant and machinery slowed significantly by the end of the year, under the impact of uncertainty and declining production capacity utilisation.

The 2022 financial year was characterised by numerous infrastructure works, upgrades to lines and other investment projects crucial to improving rail infrastructure. All maintenance and renovation works on public rail infrastructure were carried out without major disruption. The main problem was caused by the closure of some sections of the Ljubljana-Divača double-track line as a result of upgrading work. There were also a number of track and line closures on other sections of the Slovenian rail network and on neighbouring countries' networks.

Financial capital⁹



Notable results in 2022

Slovenske železnice Group	Unit	2022	2021	Index
EBITDA	EUR thousand	102,694	83,772	122.6
EBIT	EUR thousand	40,826	34,099	119.7
Pre-tax profit (EBT)	EUR thousand	40,890	32,586	125.5
Net profit (E)	EUR thousand	35,389	29,321	120.7
Assets as at 31 December	EUR thousand	1,218,894	988,974	123.2
Equity as at 31 December	EUR thousand	834,109	576,332	144.7
Non-current financial liabilities as at 31 December	EUR thousand	81,700	106,935	76.4
Current financial liabilities as at 31 December	EUR thousand	35,956	23,329	154.1
Non-current lease liabilities as at 31 December	EUR thousand	7,381	8,650	85.3
Current lease liabilities as at 31 December	EUR thousand	9,886	6,086	162.4
Net financial liabilities as at 31 December	EUR thousand	16,630	17,806	93.4
Net financial debt/EBITDA	ratio	0.2	0.2	100.0
Return on equity (ROE)	%	5.0	5.2	96.2
Return on assets (ROA)	%	3.2	2.9	110.3

Key:

EBITDA = EBIT + amortisation/depreciation

EBIT = operating revenues - operating expenses

Net profit = pre-tax profit - corporate income tax

ROE = net profit/average equity

ROA = net profit/average assets

Net financial debt = financial liabilities - cash and cash equivalents

The explanations of individual items of the income statement and statement of financial position of Slovenske železnice, d.o.o. and of the Slovenske železnice Group are presented in the financial report.

EBITDA BY STRATEGIC ACTIVITY

Pillar/company (EUR thousand)	2022	2021	Index
Logistics	42,771	34,478	124.1
SŽ EP Logistika, d.o.o.	-585	0	
SŽ-Tovorni promet, d.o.o.	41,127	32,390	127.0
SI-Cargo Logistics, d.o.o. Belgrade	6	29	20.7
Fersped, d.o.o.	1,672	1,476	113.3
VV-LOG, d.o.o.	551	583	94.5
Passenger mobility	31,970	28,422	112.5
SŽ-Potniški promet, d.o.o.	31,970	28,422	112.5
PRI management	10,920	11,370	96.0
SŽ-Infrastruktura, d.o.o.	10,920	11,370	96.0
Construction	8,985	7,659	117.3
SŽ-Železniško gradbeno podjetje Group	8,985	7,659	117.3
Support activities	10,176	4,139	245.9
SŽ-Vleka in tehnika, d.o.o.	4,926	5,067	97.2
SŽ-ŽIP Group	1,278	1,206	106.0
Prometni institut Ljubljana, d.o.o.	86	178	48.3
SŽ-Železniška tiskarna, d.d.	-65	-46	141.3
Slovenske železnice, d.o.o.	3,951	-2,266	

EBIT BY STRATEGIC ACTIVITY

Pillar/company (EUR thousand)	2022	2021	Index
Logistics	17,022	10,634	160.1
SŽ EP Logistika, d.o.o.	-585	0	
SŽ-Tovorni promet, d.o.o.	16,246	9,159	177.4
SI-Cargo Logistics, d.o.o. Belgrade	6	29	20.7
Fersped, d.o.o.	868	928	93.5
VV-LOG, d.o.o.	487	518	94.0
Passenger mobility	6,809	13,204	51.6
SŽ-Potniški promet, d.o.o.	6,809	13,204	51.6
PRI management	7,749	8,357	92.7
SŽ-Infrastruktura, d.o.o.	7,749	8,357	92.7
Construction	5,930	4,778	124.1
SŽ-Železniško gradbeno podjetje Group	5,930	4,778	124.1
Support activities	3,497	-2,193	
SŽ-Vleka in tehnika, d.o.o.	2,294	2,625	87.4
SŽ-ŽIP Group	213	223	95.5
Prometni institut Ljubljana, d.o.o.	48	141	34.0
SŽ-Železniška tiskarna, d.d.	-115	-99	116.2
Slovenske železnice, d.o.o.	1,057	-5,083	

NET PROFIT BY STRATEGIC ACTIVITY

Pillar/company (EUR thousand)	2022	2021	Index
Logistics	14,445	8,458	170.8
SŽ EP Logistika, d.o.o.	-417	0	
SŽ-Tovorni promet, d.o.o.	13,733	6,685	205.4
SI-Cargo Logistics, d.o.o. Belgrade	4	24	16.7
Fersped, d.o.o.	738	1362	54.2
VV-LOG, d.o.o.	387	387	100
Passenger mobility	5,298	12,132	43.7
SŽ-Potniški promet, d.o.o.	5,298	12,132	43.7
PRI management	5,530	6,733	82.1
SŽ-Infrastruktura, d.o.o.	5,530	6,733	82.1
Construction	4,755	3,985	119.3
SŽ-Železniško gradbeno podjetje Group	4,755	3,985	119.3
Support activities	5,454	4,454	122.5
SŽ-Vleka in tehnika, d.o.o.	1,236	2,936	42.1
SŽ-ŽIP Group	-24	80	
Prometni institut Ljubljana, d.o.o.	31	113	27.4
SŽ-Železniška tiskarna, d.d.	-119	-106	112.3
Slovenske železnice, d.o.o.	4,330	1,431	302.6

Strategic challenges and objectives

- to achieve an adequate level of return in line with the owner's expectations;
- to secure funding for the implementation of the strategic financial plan

Risks and opportunities

Risks

Slovenske železnice Group companies have identified financial risks (interest rate and liquidity risks) as among the key risks fully assumed by the controlling company, Slovenske železnice, d.o.o. Financial risks are linked to the unpredictable economic environment, which is faced with the need to control inflation by raising interest rates.

Opportunities

- the acquisition of additional funding for the expansion of logistics to foreign markets;
- the purchase of derivatives for the hedging of variable interest rates and energy prices.



Notable results in 2022

	Unit	2022	2021	Index
Operating revenues	EUR thousand	613,348	542,798	113.0
Transport revenues	EUR thousand	186,023	165,180	112.6
• SŽ-Tovorni promet ¹	EUR thousand	152,557	141,458	107.8
• SŽ-Potniški promet ¹	EUR thousand	38,772	28,808	134.6
Revenues under contracts with the Slovenian government	EUR thousand	238,410	212,654	112.1
• SŽ-Potniški promet	EUR thousand	84,356	79,353	106.3
• SŽ-Infrastruktura	EUR thousand	154,054	133,301	115.6
Operating expenses	EUR thousand	572,522	508,699	112.5
Goods transported	tonnes thousand	19,552.0	18,925.3	103.3
Net tonne kilometres	NTKM million	4,811.4	4,756.3	101.2
Passengers carried	in thousand	14,898.1	11,860.4	125.6
Passenger kilometres	PKM million	835.1	541.8	154.1
Major accidents and accidents ²	number	33	18	183.3
Freight transport delays	min./100 km	116.2	95.4	121.8
Passenger transport delays	min./100 km	4.0	3.9	102.6
Operating efficiency	ratio	1.071	1.067	100.4
Current operating receivables as at 31 December	EUR thousand	115,772	303,425	38.2

¹Unconsolidated values

²The number of major accidents and accidents was higher in 2022 as a result of the revised accident classification system in place from July 2022. Without the change to the classification, the number of major accidents and accidents would have been comparable to the 2021 figure.

Key:

Operating efficiency = operating revenues/operating expenses

Stakeholder engagement

The Slovenske železnice Group is engaged in efforts to spread the principles of socially responsible conduct in the business and social environment that it actively helps to shape. It participates in the development of professional solutions in mobility and logistics, and raises environmental awareness of sustainability-related advantages in rail transport as the most sustainable means of transport for passengers and goods. It

also supports the activities of various organisations. The Group's support extends not only to vocational organisations, but also to a wider circle of stakeholders who influence the development of the Slovenske železnice Group and the progress of society at large. Cooperation with all stakeholders is the established way of implementing our corporate vision, mission, strategy, management and governance. We maintain and enhance a responsible relationship of cooperation and partnership with our stakeholders as the key elements of social capital.





Stakeholder	Content of engagement, key topics	Method of engagement	Frequency of engagement
Customers/ users <ul style="list-style-type: none"> passengers freight forwarding transport partners customers (buyers) of services provided by Slovenske železnice Group companies 	1 Provision of services in accordance with contractual provisions, tariffs (rates) and regulations – reliability, accuracy, customer satisfaction, swift resolution of complaints and compensation claims, notification regarding planned and unplanned traffic disruptions and the associated measures, and the expansion of contractual cooperation.	Direct relations, via telephone, email, the websites of Slovenske železnice Group companies and sales conferences.	Permanent contact that is based on respect, trust and fair treatment.
Suppliers	2 Fulfilment of contractual obligations, quality of supplied materials and services rendered, resolution of complaints and informative offers.	Meetings, telephone conversations and email.	Daily engagement (continuous monitoring of market trends for goods and services).
Owner, founder (SDH, d.d.)	3 Business strategy, implementation of annual capital investment management plan and reporting on operations.	Periodic meetings with the SDH Management Board, proactive communication, standardised reporting on business results, regular attendance of the investment administrator at Supervisory Board meetings.	Monthly and quarterly reporting, regular response to all invitations and initiatives submitted by the owner.

Stakeholder	Content of engagement, key topics	Method of engagement	Frequency of engagement
Employees	4 Notification of employees regarding the objectives of and current events at the company, notification regarding changes at the company, wage system and performance-related remuneration, relations between employees, work-life balance, education and additional training, occupational health and safety.	Personal contact, email, participation in management (workers' directors, Works Council, trade unions, employee representatives on the Supervisory Board), measurement of the organisational climate, the Nova progna internal newsletter, internal events, announcements on the intranet and bulletin boards.	Active daily engagement with employees. The objective is to build a culture of mutual trust, respect, continuous learning, and responsible and efficient work.
Trade unions	5 Notification of trade unions regarding the objectives of and current events at the company, notification regarding changes at the company, notification regarding proposed bylaws governing matters relating to employment relations and wages, notification regarding disciplinary procedures and participation in committees.	Personal contact, email, participation in social dialogue, the Nova progna internal newsletter, announcements on the intranet and bulletin boards.	Active daily engagement with trade unions. The objective is to build a culture of mutual trust, respect and cooperation and to ensure social dialogue.
State institutions <ul style="list-style-type: none"> National Assembly Ministry of Infrastructure, Infrastructure Agency Public Agency for Rail Transport 	6 Allocation of funds, importance of providing and developing services for customers and other stakeholders.	We consistently comply with and fulfil our obligations to the state. We comply with all regulations, including the relevant guidelines.	We justify allocated funds through interim and annual reporting regarding operating results.
Banks	7 Payment transaction services, the securing of financing for investments and current operations, and the securing of bank guarantees for various transactions.	In person, via telephone, written business correspondence and meetings.	Daily communication.
International institutions and partners <ul style="list-style-type: none"> international railway organisations, associations (unions) and interest groups foreign railway administrations 	8 Information regarding current international developments in European transport policy and events in rail transport, the development and importance of rail transport in the international environment, and the promotion of all forms of international cooperation.	Communication via email and telephone. Personal contact at meetings at home and abroad, and at international conferences and railway-related events.	Regular daily engagement. Permanent contact to ensure a swift response to initiatives from the international environment, and the provision of information regarding current events in the international railway environment.
Media	9 Transparent information regarding operations, significant business events and changes within the Slovenske železnice Group.	Via telephone and electronic media, interviews, the organisation of press conferences and personal meetings with representatives of the media.	Regular and proactive cooperation with the aim of providing timely and high-quality information in the form of press releases and announcements for the media, meetings with representatives of the media, responses and explanations.
Local government	10 The Group's activity in the local community, local community development strategy, affordability, traffic safety, access to services for persons with varying degrees of disability, investments in infrastructure, and the co-financing of sporting and cultural projects.	Direct contact with local decision-makers, the allocation of funds for sponsorships and donations in accordance with internal rules on the processing and approval of sponsorships and donations, and meetings with mayors and municipal administrations.	Regular and proactive cooperation with the aim of contributing to improved living standards and equal opportunities.

OPERATING REVENUES BY STRATEGIC ACTIVITY¹¹

Pillar/company (EUR thousand)	2022	2021	Index
Logistics	214,895	199,690	107.6
SŽ EP Logistika, d.o.o.	11	0	
SŽ-Tovorni promet, d.o.o.	184,747	172,519	107.1
SI-Cargo Logistics, d.o.o. Belgrade	225	483	46.6
Fersped, d.o.o.	22,159	21,159	104.7
VV-LOG, d.o.o.	7,753	5,529	140.2
Passenger mobility	132,046	117,985	111.9
SŽ-Potniški promet, d.o.o.	132,046	117,985	111.9
PRI management	188,164	166,463	113.0
SŽ-Infrastruktura, d.o.o.	188,164	166,463	113.0
Construction	60,951	57,158	106.6
SŽ-Železniško gradbeno podjetje Group	60,951	57,158	106.6
Support activities	195,105	168,335	115.9
SŽ-Vleka in tehnika, d.o.o.	123,808	115,028	107.6
SŽ-ŽIP Group	33,139	28,853	114.9
Prometni institut Ljubljana, d.o.o.	1,263	987	128.0
SŽ-Železniška tiskarna, d.d.	446	419	106.4
Slovenske železnice, d.o.o.	36,449	23,048	158.1

High growth in revenues can be seen in the passenger mobility pillar, mostly as a result of higher revenues under contracts with the Slovenian government and transport revenues in domestic and foreign markets. Transport revenues in passenger transport in 2022 were up by 34.6% relative to 2021. The increased volume in travel is due to the introduction of new rolling stock and improvements to transport services.

For the development element of compensation, the dynamics of the multi-annual contract for the performance of the public service obligation (PSO) of passenger transport for the 2017–2031 period were taken into account. This revenue was in line with the train kilometres travelled. Due to the impact of prices on the energy market, Addendum 7 was concluded for additional funds to compensate for the performance of the PSO of passenger transport.

In the PRI management pillar, revenues under contracts on the performance of PRI manager services concluded with the Slovenian government accounted for 81.9% of SŽ-Infrastruktura's total revenues. Higher revenues on the domestic market were also driven by the involvement in major construction projects: the upgrade of the Ljubljana–Brezovica line, regulation of the Pragersko junction, the Zidani Most–Šentilj project for the introduction of remote control, the upgrade of the Kranj–Podnart and Podnart–Lesce Bled–Jesenice lines, the construction of the second Divača–Koper track, and the upgrade of the Brezovica–Presejce–Borovnica line.

Owing to the changes in goods flows as a result of the war in Ukraine, which had a positive impact on the performance of SŽ-Tovorni promet, the logistics pillar recorded the highest increase in revenues on the foreign market, by 8.5%; this was because of a more favourable freight structure. It also increased revenues on the domestic market by 1.8%.

OPERATING EXPENSES BY STRATEGIC ACTIVITY

Pillar/company (EUR thousand)	2022	2021	Index
Logistics	197,873	189,056	104.7
SŽ EP Logistika, d.o.o.	596	0	
SŽ-Tovorni promet, d.o.o.	168,501	163,360	103.1
SI-Cargo Logistics, d.o.o. Belgrade	219	454	48.2
Fersped, d.o.o.	21,291	20,231	105.2
VV-LOG, d.o.o.	7,266	5,011	145.0
Passenger mobility	125,237	104,781	119.5
SŽ-Potniški promet, d.o.o.	125,237	104,781	119.5
PRI management	180,415	158,106	114.1
SŽ-Infrastruktura, d.o.o.	180,415	158,106	114.1
Construction	55,021	52,380	105.0
SŽ-Železniško gradbeno podjetje Group	55,021	52,380	105.0
Support activities	191,608	170,528	112.4
SŽ-Vleka in tehnika, d.o.o.	121,514	112,403	108.1
SŽ-ŽIP Group	32,926	28,630	115.0
Prometni institut Ljubljana, d.o.o.	1,215	846	143.6
SŽ-Železniška tiskarna, d.d.	561	518	108.3
Slovenske železnice, d.o.o.	35,392	28,131	125.8

Operating expenses in the Slovenske železnice Group were up 12.5% on last year's figure, mainly as a result of higher energy, service, material and labour costs. Depreciation costs were also higher as a result of the delivery of new rolling stock.

Volume of freight transported

	Unit	2022	2021	Index
Inland transport	tonnes thousand	1,097.3	1,093.2	100.4
International transport	tonnes thousand	18,454.7	17,832.1	103.5
Goods transported	tonnes thousand	19,552.0	18,925.3	103.3
Work performed in Slovenia	NTKM million	4,626.8	4,596.4	100.7
Work performed abroad	NTKM million	184.6	159.9	115.4
Total	NTKM million	4,811.4	4,756.3	101.2

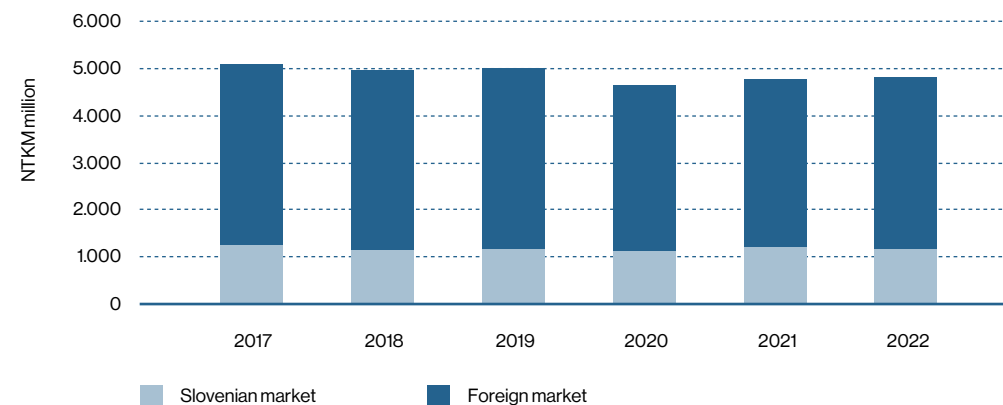
The length of the average transport route was 246.1 kilometres in 2022, a fall of 2.2% relative to 2021; this was primarily the result of an increase in the amount of transport on shorter transport routes.

The volume of goods transported by SŽ-Tovorni promet would have been higher if the availability of PRI had not been reduced as a result of the large number of maintenance and investment works.

Transport for the needs of the Slovenian economy (inland transport, imports and exports) was down by 1.6% relative to the previous year, while transit transport increased by 6.4%.

The conventional transport of wagon consignments accounted for 75.1% of wagon consignments transported on the Slovenske železnice network in 2022. The proportion was up slightly on 2021 (73.7%). More than 95% of goods transported comprise raw materials or primary products and semi-products such as ore, coal, petroleum and derivatives, agricultural products, sand and stone aggregates, iron and steel, paper and cellulose, wood, scrap iron, chemical products, cement and vehicles.

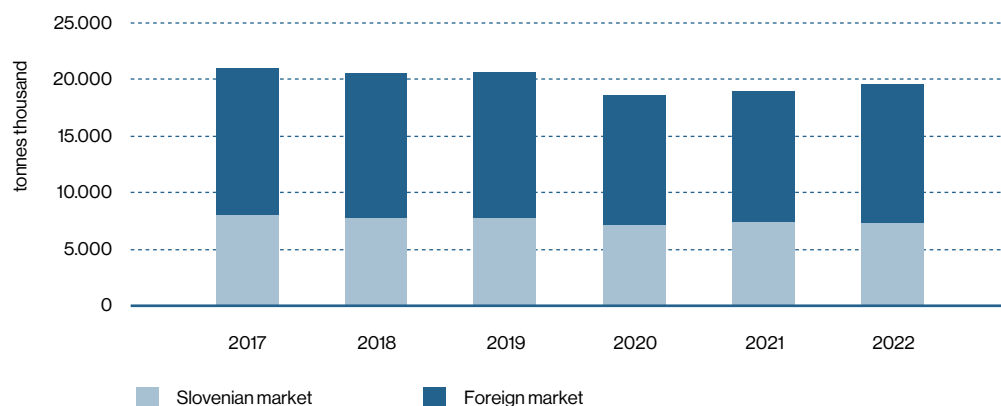
VOLUME SOLD



Ninety-nine per cent of goods are carried in combined transport as full trainloads, the majority of which are 'shuttle trains', where wagons are not switched except for technical traffic-related reasons. Transport is primarily carried out on lines to and from the Port of Koper towards Hungary, Slovakia and the Czech Republic, and on the Ljubljana Container Terminal–Germany line. Other goods are transported using wagons and are primarily destined for South-East European countries (Serbia and Croatia).

In 2022 the amount of goods transported to and from Serbia and into other countries via transit through Serbia for and through Slovenia increased by 26%, primarily due to an increase in transit traffic, port transit, and imports to and exports from Slovenia. As a result of infrastructure works on the Serbian rail network, SI Cargo Logistics transported lower volumes of freight outside Slovenia.

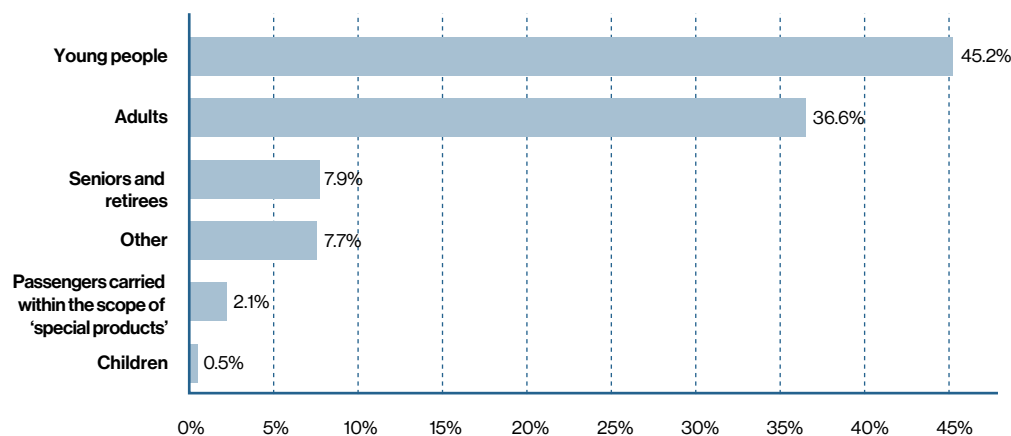
GOODS TRANSPORTED



Volume of work performed in passenger transport

	Unit	2022	2021	Index
Inland transport	passengers thousand	13,543.2	11,518.7	117.6
International transport	passengers thousand	1,354.9	341.7	396.5
Number of passengers carried	passengers thousand	14,898.1	11,860.4	125.6
Inland transport	PKM million	612.3	491.0	124.7
International transport	PKM million	222.8	50.8	439.0
Passenger kilometres	in million PKM	835.1	541.8	154.1

PASSENGERS CARRIED



More passengers were carried in international transport and more passenger kilometres were completed than in 2021; this was mainly due to the easing and lifting of restrictions on the crossing of national borders and the situation in neighbouring and other countries in relation to measures to prevent the spread of Covid-19.

Cooperation with government institutions

We have had an expert group for the drafting of regulations since 2012. The group's main task is to collaborate on the drafting of regulations relating to the Railway Safety Act and the Railway Transport Act. Members of this expert group have extensive knowledge gained from years of experience in ensuring safe PRI management. They work actively with government bodies, such as the Ministry of Infrastructure, the Public Agency for Rail Transport, the Agency for Communication Networks and Services (AKOS) and the Infrastructure Agency.

In 2022 we worked with government authorities on the drafting of the Decree amending the Decree on train path allocation, infrastructure charges and the performance regime on public railway infrastructure. The amendments were drawn up for the purpose of adapting the decree to the processes of train path allocation, in particular by including multi-year planning and temporary restrictions on the capacities of train paths, and the arrangement of compensation for costs incurred by carriers resulting from disruptions in railway traffic that occur because of last-minute announcements of investment works on PRI. The decree is expected to come into force in 2023.

We also worked on drafting the following rules, which will take effect in 2023:

- the Traffic Rules, which lay down the conditions for and method of organising and providing safe rail traffic on the Slovenian rail infrastructure. The rules are currently being reviewed by the European Union Agency for Railways;
- the Signalling Rules, which have been coordinated with all railway system stakeholders and are currently being reviewed by the European Union Agency for Railways;
- the Rules on brakes, safety equipment and railway vehicle equipment, which will replace the Rules on the safety of rolling stock equipment.

Participation in the international environment ¹²

The Slovenske železnice Group's broader operating environment is the international community, where it cooperates with various railway organisations, foreign railway administrations and relevant interest groups (stakeholders) at home and abroad. The basis for forging successful links with foreign countries is active and thorough monitoring of international developments in the field of rail transport, as well as the mutual notification, activation (mobilisation) and networking of stakeholders relevant to the rail sector. Various meetings and events focused on international content also bring added value to the networking process.

Successful international engagement enables Slovenske železnice to keep up with current trends, activities and developments in the wider railway field, and to create partnerships and synergies with foreign companies, organisations, associations and initiatives; this results in improved services for railway users and a more favourable environment for the functioning of the railway community.

The debate in the wider rail sector in 2022 largely focused on the war in Ukraine, the energy crisis, sustainable development, the green transition and digital transformation.

Active involvement in the bodies, working groups and projects of international railway organisations, which enables Slovenske železnice's interests to be represented, has resulted in Slovenian being included as one of the languages in the UIC RailLexic multilingual glossary of railway terms. The glossary has therefore become useful for Slovenian users; it also means that Slovenske železnice has made significant progress in preserving the country's linguistic heritage and developing specialist railway terminology.

Membership of European railway associations (unions) and initiatives allows Slovenske železnice to develop and operate in line with European guidelines. In 2022 Slovenske železnice aligned their gender equality and diversity policy with the European social partners' agreement signed at the end of 2021 to promote the employment of women in the rail sector.

Strategic challenges and objectives

- to ensure stability of operations over the long term;
- to maintain a market share of over 80% in freight transport in Slovenia;
- to manage longer transport routes and goods flows;
- to be the mainstay of integrated public transport in Slovenia with a majority market share in the public intercity transport market;
- to increase the number of passengers carried by rail to 17 million (by 2025);
- to offer competitive public rail transport by providing comprehensive travel services from the passenger's home to their final destination, with safe, reliable and comfortable travel by rail in Slovenia and Europe and the use of other forms of mobility;
- to ensure efficient and reliable management of PRI and rail traffic control;
- to increase the involvement of educational institutions in the company's activities in order to ensure adequate staffing in the future;
- to specialise in the training, re-employment and recruitment of workers with reduced capacity to work, and develop activities suitable for those workers;
- to carry out research, development and consultancy work;
- to extend the concession for the Verd quarry (Kamnolom Verd);
- to obtain a new concession for Kamnolom Verd in its expansion area;
- to expand construction activities to foreign markets.

Risks and opportunities

Risks

The key risks of the Slovenske železnice Group in the area of social capital include: the sales risks at some of the companies within the Group resulting from changes to logistics flows; mergers and acquisitions of major foreign companies in our business environment; and the condition of public railway infrastructure, which is undergoing an intensive upgrade that is, in turn, causing temporary restrictions to transport flows. One of the key risks is the procurement risk resulting from the challenges posed by the changed business environment.

Opportunities

- the diversion of some goods flows through the Port of Koper and in transit towards Italy;
- the opportunity to access new markets and control longer transport routes in cooperation with a strategic partner, with the company's own traction capacities in Austria and Croatia, and by entering the Italian and Serbian markets as a carrier/operator (independently or through capital ties);
- improvements to locomotive utilisation and reductions in wagon turnaround times and waiting times on the network in order to improve utilisation of rolling stock, all of which will result in improved quality of service and increased transport volumes and revenues;
- the strengthening of international cooperation (Italy, Hungary) and cooperation with private tourist operators (organisation and running of special trains);
- expansion of the range of passenger services by enabling passengers to continue their train journeys by electric car, bicycle and other modes of transport.

Human capital¹³



Notable results in 2022

Information on employees	2022	2021	Index
Value-added per employee (EUR) ¹⁾	54,139	50,766	106.6
Number of employees as at 31 December	6,986	6,752	103.5
Average number of employees	6,902	6,612	104.4
Average age of employees	46.0 years	45.8 years	100.4
Proportion of male employees	81.7%	82.1%	99.5
Proportion of female employees	18.3%	17.9%	102.2
Proportion of employees on permanent contracts	91.9%	95.1%	96.6
Proportion of full-time employees	98.2%	98.3%	99.9
Proportion of workers with a Category II or III disability	8.1%	8.1%	100.0
Average level of employee qualifications	4.6	4.6	100.0
Employee turnover rate	3.5%	9.5%	36.8
Employee sick leave rate	7.9%	6.4%	123.0
Co-financing of on-the-job study (number of employees)	48	33	145.5
Number of scholarship recipients	106	88	120.4
Number of working days lost due to injury at work (per injury)	24.0	18.1	132.6
Rate of injuries at work per 1,000 employees	17.0	23.1	73.6
Number of training courses	14,191	15,989	88.8

¹⁾ Value-added per employee = the difference between operating revenues and the sum of the costs of goods, materials and services, and other operating costs per average number of employees based on hours worked (Slovenske železnice Group in 2022: 6,647.51 employees, in 2021: 6,427.64 employees).

The companies within the Slovenske železnice Group are continuing to implement the Human Resource Management Strategy 2021–2025.

The Slovenske železnice Group recruited 479 employees in 2022. A total of 245 employees left the Group.

In 2022 we identified talented employees for training at the SŽ Business Academy. They will be expected to take on the most demanding tasks within the Slovenske železnice Group in the future.

Employee turnover was lower because the redundancy programme ended in 2020 and all terminations as at 31 December 2020 (493 employees) were counted as terminations in 2021. This resulted in a high turnover rate in 2021 compared to 2022, when the redundancy programme was no longer in place.

The employee sick leave rate increased slightly. Most of the increase in sick leave was due to isolation (and partly quarantine) for Covid-19 infections, while sick leave for other causes increased to a lesser extent.

There was a fall in the number of training courses between 2021 and 2022. As far as functional training is concerned, this fact is linked to the discontinuation of the requirement to view educational content on the e-platform and to the reduced number of occupational safety training sessions, which are periodic and therefore not provided in the same numbers every year. There were no major changes in the training of candidates for positions involving safety-critical work.

For the third year in a row, the Slovenske železnice Group was ranked as the best employer in the logistics and passenger transport sector, and as one of the top ten best employers in the overall ranking for all sectors.

Strategic challenges and objectives

Strategic challenges	Objectives
'Job evaluation, redesign of the wage system and the drafting of an HR plan for the SZ Group' project	<ul style="list-style-type: none"> to complete the 'Job evaluation, redesign of the wage system and the drafting of an HR plan for the SZ Group' project
Recruitment and development of competent and motivated employees	<ul style="list-style-type: none"> to continue with the SZ Management Academy; to expand the scope and content of annual interviews; to plan the succession process and search for talent within the Slovenske železnice Group; to maintain and develop the mentoring system; to take a systematic approach to the monitoring of new recruits; to take a systematic approach to scholarships and on-the-job study; to identify and develop staff suitable for fast-track treatment (talented individuals and successors).
Development of the organisational culture	<ul style="list-style-type: none"> to measure the commitment and motivation of employees; to integrate the organisational values model into different levels of communication (including the recruitment process); to ensure diversity and inclusion; to strengthen communication on HR issues.
Transformation of the HR function	<ul style="list-style-type: none"> to comprehensively upgrade the HR process and gear it towards staff development and away from a purely administrative role; to recruit suitable staff for activities that have not been carried out so far or have been carried out only to a limited extent (focus on HR development and analytics); to improve the qualifications structure of the human resources department.
Digital transformation of HR processes	<ul style="list-style-type: none"> to carry out the digital transformation of HR processes.

Risks and opportunities

Risks

Human resource risks are one of the key risks to which the Slovenske železnice Group is exposed. We seek to mitigate or eliminate those risks through activities aimed at achieving the objectives of the Human Resource Management Strategy in the Slovenske železnice Group 2021–2025. The most challenging of these objectives is to reduce the turnover of key staff and staff in positions for which there is a shortfall of available labour; such staff are difficult to recruit on the market or else require a lengthy period of training.

Opportunities

The Slovenske železnice Group has a number of very interesting development-oriented mobility projects in progress. These can offer a significant challenge to young professionals. We present our development projects at faculties and professional meetings for future graduates from different fields of expertise.

Risks	Opportunities/measures
Project implementation will not adhere to the timetable.	Timely involvement of all stakeholders and an active role for decision-makers. Adequate and timely transfer of information to key stakeholders.
Departure of key staff and staff in positions for which there is a shortfall of available labour; such staff are difficult to recruit on the market or else require a lengthy period of training.	Timely identification of key staff (talented individuals and successors) and involving them in a fast-track programme. Establishment of a comprehensive mentoring system to ensure the timely transfer of knowledge.
Transfer of knowledge from experienced retiring staff to new recruits is not starting quickly enough.	Transfer of knowledge from experienced retiring staff to new recruits is not starting quickly enough. Win-win cooperation with educational institutions (recruiting staff for the company and better tailoring of educational content to the needs of the labour market).
Slow process of identifying the various key elements of organisational culture, and delayed or unsuccessful action to change it and adapt to environmental challenges.	Timely diagnostics/identification and an appropriate methodology for measuring the different elements (commitment, motivation, satisfaction, climate) of organisational culture. Timely implementation of the measures taken to change and adapt the organisational culture, to result in much higher and better performance and efficiency.
Slow process of changing and digitally transforming work processes, which maintains the focus on administrative rather than work content. Lack of adequate staff or adequate staff competences for the optimal transformation and modern functioning of the HR function.	Timely optimisation of HR processes and the setting-up of development content geared towards HR development, which will be the basis for the digital transformation of HR processes themselves. Increasing opportunities for digital support for all HR processes. Timely recruitment of suitably qualified staff and the development of the necessary competences of team members.
Slow digital transformation of HR processes.	Timely and optimal digital transformation of HR processes. Involvement of key stakeholders.

Personnel development

The area of human resource development covers a wide range of activities and is supported by the Human Resource Management Strategy 2021–2025. In 2022 we focused on identifying talent for the Business Academy and successors for certain key positions at Slovenske železnice, creating a set of values for the Slovenske železnice Group, optimising HR processes, and creating personnel development content that will form the basis for the digital transformation of HR processes.

Talents and successors

Talent management is the integration of organisational excellence with human capital management in a way that systematically identifies, retains, develops and promotes the best people in the Slovenske železnice Group. Talented individuals are key personnel who hold or will hold strategically important positions.

In 2022 the Slovenske železnice Group called for applications to the 2023 Business Academy; the process identified 49 talents, who then underwent testing and/or assessment. Based on the results, a final selection of first-generation talent in the Slovenske železnice Group will be made in 2023. These individuals will continue their training at the Business Academy.

In parallel with the above activities, we have identified successors capable of taking over key positions in the Slovenske železnice Group within five years.

Developing organisational culture and measuring commitment and motivation

In 2022 we conducted another round of measurements of commitment and motivation within the Slovenske železnice Group using the Working Conditions and Environment survey. The results of the survey showed that the average Group-wide level of commitment and motivation was 3.72 (scale of 1 to 5). This was 0.01 point higher than the year before. The highest levels of satisfaction and commitment were recorded in the support activities pillar and the lowest in

the construction pillar (as a result of the more demanding working conditions). We are already successfully carrying out a number of measures in response to the feedback we received from employees; these include the upgrading of communication processes, intensive work on employer branding (internally and externally) and the introduction of annual development interviews.

Scholarships

In order to successfully recruit and employ staff in positions for which there is a shortfall of available labour, the Slovenske železnice Group takes a systematic approach to scholarships.

We invited candidates from several fields of study relevant to the areas in which we face a shortage of personnel (e.g. mechanical engineering, metalwork, electrical engineering, construction, mechatronics, transport, logistics, economics and computer and information science, among others) to submit applications for Slovenske železnice Group scholarships. We selected 47 scholarship recipients for 2022.

On-the-job study¹⁴

The Slovenske železnice Group supports the upgrading of employees' competences through formal education; for the company, this means that employees who already know the system can further upgrade their knowledge and skills in order to perform their work more effectively and efficiently. We therefore have a system in place that co-finances on-the-job study for Slovenske železnice Group employees.

A call for applications for co-financed on-the-job study was published in 2022. Eighteen of the applicants were invited to sign study contracts.

On-the-job study is co-financed in order to encourage employees to develop their professional skills and upgrade and develop their competences. Our aim, by co-financing on-the-job study, is to make it easier for employees to complete their studies and thereby raise their motivation levels.

Work placements

The Slovenske železnice Group provided work placements for 105 secondary- and tertiary-education students in a range of professional fields, with the aim of helping them meet their study commitments.

We work with schools in their apprenticeship programmes, and promote Slovenske železnice at meetings between companies and prospective apprentices. We offer apprentices the opportunity to undergo practical training by working in one of our learning positions. Three candidates were involved in the apprenticeship programme in 2022.

Mentorship¹⁵

We promote the effective transfer of knowledge and experience through a mentorship programme. Mentors are assigned to new employees during induction training, and to employees who take on new tasks.

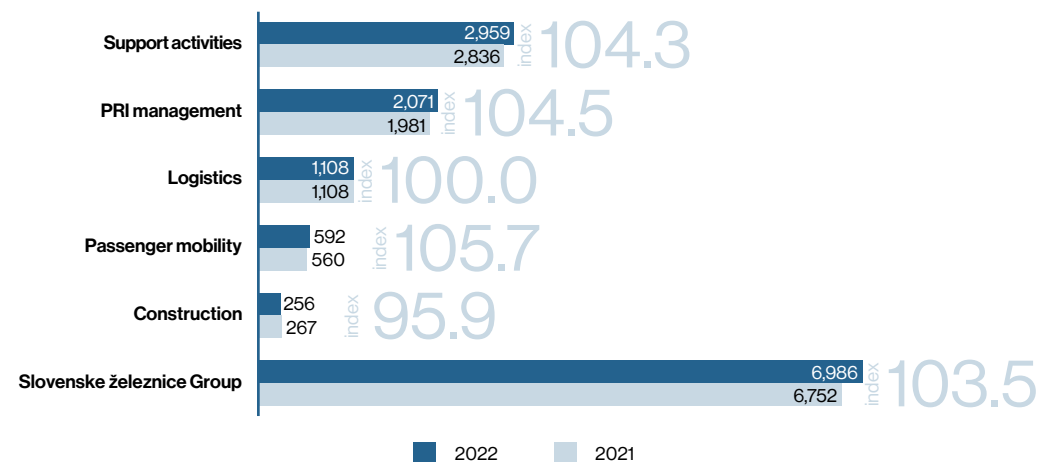
A total of 1,739 employees in the Slovenske železnice Group performed mentorship tasks in 2022 (up from 1,519 employees in 2021).

Training¹⁶

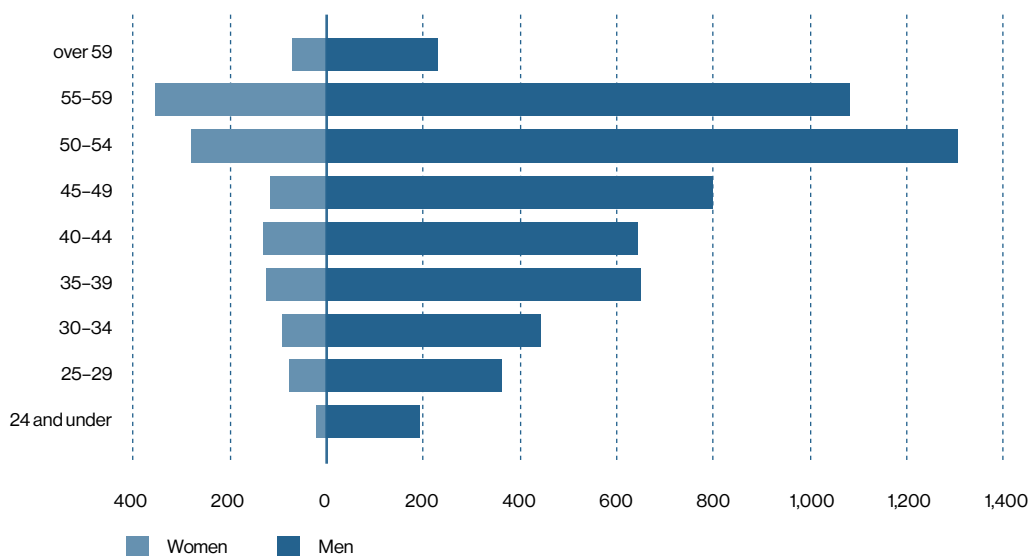
At the Slovenske železnice Group, we are aware how important it is to provide high-quality training and access to educational content for all employees. The Group maintains its status as a Train Driver Training Centre and Train Driver Assessment Centre, subject to successful completion of supervision of the centres' activities by the Public Agency for Rail Transport. Professional training for safety-critical workers also took place in 2022, and we are in charge of training for all other employees in the Slovenske železnice Group. In addition to training for the safety-critical workers, the training centre also provides functional training. This was provided in the areas of safe equipment handling and maintenance, and occupational health and safety, and for the purpose of maintaining and acquiring qualifications and licences, and for monitoring new developments through participation at seminars and conferences. In addition to in-person courses, e-learning is also part of the Group's regular practice.

Breakdown by company¹⁷

NUMBER OF EMPLOYEES AT SLOVENSKE ŽELEZNICE GROUP COMPANIES AS AT 31 DECEMBER 2022



AGE STRUCTURE OF EMPLOYEES



The average age of employees in the Slovenske železnice Group as at 31 December 2022 was 46.0 years, an increase of 0.2 years relative to the previous year. At 22.7%, employees in the 50–54 age group accounted for the largest single share.

Implementation of the principle of equal treatment of all employees¹⁸

The Slovenske železnice Group adhered to the principle of the equal treatment of all employees, as required by labour law.

In line with the nature of the activities of individual companies, the structure of employees by gender is heavily slanted towards men (men make up 81.7% of the workforce). The share of women is highest at Slovenske železnice, d.o.o., Prometni institut Ljubljana, d.o.o. and SŽ-Železniška tiskarna, d.d. Women occupy 32.1% of management positions in the Slovenske železnice Group (44.8% at Slovenske železnice, d.o.o.); given the overall percentage of female employees and the specific nature of the activities performed by Slovenske železnice Group companies, this is a significant move towards a more balanced gender structure. The principle of equal wages for all employees is also pursued.

The average level of education in the Slovenske železnice Group was 4.6 as at 31 December 2022 (no change from the year before). Employees with Level V education accounted for the highest single share (39.4%).

EMPLOYEES BY LEVEL OF EDUCATION

	Total	I	II	III	IV	V	VI	VII	VIII	IX
Slovenske železnice Group	6,986	683	73	197	1,842	2,756	574	730	124	7

Occupational health and safety¹⁹

Slovenske železnice, d.o.o. holds an authorisation from the Ministry of Labour, Family, Social Affairs and Equal Opportunities to perform specialist tasks in connection with occupational health and safety; these tasks include the inspection and testing of work equipment, and inspections of the working environment (microclimate and lighting). Work equipment inspections, measurements, training and checks were carried out in accordance with the annual plan.

Care for health, well-being and an orderly working environment, and social activities²⁰

The Slovenske železnice Group promotes workplace health and health prevention. Health is promoted at the company in order to increase the safety of the working environment, improve working conditions, raise workers' awareness of the importance of better physical and mental health, and provide psychosocial support.

Preventive health programmes are designed to boost health and improve mental and physical abilities, thereby increasing capacity to work. A total of 376 employees from the Slovenske železnice Group took part in health prevention programmes in 2022.

As part of workplace health promotion efforts, the HR department has published several health-related articles on the intranet; it also launched the Active Breaks at Work project in 2022.

Zero tolerance for mobbing and for sexual and other kinds of harassment at the workplace is an important part of ensuring diversity and inclusion at the Slovenske železnice Group. The Group also provides employees with psychosocial support, the purpose of which is to alleviate and ease the burden of emotional and mental distress, help employees find appropriate solutions, and provide psychosocial first aid or psychological support in the form of counselling following an emergency event.

We pay particular attention to workers with disabilities who are no longer able to perform their former jobs. The Slovenske železnice Group provided employment for 582 persons with disabilities and physical impairments in 2022.

Further employee benefits

We began activities to acquire the Family-Friendly Company certificate at the end of 2022.

Slovenske železnice employees are provided with a number of additional benefits. These include a voluntary supplementary pension insurance scheme, holiday facilities in the mountains and by the sea, festive gift-giving to children on the Santa Train, and the possibility of joining various associations/societies (e.g. the Železničar Mountaineering Society, the Železničar Chess Club, the Železničar Caving Club, the Slovenske železnice Brass Band Cultural Society, the Tine Rožanc Railway Cultural Society, the Slovenske železnice Pensioners' Association, and the Slovenske železnice Sports Club).

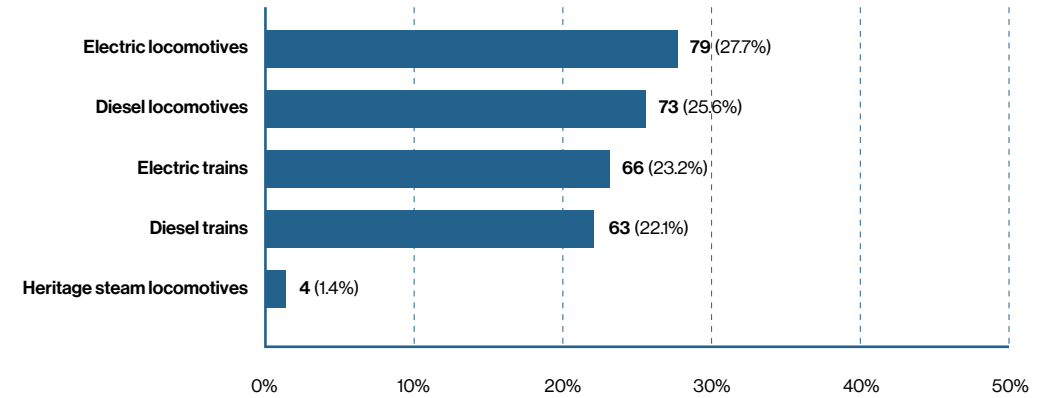
Production capital²¹



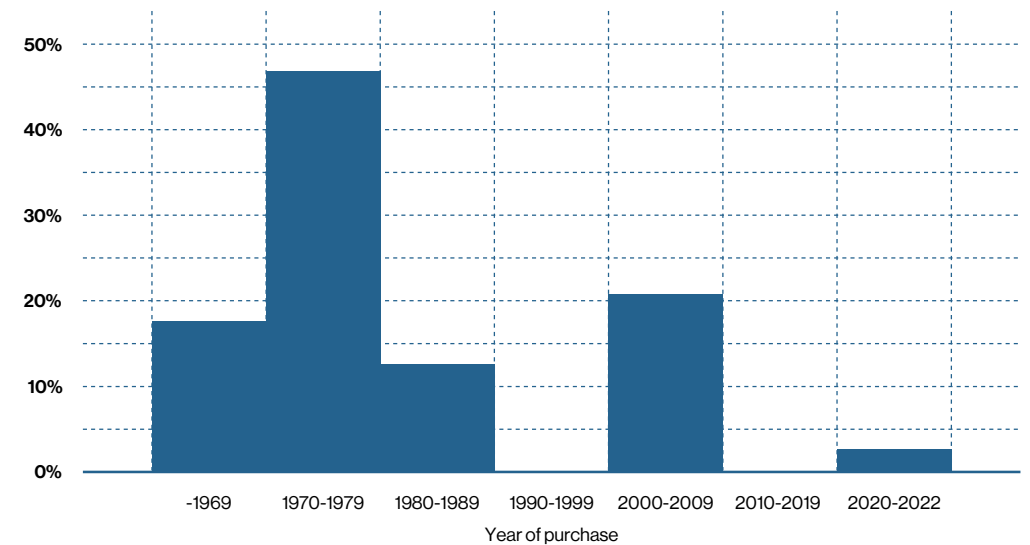
Notable results in 2022

	Unit	2022	2021	Index
Property, plant and equipment as at 31 December	EUR thousand	616,368	397,178	155.2
Right-of-use lease assets as at 31 December	EUR thousand	19,782	17,051	116.0
Investments	EUR thousand	275,355	131,239	209.8
Investment property as at 31 December	EUR thousand	36,659	42,079	87.1
Non-current receivables as at 31 December	EUR thousand	52,332	18,371	284.9
Inventories as at 31 December	EUR thousand	43,347	41,393	104.7
Availability of tractive vehicles	number of items of tractive rolling stock	160	168	95.2
Utilisation of locomotives	number of hours a day	2,594	2,421	107.1
	number of kilometres a day	68,345	64,516	105.9
Light runs	number of hours a day	92	86	107.0
SŽ-Potniški promet, d.o.o.				
Availability of vehicles				
• electric locomotives (type 342)	%	84	87	96.6
• electric trains	%	90	91	98.9
• diesel trains	%	72	74	97.3
• passenger coaches	%	62	68	91.2
SŽ-Tovorni promet, d.o.o.				
Availability of vehicles				
• electric locomotives (types 363 and 541)	%	84	88	95.5
• diesel locomotives	%	69	60	115.0
• freight wagons	%	94	93	100.9

LOCOMOTIVES AND TRAINS (NUMBERS AS AT 31 DECEMBER 2022)



PURCHASE STRUCTURE FOR LOCOMOTIVES (AS AT 31 DECEMBER 2022)



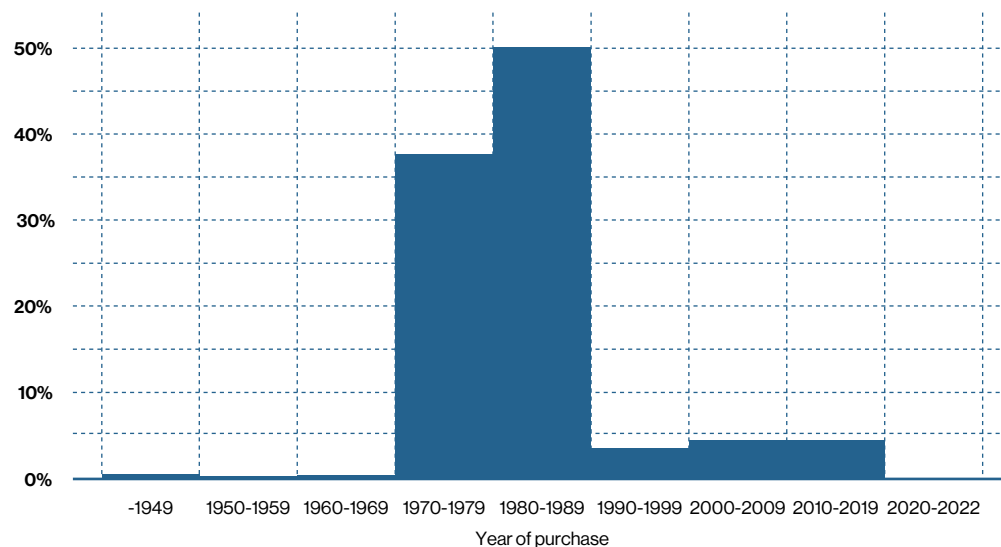
FREIGHT WAGONS

Type of wagon	Slovenske železnice serviced wagons	Leased wagons	Wagons in reserve	Total (reserve + serviced SŽ)	Total (serviced SŽ + leased)	Average age
For bulk cargo	1,193	498	335	1,528	1,691	38.0
Containers	378	181	45	423	559	43.3
Other wagons	166	134	7	173	300	37.8
Total			387	2,124		
Total in use	1,737	813			2,550	

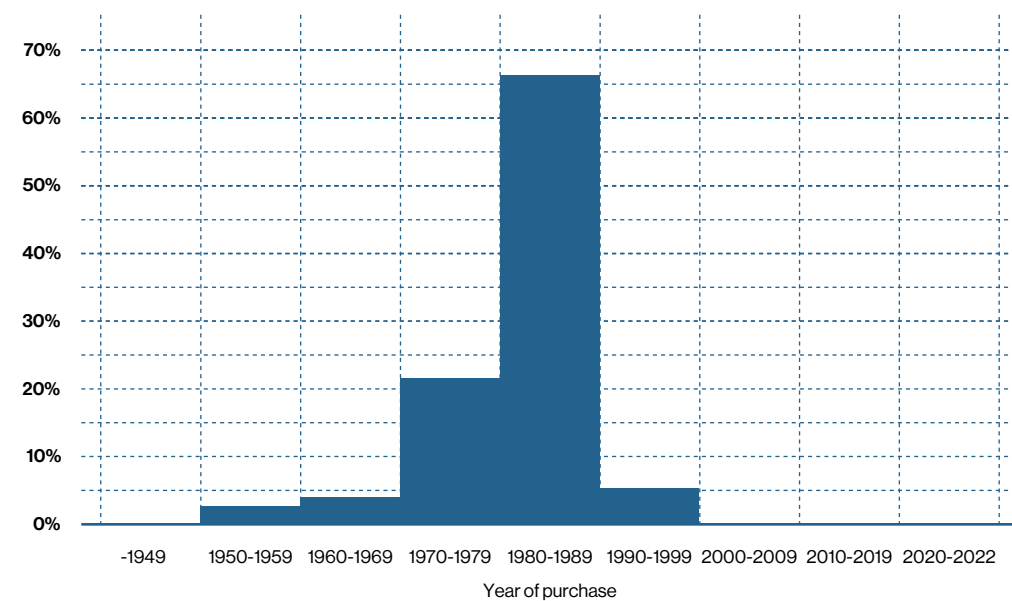
PASSENGER COACHES

Passenger coaches	Number of coaches/units	Number of seats		
		1 st class	2 nd class	Total
Passenger coaches with seats	69	54	2,860	2,914
Other passenger coaches	7	30	77	107
• baggage cars	2			0
• dining cars	5	30	77	107
Total conventional passenger coaches	76	84	2,937	3,021
Coaches on motorised trains	358	754	21,709	22,463
Total passenger coaches	434	838	24,646	25,484

PURCHASE STRUCTURE FOR FREIGHT WAGONS (AS AT 31 DECEMBER 2022)

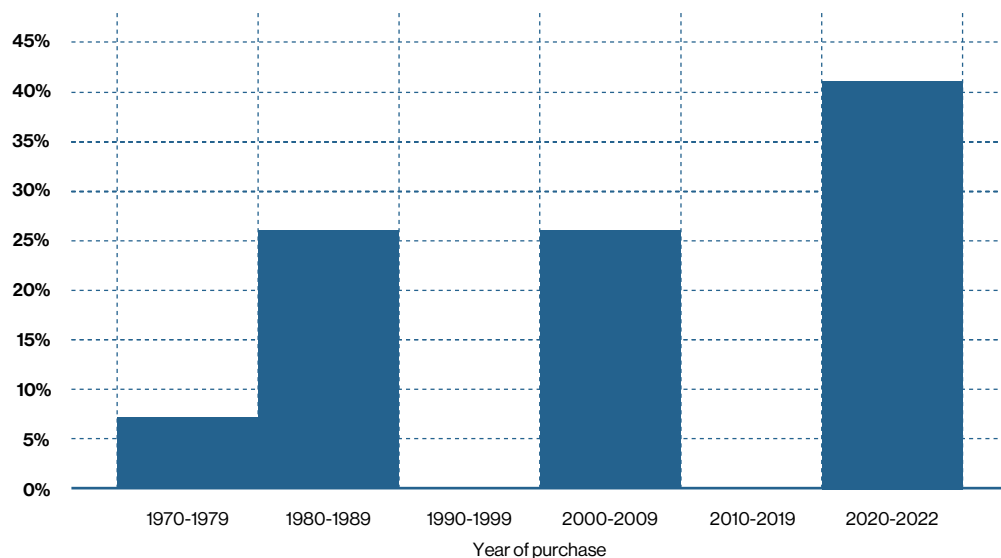


PURCHASE STRUCTURE FOR CONVENTIONAL PASSENGER COACHES (AS AT 31 DECEMBER 2022)



SŽ-Tovorni promet owns warehouses with a total floor area of 33,800 sq. m in Koper, Sežana, Celje, Ptuj, Novo Mesto and other towns in Slovenia.

PURCHASE STRUCTURE FOR PASSENGER TRAINS (AS AT 31 DECEMBER 2022)



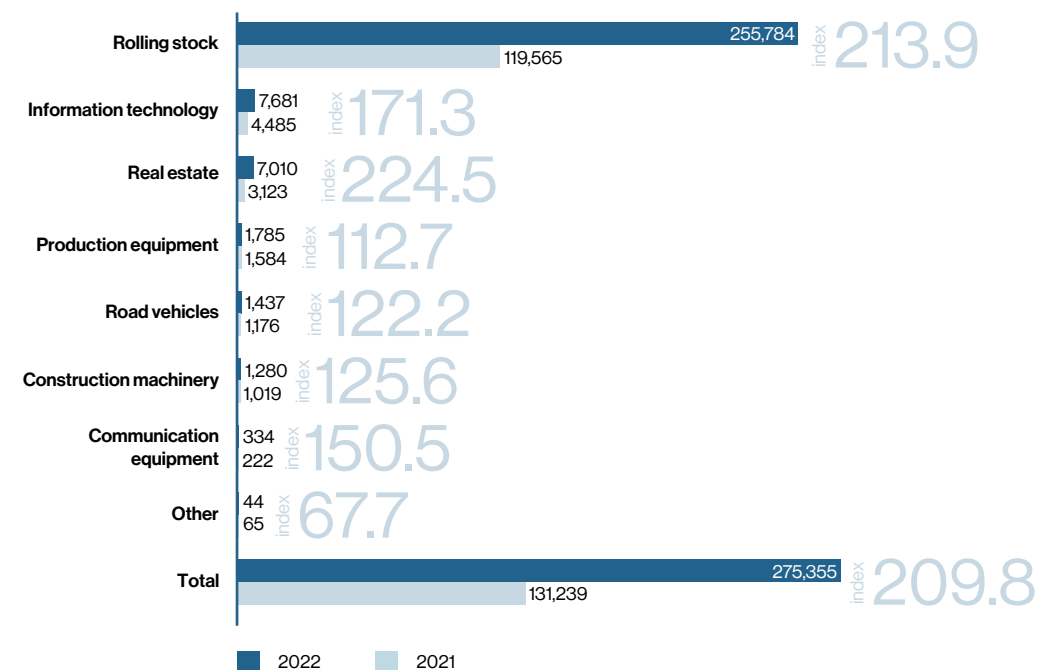
VOLUME OF WORK IN PRI MAINTENANCE AND OPERATION

Number of hours	2022	2021	Index
Number of hours of PRI maintenance work	1,545,822	1,480,390	104.4
• PRI maintenance work	1,367,664	1,336,620	102.3
• renovation as part of PRI maintenance work	34,085	17,284	197.2
• other activities	144,073	126,486	113.9
Number of hours of PRI operation worked	1,135,968	1,129,604	100.6

INVESTMENTS BY THE SLOVENSKE ŽELEZNICE GROUP IN 2022, BY PILLAR²²

EUR thousand		2022	2021	Index
Logistics	SŽ EP Logistika, d.o.o.	0	0	
	SŽ-Tovorni promet, d.o.o.	13,228	21,054	62.8
	Fersped, d.o.o.	37	20	185.0
	VV-LOG, d.o.o.	18	1	
Passenger mobility	SŽ-Potniški promet, d.o.o.	244,983	94,740	258.6
PRI management	SŽ-Infrastruktura, d.o.o.	2,900	2,977	97.4
Construction	SŽ-Železniško Gradbeno Podjetje Ljubljana Group	2,845	5,792	49.1
Support activities	SŽ-Vleka in tehnika, d.o.o.	2,908	2,086	139.4
	SŽ-ŽIP, storitve, d.o.o.	632	633	99.8
	Prometni institut Ljubljana, d.o.o.	12	51	23.5
	SŽ-Železniška tiskarna, d.d.	1	0	
	Slovenske železnice, d.o.o.	7,791	3,885	200.5
Slovenske železnice Group		275,355	131,239	209.8

INVESTMENTS BY THE SLOVENSKE ŽELEZNICE GROUP IN 2022, BY PURPOSE



The modernisation of rolling stock, which is essential for the smooth running of passenger and freight transport, accounts for the largest share of investment (92.9%). Most of the funds (92.1%) were used to buy new, modern passenger trains.

In order to ensure maximum availability and safety of rolling stock, investments in rolling stock included regular modifications to and the maintenance of vehicles after the end of their service life, as well as vehicle refitting. A total of 5.7% of investments in rolling stock were earmarked for regular modifications.

Strategic challenges and objectives

- to construct a modern passenger centre in Ljubljana as a central multimodal hub that integrates rail and road transport;
- to digitally transform logistics processes;
- to modernise the rolling stock and load transfer machinery fleet;
- to procure new passenger transport rolling stock and PRI maintenance machinery;
- to increase rolling stock availability;
- to cut rolling stock waiting times caused by maintenance work;
- to carry out maintenance on rolling stock when it is not needed for transport;
- to increase the reliability of rolling stock during operation;
- to optimise the volumes of inventories of materials and replacement parts.

Risks and opportunities

Risks

The risks related to the strategic plan in the area of investment are classed as being among the Slovenske železnice Group's key risks. Machinery for the maintenance of renovated and upgraded PRI is outdated and inadequate, as is passenger and freight rolling stock. The required levels of availability and performance are therefore not met.

Opportunities

- modernisation of passenger and freight rolling stock in order to achieve the objective of becoming the region's leading provider of comprehensive logistics services for freight and passenger transport;
- the purchase of new machinery for the maintenance of railway infrastructure so as to facilitate the modernisation and maintenance of railway infrastructure as a prerequisite for the development of modern logistics services;
- the completion of digital transformation programmes, which are a necessary building block for further technological development.

Intellectual capital²³



Notable results in 2022

	Unit	2022	2021	Index
Intangible assets as at 31 December	EUR thousand	26,734	25,838	103.5
Investments in the information system	EUR thousand	7,681	4,485	171.3

ISO 9001:2015	Number of audits	Cases of non-compliance	Observations	Recommendations	Good practices
Internal audit	51	0	46	42	5
External audit	35	0	3	16	1

Overview of management systems, by Group company Slovenske železnice	ISO 9001 Quality management system	ISO 14001 Environmental management system	ISO 50001 Energy management system	Directive (EU) 2016/798 Safety management system	2004/49/EC Safety management system
SŽ-Tovorni promet, d.o.o.	✓	✓	✓	✓	
Fersped, d.o.o.	✓				
SŽ-Potniški promet, d.o.o.	✓	✓	✓		✓
SŽ-Infrastruktura, d.o.o.	✓	✓	✓		✓
SŽ-Vleka in tehnika, d.o.o.	✓	✓	✓		
SŽ-Železniško gradbeno podjetje Ljubljana, d.d.	✓	✓	✓		
SŽ-ŽIP, storitve, d.o.o.	✓	✓	✓		
Prometni inštitut Ljubljana, d.o.o.	✓				
Slovenske železnice, d.o.o.	✓	✓	✓		

Quality management system

The mission of the quality management system is to ensure quality by focusing on sustainability, continuously investing in improvements to products, processes and services, and optimising and computerising processes. This is achieved through the effective functioning of the quality management system in accordance with the principles of best practice, legislation and

regulations that govern the area of quality within the Slovenske železnice Group.

The quality management system tasks management staff and employees with aligning work with the requirements and expectations of stakeholders as set out in the legal frameworks and guidelines regarding best practice.

Slovenske železnice Group companies conduct internal audits at pre-set time intervals in order to obtain the information needed to determine whether the management systems introduced conform to the requirements of the bylaws governing the environmental management system under ISO 14001 and the energy management system under ISO 50001 at Slovenske železnice Group level.

Two external audits of the management system were carried out in 2022 at Slovenske železnice d.o.o. and at those Slovenske železnice Group subsidiaries in which an environmental management system under ISO 14001 and an energy management system under ISO 50001 are in place, specifically:

- the first surveillance audit for ISO 50001 was conducted in December 2022 for the 2022–2024 certification period;
- the first surveillance audit for ISO 14001 was conducted in November 2022 for the 2021–2023 certification period.

On the basis of the proposed recommendations for improving the operation of both management systems, a programme of measures was drawn up at Group level and approved by the Slovenske železnice, d.o.o. Management Board.

The certificates obtained by Slovenske železnice Group companies demonstrate that their management system takes into account the requirements regarding environmental protection and efficient energy use, and that the companies provide the necessary resources and relevant conditions for the successful and effective implementation of both management systems in practice. The management systems that have been introduced require the senior management of Slovenske železnice Group companies and all employees to continually improve processes that have a significant impact on the environment and energy efficiency.

Digital transformation

In line with its digital transformation strategy, Slovenske železnice are intensively engaged in modernising and also introducing new IT solutions.

In recent years a large number of major projects in the ERP field, resource management and the implementation of back-office IT systems have been implemented. The development of Slovenske železnice's digital transformation process has been focused primarily on making better use of the available infrastructure and all available resources.

Key digital transformation programmes:

The **Digital Transformation of Mobility in the Slovenske železnice Group** programme (17 strategic objectives) introduces the concept of mobility services that enable users to plan, purchase, pay for and use a range of mobility services via digital channels. The digital transformation of mobility is a necessary precondition for the realisation of the Slovenske železnice Group's ambitious business strategies. Investment documentation for the Customer Relations Management System and Core of the Mobility Services System is being drafted. These two key projects will enable the Group to acquire and provide support to passengers via the latest digital channels.

Via the **Digital Transformation of Railway Infrastructure Operation** programme (7 strategic objectives), we are aiming to set up comprehensive IT support for existing business processes in the area of railway infrastructure operation, with an emphasis on the highest possible level of automation and optimisation of processes. A renewed public contract procedure was launched in November 2022 as part of the Ordering of Train Paths and Construction of Timetables project. The tenderer for the information system is expected to be selected at the beginning of 2023. As part of the Automation of the Billing of PRI Services project, a new infrastructure charge billing application under the new methodology, which came into force on 1 January 2023, was successfully introduced in 2022.

We are establishing comprehensive IT support for existing business processes through the **Transport and Logistics Information System** programme (13 strategic objectives). The programme will put in place a modern, integrated business information system for transport logistics services that fully supports rail, multimodal and intermodal transport services

and the accompanying logistics services. It will be constructed on the SAP TM platform and the Microsoft PowerApps software platform, which will replace the existing ISRTM system (solution for supporting the operational implementation of transport services), in conjunction with the basic information system on the SAP ERP platform.

As part of the **digital transformation of asset management** (9 strategic objectives), we are working hard to realise the basic strategic objective of 'becoming an efficient provider of modern and safe rail infrastructure', thereby improving the efficiency of maintenance processes, enhancing the overview of assets and work, and bringing down maintenance costs. Within these projects in the area of infrastructure maintenance, we have completed the development and testing of supply, material storage operations, and the management of work orders and measurement records and documents, while the development of a module for billing for infrastructure maintenance is in its final stages. In relation to rolling stock maintenance, an application for providing notice of defects has been developed and put into use, while an electronic locomotive logbook is in its final stages of development. An application for managing measurements and measuring instruments has also been developed and put into use.

One extremely important objective that we are pursuing alongside computerisation within the implementation of key programmes and projects for the digital transformation of Slovenske železnice is the construction of in-house competence centres that will, after the projects are completed, become the main hub for the planning of future digital development and the optimisation of processes at Slovenske železnice.

Information security

In response to the increase in information and cybersecurity risks in the last few years, we have strongly increased our investments in the introduction and maintenance of new IT solutions in order to ensure a higher level of ICT security.

In the field of information security, we provided additional information and training to employees

in Slovenske železnice Group companies in 2022 on the topics of information security, improving visibility and identifying information security events in the Slovenske železnice information network, established processes and procedures for responding to information-related events and procedures for ensuring that IT systems operate without interruption, optimised our change management processes, and ensured compliance with legislation in the field of information security.

We have set up additional security mechanisms by segmenting the data network and by upgrading processes and systems for the management of the digital identities of users of the Slovenske železnice information system and systems for identifying and processing information security events.

At Group level, we have carried out activities to establish a system for ensuring business continuity in the event of major incidents and disasters. As part of this process, we studied the risks relating to natural disasters, terrorist attacks and cyber threats.

We are taking an active role in co-financing the EU project to develop procedures and IT solutions for identifying information security events in the supply chain.

Information security and the resilience of systems to cyber attacks are verified regularly through independent audits and penetration testing. Since 2022 we have been carrying out our own regular tests of the vulnerability of systems in order to increase the level of resilience of information systems in terms of information security and the management of cyber threats.

In 2023, in order to identify and take action in response to information security events as quickly as possible, we will, in conjunction with the system for identifying and processing information security events, set up a system for orchestrating and automating responses, introduce artificial intelligence systems for identifying security risks and establish an information security operations centre.

Activities will be mainly focused on establishing and optimising work procedures and processes to enable the swiftest possible identification of and response to information security events and the management of information risks to the supply chain.

Strategic challenges and objectives

- by implementing the digital transformation strategy, to facilitate the optimisation of processes in order to achieve the business objectives of the Slovenske železnice Group;
- to establish a security operations centre for detecting and responding to cyber attacks;
- to provide continuous training to employees, who are often the weakest link in the IT security chain, in recognising the risks and knowing how to act in the event of a cyber attack;
- to put in place the management of identities and access with dedicated systems and suitable processes to enable authorised persons to access systems only when they need them and ensure that users' identities are adequately checked;
- to ensure network and system security by following the latest trends and technologies, inserting them into the security strategies and implementing them.

Risks and opportunities

Risks

- the main risks are those relating to information security and risks to the maintenance and development of IT systems; Logistics and transport systems are increasingly connected to other IT systems and digital devices, which increases the risk of cyber attacks;
- the adoption of new user platforms and solutions to achieve a critical mass of end-users;
- the provision of human resources by information solution developers as well as by the Slovenske železnice IT department;
- the risk of potential departures of staff with the relevant expertise whose presence and cooperation are a key precondition for the realisation of the planned strategy.

Opportunities

- the building of a competitive advantage by increasing the efficiency of the available infrastructure and resources, and the building of in-house know-how through area-specific expertise, the understanding of processes, optimisation and simplification;
- the management of information security requirements by suppliers and external providers;
- improving operating performance through adequate IT security management so as to reduce outage times and other negative effects of cyber attacks.

Natural capital²⁴



Notable results in 2022

	Unit	2022	2021	Index
Freight transport carbon footprint	gCO ₂ e/NTKM	5	6	83.3
Passenger transport carbon footprint	gCO ₂ e/PKM	25	33	75.8
Specific consumption of electricity for traction	kWh/thousand BRTKM	20.63	20.58	100.2
Specific oil consumption for traction	kg/thousand BRTKM	9.55	9.51	100.4
CO ₂ emissions	tonnes	45,465	41,601	109.3

In accordance with the Code of Conduct adopted by the Slovenske železnice Group, with its environmental and energy policies, and with other bylaws that govern its environmental and energy management systems, Group companies are constantly engaged in fulfilling their commitment to environmental protection and efficient energy use in line with the highest international standards in force in Slovenia and the EU.

In 2022 the carbon footprint of rolling stock owned by SŽ-Potniški promet, d.o.o. was 25 gCO₂e/PKM, which was a 24% improvement on the year before.

 25 gCO₂e/PKM

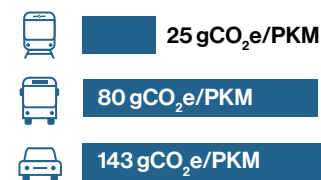
In 2022 the carbon footprint of rolling stock owned by SŽ-Tovorni promet, d.o.o. was 5 gCO₂e/NTKM, which was an 11% improvement on the year before.

 5 gCO₂e/NTKM

In order to show how attractive rail transport is from the carbon footprint viewpoint, comparisons should be drawn with competing modes of travel.

Carbon footprint comparison per PKM:

Slovenske železnice passenger train (our calculation), bus (EU average) and car (EU average)



Carbon footprint comparison per NTKM:

freight train (our calculation), lorry (EU average)

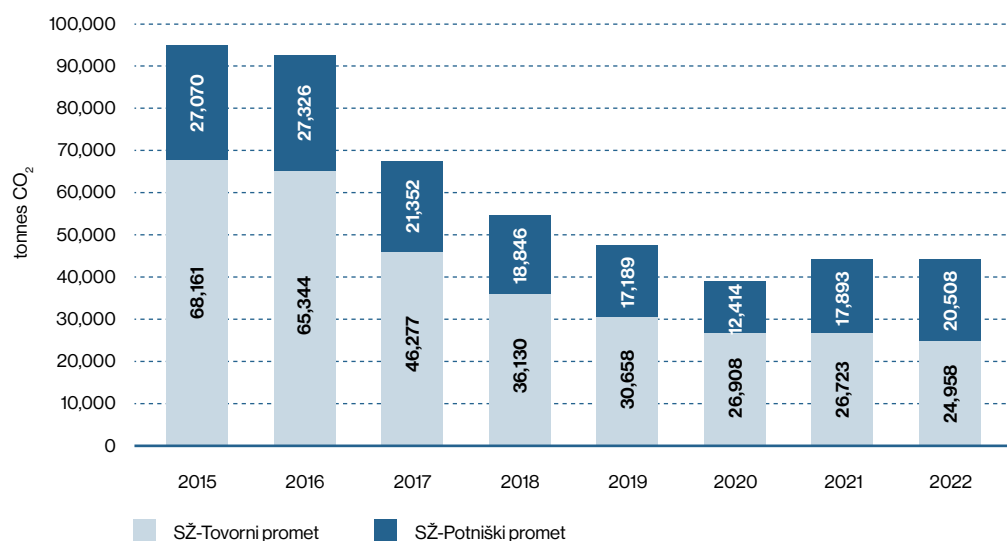


Source: European Environment Agency (<https://www.eea.europa.eu/publications/rail-and-waterborne-transport/rail-and-waterborne-best/d3b-eea-ghg-efficiency-indicators/view>)

Each year in freight and passenger transport, Slovenske železnice produces an average of 747.6 thousand fewer tonnes of CO₂ equivalent in comparison with road transport; this is because rail transport is more friendly to the environment and more efficient. This saving is rail transport's contribution to the fight against climate change.

The successful reduction in emissions is the result of the higher share taken by renewable sources in the structure of electricity supply, the electrification of lines (e.g. Pragersko–Hodoš), the procurement of more efficient rolling stock and equipment, technical, technological and organisational measures, an increase in the energy recovery rate in the overhead lines, and the systematic focus on energy use. We are awaiting a confirmed methodology for calculating carbon footprint in logistics in 2023.

CO₂ EMISSIONS FROM RAIL TRANSPORT AT SLOVENSKE ŽELEZNICE



Strategic challenges and objectives

One strategic challenge in the Slovenske železnice Group is socially responsible conduct at all management levels so that business activities consider all stakeholders affected by those activities, with efforts to secure the well-being of the company as a whole. In 2023 the Slovenske železnice, d.o.o. Management Board is planning to set up a Group-wide sustainable business system in accordance with the SDH guidelines, Directive 2013/34/EU, and Directive (EU) 2022/2464 as regards corporate sustainability reporting (CSRD).

The strategic objectives of environmental protection are to prevent and reduce environmental pollution, mitigate climate change and ensure the sustainable consumption of natural resources. These objectives are linked to reducing the adverse impacts of business activities on the natural environment.

Key activities of the environmental management system and energy management system

- consistent compliance with regulations governing environmental protection and efficient energy use and with environmental and energy policies adopted and approved by the Slovenske železnice d.o.o. Management Board;
- provision of the resources required for both systems and for measures to achieve the environmental protection and efficient energy use objectives;
- the adoption of measures to achieve the environmental protection and efficient energy use objectives and of measures to reduce the risk of disasters or emergencies that could have an adverse impact on people and the natural environment;
- measures to ensure that resources, particularly energy and water, are used efficiently in work processes;
- measures to prevent environmental pollution and to reduce the negative impacts of activities on the environment according to the Best Available Techniques principle.

Environmental management system

In line with environmental protection regulations, Slovenske železnice Group companies are making every effort to control the impacts their activities and infrastructure have on the environment.

Sixteen different legal instruments concerning the activities of companies in the Group and directly related to environmental protection and efficient energy use were addressed at Group level in 2022. One regulatory inspection decision was issued by the Environment and Spatial Planning Inspectorate; this had been successfully resolved by the end of 2022.

Environmental noise

With the aim of preventing environmental pollution, Slovenske železnice Group companies are continuously engaged in managing sources of noise pollution (noise from rail traffic on PPI, goods transshipment areas, machinery and installations that cause noise). Operators of noise sources ensure that operational noise monitoring is carried out and measures taken to reduce environmental noise.

Emissions of substances into the atmosphere from stationary sources of environmental pollution

The Slovenske železnice Group regularly monitors the volume of emissions of substances into the atmosphere from installations that cause air pollution (combustion plants, paint shops and sandblasting facilities) and are owned or operated by the Group.

Contractors authorised to clean and inspect combustion and other installations that are sources of air pollution conducted mandatory annual inspections and measurements of emissions into the atmosphere on 134 installations in 2022. Of these, 97.5% were small combustion plants. The Slovenske železnice Group operates three facilities in which railway vehicles are painted. The applicable legislation classifies

them as small paint shops that do not require an environmental protection permit for operation under Article 126 of the Environmental Protection Act (ZVO-2).

Discharge of wastewater from stationary sources of environmental pollution

The Slovenske železnice Group has an established system in place for controlling wastewater from all sources of environmental pollution that it owns or operates.

Municipal wastewater from buildings located in agglomerations containing a public sewage network is discharged into the public sewage network. In areas where there is no public sewage network, municipal wastewater is collected in stationary municipal wastewater treatment facilities.

Industrial or process wastewater produced by the cleaning of passenger trains and the maintenance of rolling stock is discharged into the public sewage system via facilities for the treatment of process wastewater. Slovenske železnice Group companies operate nine process wastewater treatment facilities.

Eight operational monitoring operations of process wastewater were successfully performed in 2022. Emissions levels for substances from process wastewater were exceeded at one facility; this had been rectified by the end of 2022 following a regulatory decision. By constructing a new process wastewater treatment facility, the operator has ensured that process wastewater is discharged into the public sewage network in an orderly and regulated way.

Management of stationary equipment containing fluorinated greenhouse gases (F-gases)

Slovenske železnice Group companies pay close attention to stationary equipment containing F-gases (air-conditioning devices, heat pumps, firefighting systems and switching mechanisms that contain SF6) with the aim of preventing environmental pollution and ensuring that:

- the installation, maintenance and leak-testing of new devices and the capture, recycling and filling of gases are carried out only by authorised service engineers who are licensed to perform such services by the ministry responsible for environmental protection;
- stationary equipment containing three or more kg of F-gases is registered in the REMIS information system;
- a leak test is performed on devices containing F-gases with the potential for producing five or more tonnes of CO₂ equivalent.

A total of 1,787 devices containing F-gases are in operation for air-conditioning and heating, and in firefighting systems and electric devices. The mandatory annual inspection and leak test were carried out in 2022 on 68 devices containing F-gases with the potential for producing five or more tonnes of CO₂ equivalent; these devices account for 3.8% of all devices containing F-gases. All the inspected devices operate in line with regulations.

Light pollution

Slovenske železnice Group companies ensure that exterior lighting that causes environmental light pollution is adequately managed and maintained.

A total of 6,860 lights are used for the exterior illumination of PRI and other areas. Ninety per cent of these lights are technically compliant with the regulations for exterior lighting. The remaining lights on the public railway infrastructure will be replaced by 2025 as part of the PRI modernisation programme.

Electromagnetic radiation

SŽ-Infrastruktura manages and maintains 356 GSM-R base stations and base station repeaters deemed to be sources of electromagnetic radiation under the applicable regulations. The first measurements of electromagnetic radiation were carried out at all base stations; and they showed levels of radiation significantly below the permitted limit values for the natural environment.

Waste management

Slovenske železnice Group companies ensure that waste is adequately treated at the site at which it is produced, maintain records of waste production and handover, report annually on the quantities of waste produced in the previous calendar year, take measures to optimise waste treatment costs, and reduce the quantities of waste produced (waste management plan).

A total of 40,100 tonnes of waste from all Group company activities was handed over for further treatment to authorised waste collectors and processors in 2022. Hazardous waste accounted for 3.7% of this amount, with scrap wooden railway sleepers accounting for 74.7% of this waste (the highest single share). Construction waste accounted for 70.3% and waste metals 24.9% of all waste produced, and together represented 95.2% of the waste total.

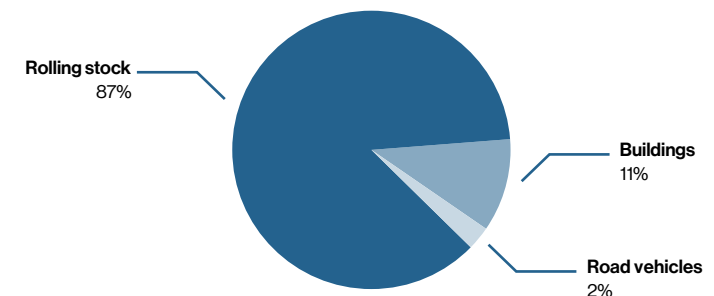
Energy management system²⁵

The companies of the Slovenske železnice Group engage in efforts to protect nature and the environment. By making a contribution to the community, we are ensuring that passenger and freight transport is provided efficiently and in a sustainable way in the areas in which the Group operates. In Slovenia, the transport sector is responsible for 36% of the total annual amount of energy consumed. Ninety-nine percent of the energy consumed in transport comes from fossil fuels. Rail offers an alternative to other transport systems because its services can be provided by consuming significantly less energy, and its operations can include a large share of renewable sources. Eighty percent of all energy consumed by Slovenske železnice is monitored within the energy management system.

The main goals of the efficient energy use system on the Slovenian railway system by the end of 2022 were:

- to improve the average energy efficiency in structures by at least 3% relative to the energy baseline of 2014–2016;
- to improve the average energy efficiency in the transport of passengers and goods by rail by at least 2% relative to the energy baseline of 2014–2016;
- to improve the average energy efficiency in the use of road vehicles and railway maintenance rolling stock by at least 1% relative to the energy baseline of 2014–2016.

STRUCTURE OF ENERGY CONSUMERS



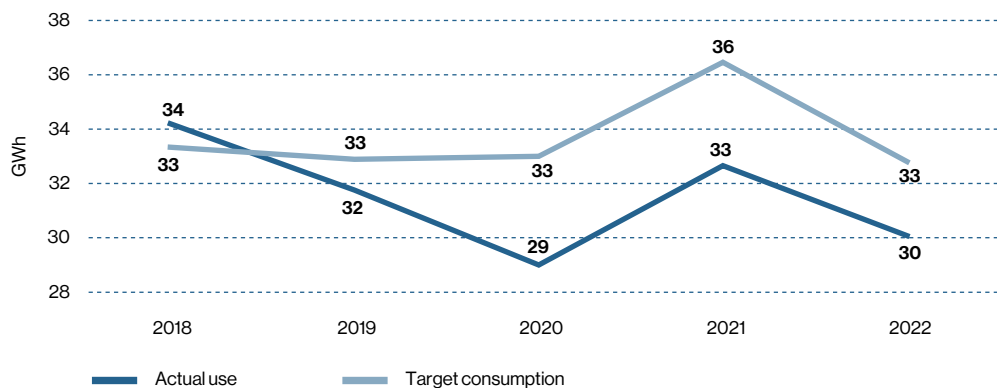
A set of new energy objectives leading up to 2026 were adopted by the Slovenske železnice Group in April 2023.

We began monitoring significant energy consumers on the rail network in 2018. By investing in energy-efficient equipment, buildings and vehicles, we are managing to reduce energy consumption and improve energy efficiency. All energy consumption is measured using independent and dependent factors, and then compared with other years or months.

Energy efficiency of buildings

The energy efficiency of buildings has changed largely as a result of the systematic management of energy consumption, the implementation of action plans for investments and programmes, the raising of awareness on the part of employees, and the precise monitoring of energy consumption. In future we expect changes to take place mainly in line with government plans and those of the European Union in terms of a move away from fossil fuels, and an increase in the rate of efficient energy use and in the use of renewables.

ENERGY EFFICIENCY OF BUILDINGS IN THE SLOVENSKE ŽELEZNICE GROUP



Energy efficiency of rolling stock

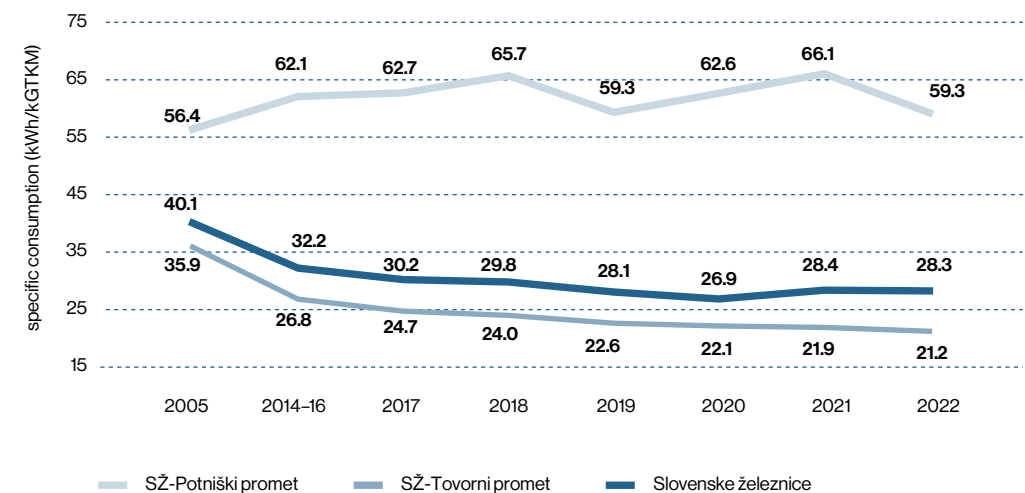
The changes in the energy efficiency of rolling stock have largely come about as a result of the systematic management of energy consumption in train-driving processes, the modernisation of rolling stock, the electrification and upgrading of lines and stations, and better use of energy-efficient vehicles. Year by year we are also operating longer and heavier freight trains, while the number of diesel vehicles is falling, particularly in freight transport. In future we expect more precise energy consumption measurements to be made available per mode of transport, the optimisation of train operation on the network, the controlled consumption of energy in processes and a higher rate of use of renewables in the energy structure.

Energy performance of road vehicles

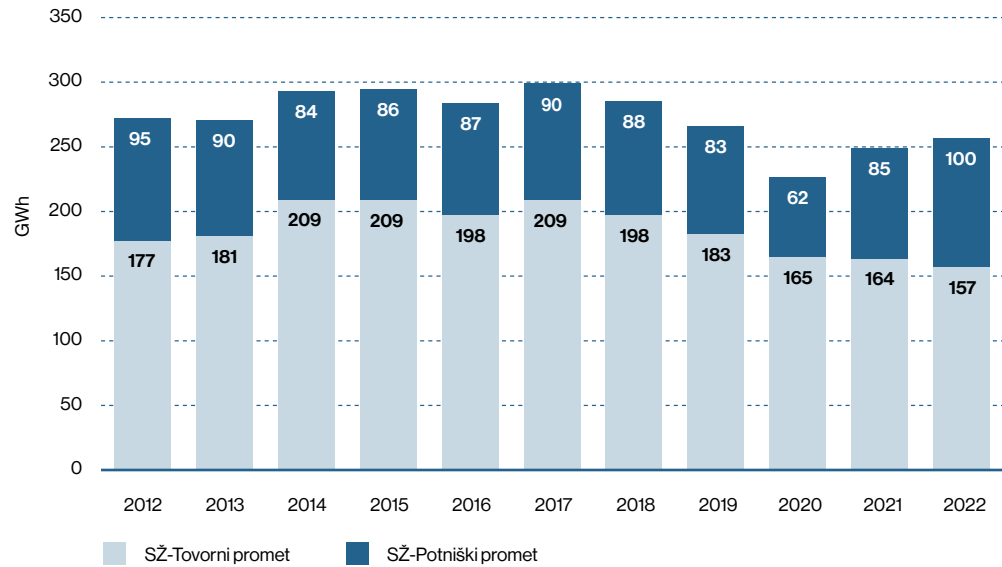
The Slovenske železnice Group is pursuing the paths of greater energy efficiency and a reduced carbon footprint for rolling stock laid down by the International Union of Railways (UIC) and the Slovenian government.

There is considerable potential for making energy savings within the Slovenske železnice Group in the coming years; this is because, with accelerated development in the fields of digital transformation, the green transition and renewables, we are opening up new possibilities for development and for increasing the advantages of rail over other forms of transport (road, aviation). The Slovenian rail network is already transporting passengers and freight in a very energy-efficient way and with significantly lower environmental impact than other forms of transport. We are awaiting the arrival of investments over the next few years, particularly those related to efficient energy use, renewable energy, digital transformation and decarbonisation of the sector. The connection between the state (infrastructure development) and the Slovenske železnice Group is key to enabling the latter to meet EU targets.

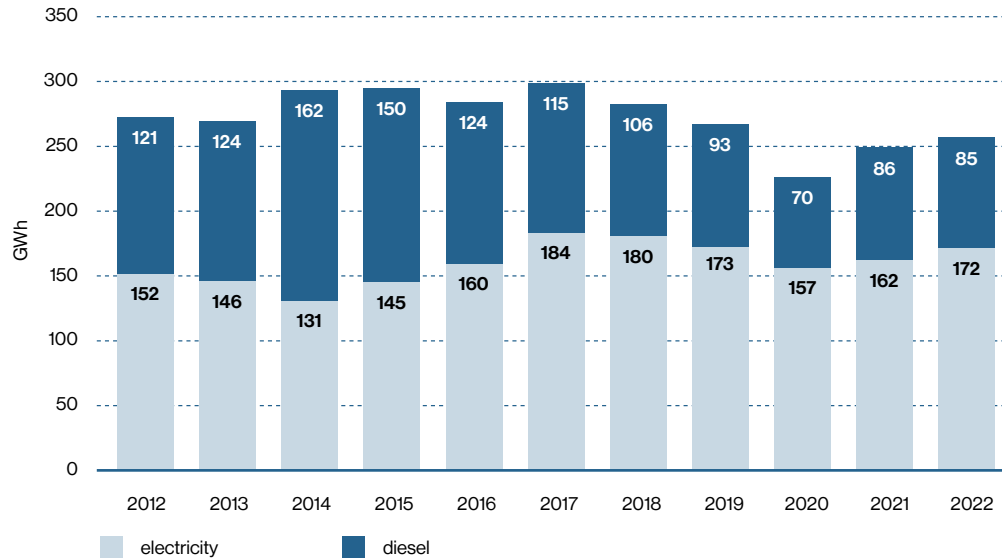
ENERGY EFFICIENCY OF ROLLING STOCK



ENERGY CONSUMED IN RAIL TRANSPORT



ENERGY CONSUMED



One of the main goals of the energy management system is to control the consumption of energy and continuously reduce energy use. Fifty per cent of electricity consumed by Slovenske železnice's electric rolling stock is produced from renewable energy sources, which allows the railway system to leave a markedly lower carbon footprint in the transport of goods and passengers. Moreover, the use of modern tractive vehicles allows us to harness a portion of the braking energy by converting it back into electricity, which is then re-used by other parts of the rolling stock. Advanced electric rolling stock that enables energy to be recovered can reduce the consumption of primary energy, thereby leading to greater energy efficiency.

Accidents and traffic emergencies that impacted the environment

Twenty-four small-scale fires occurred along railway lines in 2022; these were attended by the firefighting units responsible for the areas concerned. They were mainly the result of the ignition or burning of dry undergrowth in the immediate vicinity of the track strip. No major economic damage resulted from these fires.

Risks and opportunities

The companies of the Slovenske železnice Group are engaged in managing all relevant risks concerning the environment and energy consumption. Regarding environmental protection, the most significant risks are operational (fire, leaking of dangerous substances into the environment) and regulatory (failure to meet the relevant legal regulations in practice, or doing so inadequately). These can have negative and damaging impacts on the environment and lead to fines and sanctions (and therefore additional financial costs).

The proper establishment of sustainability reporting in the Slovenske železnice Group in line with Directive (EU) 2022/2464 regarding Taxonomy and non-financial reporting will be one of the Group's most important tasks in 2023.

Risk management ²⁶

Risk management process

The process of risk management is headed by the Central Corporate Office for Compliance and Risk Management. The process is based on the principle of quarterly reviews of the status of all risks, the effectiveness of the measures taken to manage risks in the past, damage assessments and the identification of new risks.

Risks at the Group are identified, analysed and managed by responsible process managers, who report their findings to the Management Board. At the operational level, this is a 'bottom-up' approach, which means that responsibility for managing risks is connected with responsibility for achieving the objectives of individual processes.

The responsible risk owners submit individual assessments of risks of damage (by estimating inherent risks and damage after adopting measures) and work with management to decide the risk management strategy (acceptance, transfer, reduction, protection, avoidance). Each risk is associated with a responsible owner and assessed for frequency, typical loss, worst-case scenario assessment and persistence. Furthermore, preventive measures, management measures and time limits for the implementation of measures are assigned to each risk.

The operations, monitoring and development of the risk management system are overseen by the company's Risk Management Committee. The committee is headed by the director of the company, while expert assistance is provided by the Central Corporate Office for Compliance and Risk Management.

At the strategic level, i.e. 'top-down', a single risk management methodology has been defined that provides for a clear determination of risk-related roles and responsibilities on the part of process managers, checks to ensure that measures are fit for purpose, the updating of damage assessments for specific risks, and the monitoring of the progress made in managing those risks. The process of assessing the impacts of specific risks on an individual company's risk profile ensures that we are able to identify the key risks that could have the most impact on the company's operations.

The risk management process is described in more detail in the Risk Management Policy at the SŽ Group, an internal document that was last updated in May 2022. The risk management process is supported by a software application that ensures, among other things, that specific risk damage is evaluated using the Monte Carlo method and that the risk profile is calculated, and provides an audit trail for all changes and a graphic presentation of the matrix and profile. The exceptions not included in the application are the risks attendant upon strategic projects. Owing to the different assessment methodology required, these risks are, for now, being managed in the separate PMIS application, which is managed by the main project office.

Methodology

Based on normal statistical distribution and a simulation with a large number of iterations, the methodology estimates the possible financial impacts in the five per cent worst-case scenarios.

The company has decided that the key risks are those that have an estimated damage above the level of acceptability of the risk, which is EUR 100,000 in a typical scenario. All risks are aggregated according to liquidity (impacts on net cash flow).

The analysis and estimate give information on the available cash (deposits at banks together with bridging credit lines) that they should have at their disposal for risk management if the five per cent worst-case scenarios occurred.

Key risks at the Slovenske železnice Group

We divide the risks into five groups. The Slovenske železnice Group has identified 120 active risks by individual company. Twenty of these are key risks to the companies. The ten biggest risks contribute just over 87% to the Group's risk profile.

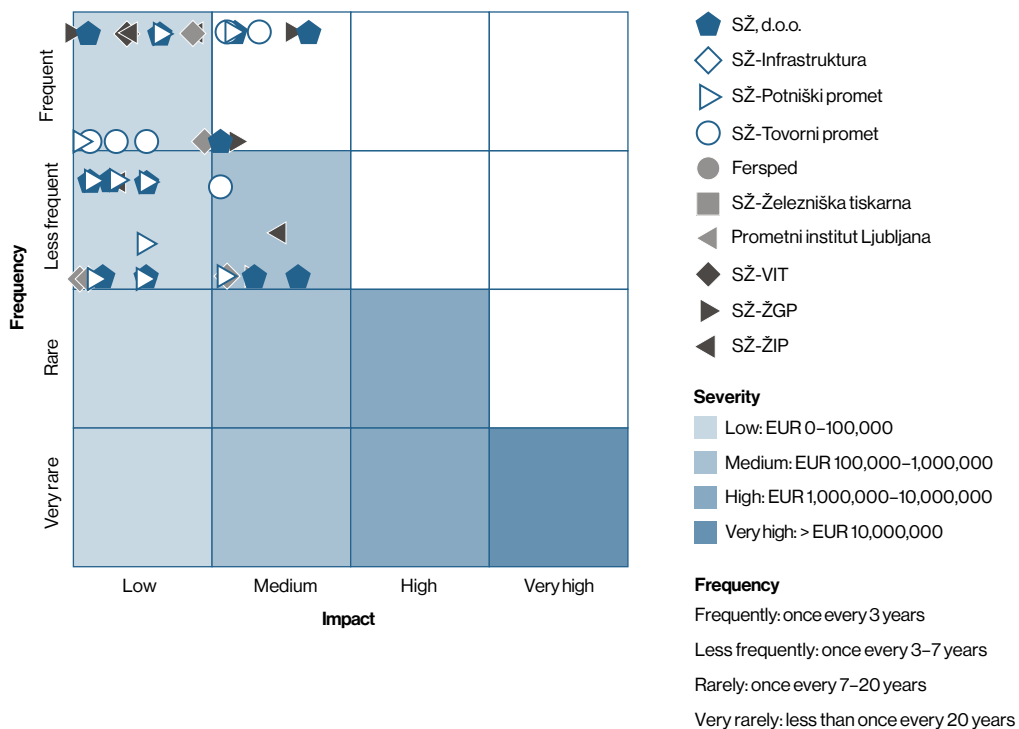
CATALOGUE OF RISKS TO THE COMPANY *

Strategic	Operational	Financial	Regulatory	IT
<p>Risks associated with implementation of the strategic plans</p> <ul style="list-style-type: none"> Corporate governance risks Risks associated with implementation of the rail transport safety management system Pandemic risks Risks relating to sustainable operations 	<p>Risks associated with the condition of the railway infrastructure</p> <ul style="list-style-type: none"> Risk of damage to/destruction of property Safety risks Risks associated with business continuity Human resource risks Purchasing risks Production risks Sales risks Process risks Project implementation risks Climate and environmental risks Risks associated with proceedings against the company 	<ul style="list-style-type: none"> Credit risks Interest risks Currency risks Liquidity risks 	<ul style="list-style-type: none"> Risk of legislative changes Compliance risks Fraud risks Tax-related risks Risks associated with respect for human rights in business operations 	<p>Information security risks</p> <ul style="list-style-type: none"> Risks associated with the management of communications and operations Risks in connection with accessibility of the IT environment Risks associated with the maintenance and development of IT systems Risks associated with business continuity

*key risks are in bold

Company risk matrix

MATRIX OF RISKS TO THE COMPANY WITH RISK ASSESSMENTS FOR A TYPICAL SCENARIO



Significant changes in 2022

In 2022 the risk assessments frequently changed as a consequence of the uncertainties brought about by the war in Ukraine and the resulting uncertainties on the energy market, the impact of changes to the supply chain and inflation expectations.

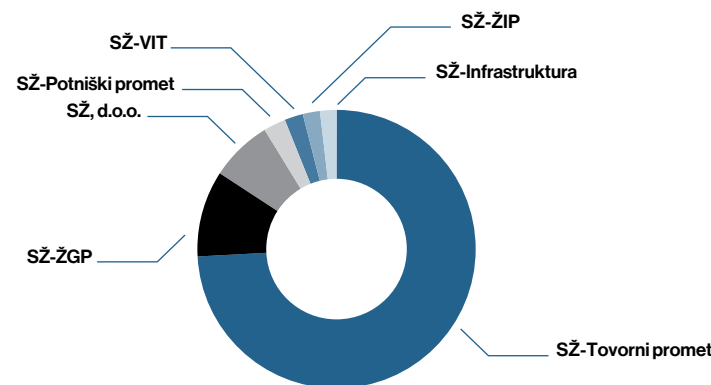
From the point of view of management within the Slovenske železnice Group, one important change came with the entry of a strategic partner into the special-purpose vehicle SŽ EP Logistika, d.o.o., which, as a controlling holding company, is designed for the management of (and together with the subsidiaries SŽ-Tovorni promet, d.o.o., Fersped, d.o.o. and VV-LOG, d.o.o., creates) the logistics pillar.

Risk profile of the Slovenske železnice Group

The estimated risk profile of the Slovenske železnice Group amounts to EUR 27.7 million, which is more than 70% of the planned net profit for 2023.

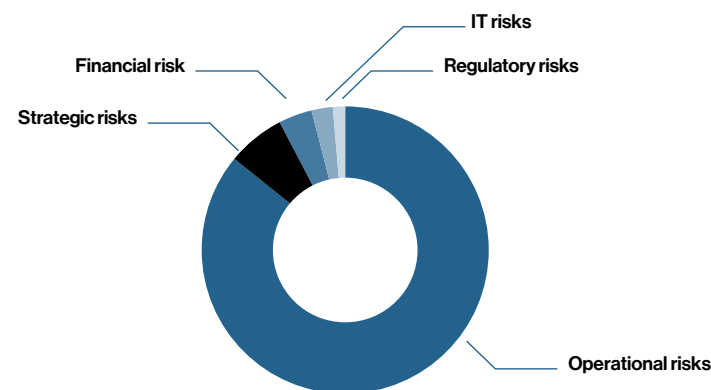
Of all the companies in the Slovenske železnice Group, SŽ-Tovorni promet, d.o.o. has the biggest impact on risk exposure; its share rose by ten percentage points in the last quarter and is now 74%. It is followed by SŽ-ŽGP with a 10% share. The financial risks of all companies overall are assumed by the controlling company. This will change in 2023 as SŽ-Tovorni promet is placed in a separate SŽ EP Logistika holding structure.

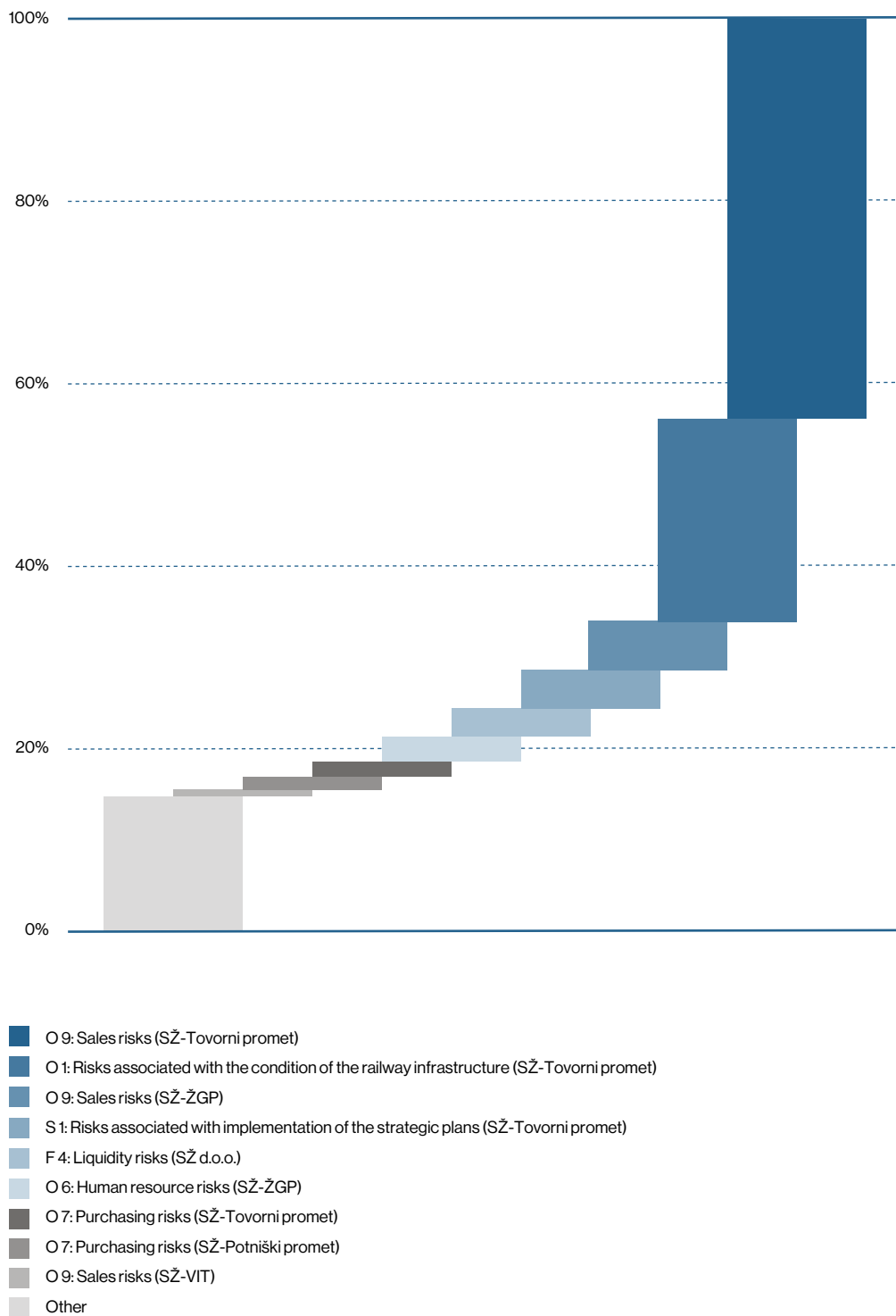
CONTRIBUTIONS OF INDIVIDUAL COMPANIES TO THE SLOVENSKE ŽELEZNICE GROUP'S RISK PROFILE



Operational risks predominate in the Slovenske železnice Group (86%), with the biggest impacts coming from sales risks in SŽ-Tovorni promet and SŽ-ŽGP and the risks of the condition of railway infrastructure in SŽ-Tovorni promet. These are also the three biggest risks to the Slovenske železnice Group.

CONTRIBUTIONS OF INDIVIDUAL RISK GROUPS TO THE SLOVENSKE ŽELEZNICE GROUP'S RISK PROFILE





Internal auditing ²⁷

The Internal Audit Department of Slovenske železnice, d.o.o. conducts internal auditing for the entire Slovenske železnice Group. It is organised as a central office (independent organisational unit) that reports directly to the company's Management Board. The head of the department reports directly to the Management Board in administrative terms and to the company's Supervisory Board in functional terms.

The department acts in accordance with the principles of independence, professionalism and impartiality, and with ethical principles and the core principles of the auditing profession. It functions in accordance with internal audit charter and its own rules of procedure, which are based on the valid International Professional Practices Framework and on the Code of Internal Auditing Principles and the Code of Professional Conduct of Internal Auditors (the latter two are issued by the Slovenian Institute of Auditors).

An independent external assessment in 2017 and annual internal quality assessments have confirmed that the work of the Internal Audit Department complies with the International Standards for the Professional Practice of Internal Auditing. Internal auditors are highly qualified, undertake regular specialist training and are active in professional circles that cover internal auditing.

The primary objective of the department is to provide independent and impartial assurance and consulting services within the Slovenske železnice Group. In accordance with the International Standards for the Professional Practice of Internal Auditing, the department's primary focus is on assessing the extent to which objectives have been achieved successfully and effectively, and on the drafting of proposed improvements in the governance of the Slovenske železnice Group and the management of risks and control procedures, through which it generates added value for the Group and its stakeholders.

In 2022 the Internal Audit Department functioned on the basis of the work plan adopted for 2022. It provided assurance and consulting services, and issued recommendations on how to improve internal controls and manage risks more effectively in the areas audited.

It reports regularly and directly to the Management Board, the Supervisory Board's Audit Committee and the audit committees of the subsidiaries (where they have been established) on all audits conducted, on the findings and recommendations from those audits, and on the implementation of recommendations. The department reports on a quarterly basis to management and supervisory bodies regarding the implementation of measures for improvements, and reports every six months and at the end of the year regarding the implementation of its annual work plan.

With the aim of effectively and efficiently managing risks within the Slovenske železnice Group and taking into account its organisational positioning and powers, the Internal Audit Department regularly cooperates with other organisational units within the Group, particularly with organisational units responsible for compliance, risk management, internal controls, quality assurance and environmental protection, and with the Department for Monitoring and Controlling the Intra-Group Operations and Transactions of the Slovenske železnice Group.

CORPORATE GOVERNANCE



Corporate Governance Statement²⁸

In accordance with the provisions of the fifth paragraph of Article 70 of the Companies Act (ZGD-1) and the recommendations of the Corporate Governance Code for Companies with Capital Assets of the State, Slovenske železnice, d.o.o. hereby issues its Corporate Governance Statement for 2022.

1. Reference to the Corporate Governance Code

As a company under 100% state ownership, Slovenske železnice, d.o.o. applies the Corporate Governance Code for Companies with Capital Assets of the State (hereinafter: SDH Code) and the Recommendations and Expectations of Slovenski državni holding, d.d., which were revised in May 2023. These two documents are the key governance documents of Slovenski državni holding, d.d. and are available online at <https://www.sdh.si/>.

2. Statement of compliance with the provisions of the Corporate Governance Code for Companies with Capital Assets of the State and the Recommendations and Expectations of Slovenski državni holding, d.d.

The company continuously monitors all changes and amendments to both documents. At least once a year we verify compliance with both documents in accordance with the 'comply or explain' principle.

The company strives to comply with both documents to the greatest possible extent, with due regard to the specifics of its operations (activity, size, single-owner enterprise, etc.).

Below we provide point-by-point explanations of deviations from the individual recommendations of the two documents, under the 'comply or explain' principle, for 2022. If we were not fully compliant with an individual provision in 2022 and we intend to change this policy in 2023, this is stated separately in accordance with Recommendation 3.4.1 of the SDH Code. We also highlight certain activities that were announced in the 2021 statement in order to reduce the number of deviations and that were successfully implemented in 2022.

Corporate Governance Code for Companies with Capital Assets of the State

Supervisory Board

Recommendation 6.1.7: Transactions that require the consent of the Supervisory Board

The Articles of Association or resolution of the Supervisory Board do not specify the mandatory consent of the Supervisory Board to the establishment or closure of branches. Consent to the acquisition, disposal or closure of material parts of the company or operations is provided for indirectly in the obligation to secure other consents (to corporate status or capital changes at the company).

Recommendation 6.5: Heterogeneity and complementarity of the Supervisory Board's composition²⁹

The new appointments of February 2023 achieved both measurable objectives from the applicable

Diversity Policy (gender diversity and business continuity), where the business continuity objective as regards the ratio between old and newly appointed members at Supervisory Board level, as well as among representatives of the founder, was exceeded to a significant degree.

Management Board

Recommendation 7.3.2: Functions of Management Board members on supervisory boards outside the Group

The company has no formally defined obligation for a member of the Management Board who has assumed a Supervisory Board function in a company outside the Slovenske železnice Group to seek the prior approval of the company's Supervisory Board. However, in its Articles of Association the company provides that a member of the Management Board may not be a member of a Supervisory Board of other companies, except those in which Slovenske železnice, d.o.o. has a participating interest of at least 25%. The Supervisory Board is briefed on the assumption of such functions in order to ensure that the interests of the Slovenske železnice Group are taken into account by all parties.

Recommendation 7.4: Employee development plans

The company continues to formulate employee development plans in accordance with the Human Resource Management Strategy in the Slovenske železnice Group 2021–2025:

- the testing of candidates for fast-track development and of potential successors as a basis for the production of fast-track candidate development plans. The selected candidates will therefore be invited to join the SŽ Business Academy;
- a supplemented SŽ Business Academy programme was designed following the annual discussion with management staff.

The additional information support will help us to capture other employee profiles as well, and develop an HR process of managing employee development plans in which the career path of a specific employee and their key skills and competences are defined.

Transparency of operations and reporting

Recommendation 8.2: Reporting on the composition of the Management Board and Supervisory Board

In order to protect personal data, the company has not disclosed some of the information stated in Appendix 3 to the SDH Code in its annual report.

Recommendations and expectations of Slovenski državni holding

Procurement of goods and services, and sponsorships and donations

Recommendation 3.3: Public announcements

Owing to the large number of agreements concerning expenditure, and in accordance with the requirements of the Access to Public Information Act and the Public Procurement Act, the company only publishes information regarding agreements.

Recommendation 3.7: Publication of information regarding the total value of transactions relating to the ordering of services

The company does not publish data on its website regarding the total value of transactions that are, by their legal nature, mandate contracts or work contracts or whose subject is intellectual work; however, it does publish data in accordance with the applicable regulations regarding specific contracts in a manner that makes it possible to identify data regarding the total value from individual announcements.

Recommendation 3.11: Maximum scope of sponsorships and donations

Sponsorship and donation activities are defined in the Rules on the Treatment and Approval of Sponsorships and Donations, which were adopted on 23 August 2018. On this basis, the Marketing Department drafts the annual plan defining the scope and basic guidelines of sponsorship and donation activities. The annual amounts for sponsorships and donations may not exceed 0.13% and 0.06% of planned revenues, respectively. All plans define measurable objectives and pay due regard to the principle

of cost-effectiveness. A donations committee makes decisions regarding recipients based on clear criteria, and separately for sponsorships and donations. Sponsorships and donations are approved by the company's Director-General based on the committee's proposal.

Achieving quality and excellence in the operations of a company/group

Recommendation 5.1: Self-assessment according to the EFQM's tested excellence model

The EFQM Excellence Model, which is a highly complex project, has not been introduced into the Slovenske železnice Group. Due to the large number of other projects, no decision has been taken to introduce the model.

3. Description of the main features of the company's internal control and risk management systems in relation to the financial reporting process

Internal controls are guidelines and procedures established at the Slovenske železnice Group to manage risks associated with financial reporting.

A comprehensive risk management system is in place at the Slovenske železnice Group. The system ensures that the books of account are managed appropriately. A system has been created that ensures the functioning of internal controls at all levels of operation of the Slovenske železnice Group. The company's Management Board is aware that every internal control system has its limits regardless of how it functions. However, the system does provide sufficient assurance for the identification and assessment of significant risks, the definition of risk management measures and risk reporting.

The Slovenske železnice, d.o.o. Management Board and the management boards of Slovenske železnice Group companies, which ensure that internal controls are systematically built into business processes, are responsible for

maintaining the books of account, establishing and ensuring that internal controls and the internal control system function effectively, and protecting the assets of the company.

Internal accounting controls function on the basis of the following principles:

- veracity and the division of responsibility;
- control of transactions;
- separation of accounting records from transactions;
- the accuracy, reliability, completeness and timeliness of financial reports;
- the compliance of operation with legislation, the International Financial Reporting Standards, contracts and company bylaws, and the policies adopted by the Slovenske železnice, d.o.o. Management Board;
- professionalism and independence of accountants.

Accounting controls are to a large degree directly linked to controls in the area of the IT system, which ensures restrictions and control of access to the network, applications and information, and controls of accuracy, completeness of capture and data processing. The proper operation and determination of appropriate controls within the IT system is verified through authorised external service providers.

Risks associated with the consolidated financial statements of the Slovenske železnice Group are largely managed using the centralised accounting function within Slovenske železnice, d.o.o., and with a revision of the annual financial statements of all major subsidiaries that comprise the Slovenske železnice Group.

4. Compliance and corporate integrity system³⁰

We have put in place control mechanisms for checking to ensure that there are no conflicts of interest in any public procurement procedure; these checks examine potential conflicts of interest among internal participating staff as well as among tenderers. We notify stakeholders promptly of any discrepancies.

Every year we carry out checks to ascertain whether any conflicts of interest exist in the companies that management staff operate or own; we also check whether there is any business cooperation between these companies and Slovenske železnice Group companies. No irregularities were detected. We report annually on the findings and register of statements of staff who own or jointly own or manage or jointly manage other companies. We have a register of suppliers dependent on our business, and examine the reasons for their dependence. The compliance officer drafts quarterly reports for the Management Board. We have a functioning line of reports of suspected corporate integrity violations maintained by the integrity officer, who compiles quarterly reports on the reports received. Once a year, in accordance with the internal rules on the receiving of gifts, we check the register of gifts received. When recruiting staff, we check whether the providers with whom we work have settled their compulsory levies and other non-tax liabilities.

5. Information in accordance with point 4 of the fifth paragraph of Article 70 of the Companies Act

The company is established as a limited liability company. Its sole partner (owner) is the Republic of Slovenia, which holds the entire participating interest. In accordance with the first paragraph of Article 2 of the Slovenske železnice Act, the Republic of Slovenia may not divide its participating interest in the company or transfer it to another party. As the sole partner, there are no restrictions on the Republic of Slovenia's voting rights.

The company is managed by its Management Board. Under the terms of the Articles of Association, it comprises the Director-General, two members (directors) and the Workers' Director. Members of the Management Board are appointed and recalled by the company's Supervisory Board, while the Workers' Director is appointed and recalled based on a proposal from the Works Council. The Director-General has the right to propose to the Supervisory Board the

appointment of two members to the Management Board (directors). However, the Supervisory Board is not legally bound to follow that proposal. The Supervisory Board may recall members of the Management Board at any time without explanation.

The company has a Supervisory Board comprising nine members. Six members are appointed and dismissed by the founder, i.e. Slovenski državni holding, d.d. Three members are appointed and recalled in accordance with the Workers' Participation in Management Act.

The Articles of Association and the amendments thereto are adopted by the founder, i.e. Slovenski državni holding, d.d.

Management staff and the Management Board manage Slovenske železnice, d.o.o.'s operations and represent the company under their own responsibility. Individual members of the Management Board are assigned their respective areas of work in the Management Board's Rules of Procedure. In accordance with the Articles of Association, the Workers' Director represents the interests of workers as they relate to human resource and social issues.

The Director-General represents the company independently and without restrictions. The company is represented by one member of Management Board (director) and the Workers' Director, together with the Director-General.

Due to the legal prohibition on the division or transfer of the participating interest to another party, the Management Board cannot be granted any powers to issue or purchase treasury shares.

6. Functioning of the general meeting and its key powers, the description of the rights of shareholders and the manner in which they exercise their rights

In accordance with the Companies Act, all the major corporate decisions in single-partner limited liability companies that are set out in the Companies Act and in the Articles of Association are taken by the founder. The function of the company's founder is performed by Slovenski državni holding, d.d.

The founder therefore holds all the powers of the general meeting while making independent decisions on changes and amendments to the Articles of Association, the adoption of the annual report and consolidated annual report (if they are not approved by the company's Supervisory Board or if the Management Board and Supervisory Board defer the decision on their adoption to the founder), the use of distributable profit and the coverage of losses, the conferral of official approval on the Supervisory Board and Management Board or on individual members of those two bodies, the reimbursement of subsequent payments, the remuneration policy for members of the

Management Board based on the proposal of the Supervisory Board of the company, corporate status changes and the winding-up of the company, changes to share capital, the appointment and recall of Supervisory Board members (except those that were appointed by the Works Council), payments to members of the Supervisory Board, the appointment of the company's auditor based on the Supervisory Board's proposal, representation of the company in court proceedings against management staff, and other matters in accordance with its powers, as derived from the applicable laws and Articles of Association of Slovenske železnice, d.o.o.

The sessions of the founder are held in accordance with its bylaws. The founder is also responsible for convening sessions.

7. Composition and functioning of management and supervisory bodies and their committees

The company is governed by the founder directly and through its governing bodies, namely the Supervisory Board and the Management Board (two-tier governance system).

Composition of the Supervisory Board

In accordance with the Articles of Association of Slovenske železnice, d.o.o., the Supervisory Board of Slovenske železnice, d.o.o. comprises nine members. Six members are appointed by the founder and three by the Workers' Council.

Work of the Supervisory Board

The legal bases for the work of the Supervisory Board are the Companies Act, Slovenske železnice, d.o.o.'s Articles of Association, the Rules of Procedure of the Supervisory Board, the Rules of Procedure and Remuneration of Supervisory

COMPOSITION OF THE SUPERVISORY BOARD AND ITS COMMITTEES DURING THE 2022 FINANCIAL YEAR

Name	Position	Educational qualification	First appointment to function	Completion of position/term of office	Shareholder /employee representative ¹	Attendance at Supervisory Board sessions (proportion of the total number of sessions)	Independence in accordance with Article 23 of the Code	Existence of conflicts of interest during the financial year ²	Membership of supervisory bodies of other companies	Membership of committees	Chair/member	Attendance at committee sessions (proportion of the total number of sessions)
Aleksander Mervar	Chair	MSc	12 September 2019	12 September 2023	S	11/14	YES	YES	Kapitalska družba d.d. (up to 30 August 2022)			
Franci Matoz	Deputy Chair	Bachelor's degree in law	27 August 2020	27 August 2024	S	13/14	YES	NO	Luka Koper, d.d., DUTB, d.d. (up to 1 June 2022)	HR Committee	Chair	4/6
Aleksander Nagode	Member	MSc	11 September 2015	12 September 2023	S	14/14	YES	YES	Succession Fund of the Republic of Slovenia (public fund)	Audit Committee Strategic Investments Committee	Member Member	10/11 9/9
Silvo Berdajs	Member	Secondary vocational education	11 September 2015	12 September 2023	E	14/14	YES	NO	SŽ-ŽGPLjubljana, d.d., SŽ-Tovorni promet, d.o.o. (up to 12 January 2022), SŽ EP Logistika d.o.o. (13 January to 31 December 2022)	Audit Committee Strategic Investments Committee	Member Member	11/11 9/9
Jože Pavšek	Member	Primary school education	11 September 2015	12 September 2023	E	14/14	YES	NO	SŽ-ŽIP, storitve, d.o.o.			
Zlatko Ratej	Member	Secondary vocational education	24 April 2018	12 September 2023	E	14/14	YES	NO	/	HR Committee	Member	6/6
Gabrijel Škof	Member	Bachelor's degree in law	27 August 2020	27 August 2024	S	14/14	YES	NO	GIZ Nuclear Insurance and Reinsurance Pool, Elektro Gorenjska, d.d.	HR Committee Strategic Investments Committee	Member Member	6/6 9/9
Melita Malgaj	Member	Bachelor's degree in economics	12 June 2020	12 June 2024	S	14/14	YES	NO	/	Audit Committee	Chair	11/11
Boris Markočič	Member	Bachelor's degree in electrical engineering	27 August 2020	27 August 2024	S	13/14	YES	NO	/	Audit Committee Strategic Investments Committee	Member Chair	10/11 9/9
Barbara Nose	External member of the Audit Committee	Audit specialist	19 October 2015	12 September 2023	S	/	YES	NO	AMZS, d.d., Pošta Slovenije, d.o.o.	Audit Committee	Member	11/11

Board Committees, and the Rules of Procedure of the Supervisory Board's Audit Committee.

The Supervisory Board exercises its powers and performs its duties at sessions and via its committees.

The most important powers of the Supervisory Board are as follows: the supervision of the operations of Slovenske železnice, d.o.o.; the review and verification of the company's books of account and documentation, its cash drawers, securities in safekeeping and inventories of merchandise and other items; supervision of the activities of the Slovenske železnice Group and the adopted annual and strategic business plan based on Management Board reports; verification and approval of the annual report and review of the proposed use of distributable profit; the appointment and recall of the Management Board of Slovenske železnice, d.o.o.; the appointment and recall of the Workers' Director on the company's Management Board based on the proposal of the Works Council; the appointment of the Audit Committee and other Supervisory Board committees; the conclusion of employment contracts with Management Board members; the submission of proposals to the founder for the adoption of resolutions within the scope of its powers; the adoption of the Rules of Procedure of the Supervisory Board; and the monitoring of the adequacy of procedures and the effectiveness of internal controls and internal auditing. The Supervisory Board also approves the following: the business plan and the strategic business plan of the Slovenske železnice Group; the purchase or sale of capital assets and real estate above the amount set out in the Articles of Association of Slovenske železnice, d.o.o.; the raising of loans and the issuing of guarantees and sureties above the amount set out in the Articles of Association of Slovenske železnice, d.o.o.; investments and divestments that are not included in the company's annual plan or the strategic business plan of the Slovenske železnice Group above the amount set out in the Articles of Association; decisions regarding changes in status and equity at the general meetings of subsidiaries; the rules and elements applying to the conclusion of individual employment contracts for management staff and other Slovenske železnice and Slovenske železnice Group employees; the appointment and

recall of management staff at subsidiaries; the appointment and recall of the head of the Internal Audit Department and the department's annual work programme; and the Rules of Procedure of the Management Board.

The Supervisory Board also makes decisions and gives its consent in the matters set out in Article 16 of the applicable Articles of Association of Slovenske železnice, d.o.o.

Supervisory Board committees

The composition of the Supervisory Board's committees and their activities in 2022 are presented in detail in the report on the work of the Supervisory Board, and are not described again in this section.

Management Board

In accordance with the applicable Articles of Association of Slovenske železnice, d.o.o., the company's operations are managed by its Management Board, which comprises the Director-General, who represents the company independently and without limitations, two members of the Management Board (managing directors), who only represent the company in concert with the Director-General, and the Workers' Director, who is appointed in accordance with the Workers' Participation in Management Act and also represents the company together with the Director-General.

Management staff and the Management Board direct business under their own responsibility. When directing business, management staff and the Management Board make all decisions that are not the responsibility of the Supervisory Board and the founder. Individual members of the Management Board are assigned their respective areas of work in the Management Board's Rules of Procedure. The Workers' Director represents the interests of workers as they relate to human resource and social issues, in accordance with the Articles of Association. The Management Board functions as a collegiate body when adopting the most important decisions for Slovenske železnice, d.o.o., and the Slovenske železnice Group.

COMPOSITION OF SENIOR MANAGEMENT DURING THE 2022 FINANCIAL YEAR

Name	Function (chair, member)	Educational qualification	Area of work in the Management Board	First appointment to function	Completion of function/ term of office	Membership of supervisory bodies of unaffiliated companies
Dušan Mes	Director-General	Master's degree in business studies	execution of the Strategic Business Plan, operation of subsidiaries, marketing, logistics and mobility, human resources and legal affairs, real estate management, procurement and investments, internal auditing	22 March 2012	24 March 2024	/
Tomaž Kraškovic	Member of the Management Board (Director)	Master's degree in economics	Finance, accounting and controlling, IT, compliance and risk management	1 April 2016	2 April 2024	/
Nina Avbelj Lekić	Workers' Director	Bachelor's degree in law	HR and social issues	21 March 2018	22 March 2026	/

Governance of subsidiaries

The Governance Policy of Slovenske železnice, d.o.o. and the Slovenske železnice Group was adopted in 2022. It lays down the main governance policies of Slovenske železnice, d.o.o. and of all companies comprising the Group, with due regard to the long-term objectives and values of the Group. The Governance Policy is published on the Slovenske železnice Group website <https://www.sz.si>.

The Management Board and Supervisory Board play key roles in the governance of subsidiaries.

In addition to Slovenske železnice, d.o.o., the Slovenske železnice Group comprises the following direct subsidiaries: SŽ EP Logistika, d.o.o., SŽ-Potniški promet, d.o.o., SŽ-Infrastruktura, d.o.o., SŽ-VIT, d.o.o., SŽ-Železniško gradbeno podjetje, d.d., SŽ-ŽIP, storitve, d.o.o., Prometni institut Ljubljana, d.o.o. and SŽ-Železniška tiskarna Ljubljana, d.d. These are subsidiaries in which Slovenske železnice, d.o.o. has a 100% participating interest or majority holding, and subsidiaries in which the subsidiaries have a 100% participating interest or majority holding.

These companies are engaged in the core activities of the maintenance and management of PRI, rail traffic management, the conveyance of passengers and goods on the PRI, train traction and technical wagon inspection services,

in other services, and in supplementary and complementary activities required for the continuous and/or high-quality performance of the core activities.

Slovenske železnice d.o.o. has concluded control agreements with SŽ-Potniški promet, d.o.o., SŽ-Infrastruktura, d.o.o., SŽ-VIT, d.o.o., SŽ-ŽIP, storitve, d.o.o. and Prometni institut Ljubljana, d.o.o. Together they therefore comprise a contractual concern. A control agreement sets out the conditions for and method of management of operations in the contractual concern, and other mutual rights and obligations. Under such an agreement, the subsidiary is subject to the management and governance of Slovenske železnice, d.o.o. as the controlling company. On its basis, Slovenske železnice, d.o.o. is entitled to issue binding instructions to the subsidiary on the management of business, and is also obliged to cover the subsidiary's losses.

8. Description of the diversity policy³¹

In December 2020 the Supervisory Board and Management Board of Slovenske železnice, d.o.o. adopted the Policy on the Diversity of the Management and Supervisory Bodies of

Slovenske železnice, d.o.o. and the Slovenske železnice Group. That policy applies to the recruitment of management staff, as well as to members of management and supervisory bodies.

The core principle of the policy is diversity in terms of the inclusion and participation of people with different ways of thinking, backgrounds, knowledge, experience, skills and personal characteristics at all levels of the company.

The objective of the diversity policy is to ensure that the composition of each body results in a set of abilities, expertise, skills and experience that will ensure a sound understanding of current events and of long-term risks and opportunities in connection with the operations of the company and Group, and therefore the long-term successful and sustainable performance of the company and Group.

When determining the optimal composition of bodies, the following aspects of diversity are taken into account in particular. This is to ensure that an individual body functions as a whole as effectively as possible:

- professional diversity to ensure the complementarity of knowledge and skills;
- diversity in terms of competences;
- gender diversity;
- diversity in terms of age, which is particularly important because of the ageing of the population and the raising of the retirement age; and
- continuity in the form of an appropriate ratio of existing members to new members of the company's Supervisory Board and senior management.

The policy also sets out measurable objectives for selected aspects of diversity:

- a proportion of under-represented members of companies' executive staff and supervisory boards (in terms of gender) of at least one quarter; and

- continuity of at least one third at the level of the entire Supervisory Board, and of at least one quarter amongst shareholder representatives.

The diversity policy is applied primarily in:

- the recruitment, selection and submission of proposed candidates for the Supervisory Board to the company's founder;
- the appointment of the Supervisory Board's committees;
- the appointment or approval of the appointment of managing directors of Group companies;
- the appointment of the senior managerial team; and
- the self-assessment of the Supervisory Board's work, which also includes an assessment of the composition of the Supervisory Board in terms of implementation of the diversity policy.

If several candidates meet the 'fit and proper' criteria, preference is given in the selection/appointment process to the candidate who will contribute to the diversity of the company's senior management and/or Supervisory Board.

At the end of the year, Slovenske železnice Group employees comprised 81.7% men and 18.3% women. Given the nature of the core activities of the Slovenske železnice Group companies, this figure is as expected. Women occupied 33.3% of the leading positions in Slovenske železnice Group companies, which was a rise on previous years. However, there is a larger gap between men and women on the supervisory bodies of those companies than in leading management positions.

The Slovenske železnice Group has made considerable strides forward in ensuring that women are represented in leading positions. In line with the Human Resource Management Strategy 2021–2025, we will continue to make every effort to include greater numbers of women in all areas.

Dušan Mes
Director-General
of Slovenske železnice

mag. Tomaž Kraškovič
Member of the
Management Board

Nina Avbelj Lekić
Workers' Director

Report of the Supervisory Board³²

Composition and work of the Supervisory Board

In accordance with the applicable Articles of Association of Slovenske železnice, d.o.o., the Supervisory Board comprises nine members, six of whom are appointed and recalled by the founder, with the remaining three members being appointed and recalled in accordance with the Workers' Participation in Management Act.

The composition of the Supervisory Board of Slovenske železnice, d.o.o. and its committees did not change in 2022.

The Supervisory Board comprises the following members:

- representatives of the founder:
 - Aleksander Mervar (Chair);
 - Franci Matoz (Deputy Chair);
 - Melita Malgaj;
 - Boris Markočič;
 - Aleksander Nagode; and
 - Gabriel Škof.
- employee representatives:
 - Silvo Berdajs;
 - Jože Pavšek; and
 - Zlatko Ratej.

The Slovenske železnice, d.o.o. Supervisory Board performed its tasks at meetings and via its committees in accordance with the Rules of Procedure of the Supervisory Board, the rules of procedure of committees, the Articles of Association of Slovenske železnice, d.o.o. and the applicable regulations.

Details regarding the composition and powers of the Supervisory Board, and information regarding the attendance of members of the Supervisory Board and its committees at the relevant sessions, are presented in the Corporate Governance Statement section.

The Supervisory Board held 14 sessions in 2022 (ten ordinary and four correspondence). No extraordinary sessions were held in 2022.

Most important topics discussed at Supervisory Board sessions

The most important topics discussed by the Supervisory Board at its sessions in 2022 are presented below. If a particular topic had been discussed beforehand in a committee, it is marked AC for Audit Committee, SIC for Strategic Investments Committee or HRC for HR Committee:

The Supervisory Board:

- made proposals to the founder:
 - for the issuing of consent to the purchase of a 50% stake in Nomago, storitve mobilnosti in potovanj, d.o.o. and the purchase of Avtobusna postaja Ljubljana, d.d., (SIC) and
 - for the selection of an auditor for the financial statements of Slovenske železnice, d.o.o. and the Slovenske železnice Group for the 2022–2024 period (AC);
- gave its consent to:
 - the 2023 Business Plan of the Slovenske železnice Group with a forecast of operations for 2023–2024 (AC),
 - the 2023 Work Plan of the Internal Audit Department, including an indicative long-term work plan for the 2024–2025 period (AC),
 - the extension of the guarantee line, short- and long-term external financing transactions and the mutual financing transactions of Group companies,
 - sales of higher-value real estate (SIC),
 - the appointment of a Workers' Director for the subsidiary SŽ-ŽIP, storitve, d.o.o. (HRC),
 - the new Rules of Procedure of the Management Board of Slovenske železnice, d.o.o. (HRC);
- adopted:
 - the Corporate Governance Policy of Slovenske železnice, d.o.o. and the Slovenske železnice Group,
 - the performance criteria for setting the level of the variable component of remuneration for the Slovenske železnice, d.o.o. Management Board for 2022 and 2023 (HRC);

- appointed the Workers' Director for Slovenske železnice, d.o.o. (HRC);
- was briefed on:
 - the Report of the Central Corporate Office for Compliance and Risk Management (AC),
 - the Group Corporate Integrity Plan for 2022 (AC),
 - the increase in the share capital of SŽ-Potniški promet, d.o.o. for the purchase of passenger trains,
 - information regarding average wages within the Group in 2021, and a definition of the basis for the calculation of wages under individual contracts for 2022 (HRC),
 - liabilities from as-yet-unpaid variable components of remuneration to members of the Slovenske železnice, d.o.o. Management Board on the basis of decisions adopted by the Supervisory Board, and payment approvals (HRC);
- monitored the business operations of the company and the Group in the following areas:
 - financial operations, risk management, the operation of the internal audit process, compliance and corporate integrity (HRC),
 - key strategic projects (SIC),
 - investments in property, plant and equipment (SIC),
 - the sale of real estate (SIC).

The Management Board worked with the expert departments to provide relevant material for discussion in the Supervisory Board and the committees, and always responded in a timely manner to any further questions by providing additional clarifications.

Work of the Supervisory Board's committees

The Supervisory Board has the following three committees:

- Audit Committee;
- Strategic Investments Committee; and
- Human Resources Committee.

The efforts of the Supervisory Board committees made a significant contribution to the quality and efficiency of the Supervisory Board's work. We give greater emphasis below to the topics that were discussed only within the committees.

Audit Committee

The Audit Committee comprised the following members in 2022:

- representatives of the founder:
 - Melita Malgaj (Chair);
 - Aleksander Nagode;
 - Boris Markočič;
- Silvo Berdajs (employee representative); and
- Barbara Nose (external member).

The Audit Committee held eleven ordinary sessions in 2022.

Key topics:

- monitoring of the progress of the external audit of the financial statements via three meetings with representatives of the audit firm Deloitte Revizija, d.o.o.:
 - management presentation in connection with the audit of financial statements for 2021,
 - two letters to management following the pre-audit and audit of the financial statements for 2021,
 - the unaudited and audited annual report of Slovenske železnice, d.o.o. and the Slovenske železnice Group for 2021,
 - additional report to the Audit Committee following the audit of the financial statements for 2021,
 - auditor's opinion on the financial statements of Slovenske železnice, d.o.o. and the Slovenske železnice Group for 2021,
 - verification of the independence of the external auditor,
 - monitoring of the quality of the auditing in the form of an annual discussion without the Management Board being present,
 - the plan for the auditing of the financial statements for 2022 and the deadlines for the drafting of the annual report,
- the selection of an auditor of the financial statements for the 2022–2024 period (approval of the draft tender documentation, briefing on the results of the selection procedure and the production of a report for the Supervisory

Board on evaluation of the procedure, with a proposal to the Supervisory Board regarding the forwarding of the proposal for appointment to the founder),

- measures to ensure the independence of the current and potential auditors of the financial statements through the monitoring of the conclusion of agreements with audit firms from the aspect of the type and scope of their services (the current auditor of the financial statements performed one non-auditing service at two Slovenske železnice Group companies in 2022, with the prior approval of the Audit Committee);
- monitoring of the Internal Audit Department's work:
 - briefing on the summary reports on internal audits performed and other regular reports, plans and bylaws governing the work of the Internal Audit Department,
 - the annual discussion with the head of the Internal Audit Department without the Management Board being present, a briefing on their remuneration, and checks to ensure their independence,
- completion of the strategic job evaluation project, the overhaul of the wage system and the drafting of an HR plan for Slovenske železnice Group companies,
- briefing on the action plan for initiatives following the audit of the operations of the Slovenske železnice Group by the founder,
- monitoring of changes in rules and other instructions relating to the financial statements and the work of the Audit Committee.

Strategic Investments Committee

The Strategic Investments Committee comprised the following members in 2022:

- representatives of the founder:
 - Boris Markočič (Chair);
 - Gabrijel Škof; and
 - Aleksander Nagode;
- Silvo Berdajs (employee representative).

The Strategic Investments Committee held nine regular sessions in 2022. Its scrutiny of all strategic investments made an important contribution to ensuring that the work of the Supervisory Board was successful.

Key topics:

- ongoing monitoring of the progress of the entire portfolio of strategic projects;
- separate and more detailed ongoing monitoring of progress in digital transformation programmes;
- preliminary discussions regarding the project design documentation, tender documentation and contracts subject to briefing or the issuing of content at Supervisory Board sessions.

Human Resources Committee

The Human Resources Committee comprised the following members in 2022:

- representatives of the founder:
 - Franci Matoz (Chair);
 - Gabrijel Škof; and
- Zlatko Ratej (employee representative).

The Human Resources Committee held six sessions in 2022 (five ordinary and one correspondence). All of the topics addressed were independent points on the agendas of Supervisory Board sessions.

Self-assessment of the work of the Supervisory Board and the Audit Committee

The members of the Supervisory Board and the Audit Committee completed the Slovenian Directors' Association's questionnaire/self-evaluation matrix. Two analyses were carried out on the basis of the completed questionnaires and examined by both bodies. The analyses indicated that the Supervisory Board and its committees were performing well. Lower scores were given mainly to matters outside the Supervisory Board's direct control.

Both bodies adopted resolutions or conclusions relating to tasks to improve the system of work, and consistently monitored the implementation of those tasks as part of the ongoing monitoring of the realisation of Supervisory Board resolutions and Audit Committee conclusions.

Assessment of the work of the Management Board and Supervisory Board³³

On the basis of the continuous monitoring and supervision of the operations and management of Slovenske železnice, d.o.o. and the Group during the 2022 financial year, and based on the annual report of the Slovenske železnice Group and Slovenske železnice d.o.o. for 2022, compiled and submitted by the Management Board, the Supervisory Board assesses that the annual report and the disclosures contained therein reflect the actual situation and position of Slovenske železnice, d.o.o. and the Group.

The Supervisory Board assesses the work of the Management Board in 2022 as very successful. The Management Board and Supervisory Board worked constructively together at sessions, while the Chair of the Supervisory Board, the chairs of the committees, the Director-General and the two members of the Management Board communicated regularly in the intervals between sessions. The Management Board successfully carried out the key projects that provide a basis for the further growth and development of the Group.

The Supervisory Board focuses particular attention on the management of potential conflicts of interest on the part of its members. The Supervisory Board discussed five points in 2022 from which one member of the Supervisory Board was excluded from discussions and decision-making for the purpose of managing conflicts of interest.

All members of the Supervisory Board and the external member of the Audit Committee who performed the function of member of the Supervisory Board or of committees in 2022 signed statements of independence in which they declared their status as independent members. Their statements of independence are published on the company's website.

Approval of the annual report and the proposed use of distributable profit of Slovenske železnice, d.o.o. for 2022

The unaudited annual report of Slovenske železnice, d.o.o. and the Slovenske železnice Group for 2022 was discussed by the Supervisory Board's Audit Committee at its 33rd session on 18 May 2022.

The certified audit firm Deloitte Revizija, d.o.o., which audited the financial statements for 2022 for Slovenske železnice, d.o.o., its subsidiaries and the Slovenske železnice Group as a whole, reported its findings and the course of the audit for 2022.

The Management Board discussed and approved the annual report of Slovenske železnice, d.o.o. and the consolidated annual report of the Slovenske železnice Group for 2022 at its 470th ordinary session on 24 May 2023, and submitted them to the Audit Committee and Supervisory Board for review and verification in accordance with the third paragraph of Article 272 of the Companies Act, together with the independent auditor's report of 30 May 2023 and the proposal for the use of distributable profit of Slovenske železnice, d.o.o. The audited consolidated annual report of the Slovenske železnice Group and Slovenske železnice, d.o.o. for 2022 was discussed by the Supervisory Board's Audit Committee at its 34th session on 30 May 2023 and by the Supervisory Board at its 41st session on 31 May 2023. The certified auditors therefore reported to both the Supervisory Board and the Audit Committee.

It is evident from the auditor's opinion that the financial statements of Slovenske železnice, d.o.o. and the consolidated financial statements of the Slovenske železnice Group present a true and fair picture of the financial position of Slovenske železnice, d.o.o. and the Slovenske železnice Group as at 31 December 2022, and of their operating results and cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the EU.

After the audit committee's review and verification of the business and financial reports for 2022, the Supervisory Board found, based on the Audit Committee's findings, that the audited annual report and the consolidated annual report for the

2022 fiscal year had been compiled in a clear and transparent manner, and in accordance with the provisions of the Companies Act. The business report is in line with the audited financial statements. After the final verification of the audited annual report, the Slovenske železnice, d.o.o. Supervisory Board had no comments regarding the report and adopted a favourable position on the auditor's report.

In addition to the annual report, the Supervisory Board also verified and approved the proposed use of distributable profit of Slovenske železnice, d.o.o., which amounted to EUR 9,943,438.89 as at 31 December 2022, and had no comments in that regard. The Supervisory Board proposed that the founder adopt a resolution on the use of distributable profit in the attached text.

Based on its review of the annual report and the proposed use of distributable profit for 2022, and on its review of the certified auditor's report, the Supervisory Board approved the annual report of Slovenske železnice, d.o.o. and the Slovenske železnice Group for 2022, in accordance with the provisions of Article 282 of the Companies Act and the Articles of Association of Slovenske železnice, d.o.o.

The Supervisory Board believes that the Management Board managed the company successfully, prudently and in accordance with regulations and the company's bylaws, and that, despite the difficult conditions, the Group exceeded the objectives set out in the business plan for 2022. The Supervisory Board proposes that the founder adopt a resolution conferring official approval on the Management Board and Supervisory Board for their work in 2022.

When adopting the annual report, the Supervisory Board took a position regarding the Corporate Governance Statement and the statement of compliance with the reference code, and assessed that they reflected the actual state of corporate governance in 2022.

Ljubljana, 31 May 2023

Gabrijel Škof
Chair of the Supervisory Board



Statement on the responsibilities of the Management Board ³⁴

The Management Board of Slovenske železnice, d.o.o. is responsible for drafting the annual report of the Slovenske železnice Group and Slovenske železnice, d.o.o. for 2022. The members of the Management Board find that, to the best of their knowledge, the annual report and all the constituent parts thereof were compiled in accordance with the Companies Act and the International Financial Reporting Standards as adopted by the EU.

The Management Board also confirms that the appropriate accounting policies were consistently applied when the financial statements were being compiled, that accounting estimates were made according to the principles of prudence and due diligence, and that the financial statements presented a true and fair picture of the financial assets, operating results and cash flow of the Slovenske železnice Group and Slovenske železnice, d.o.o. for 2022.

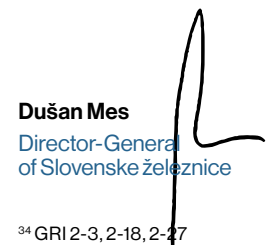
The Management Board is also responsible for ensuring that accounting is conducted correctly and that appropriate measures are taken to protect property and other assets, and confirms that the financial statements, together with the notes thereto, have been compiled on a going concern basis in relation to Slovenske železnice, d.o.o. and its subsidiaries, and in line with current legislation and the International Financial Reporting Standards.

In accordance with Directive 2014/95/EU regarding the disclosure of non-financial and diversity information by certain large undertakings and groups and the guidelines issued by Slovenski državni holding, d.d. on non-financial reporting, and in accordance with the diligence of a good manager, the Management Board uses this report as a vehicle to recognise the importance of non-financial reporting indicators by including that information in a more transparent manner in the system of key success factors of Slovenske železnice, and therefore in a traceable reporting system.

The Management Board is responsible for taking measures to prevent and detect fraud and irregularities, and for maintaining the value of the Slovenske železnice Group's assets.

The Management Board of Slovenske železnice, d.o.o. approved the annual report on 24 May 2023.

Dušan Mes
Director-General
of Slovenske železnice



mag. Tomaž Kraškovič
Member of the
Management Board



Nina Avbelj Lekić
Workers' Director



Compliance of reporting with standards³⁵

From 2017, Slovenske železnice's corporate reporting followed the guidance issued by the Integrated Reporting Council. Since 2022 it has followed the guidance of the Value Reporting Foundation, or the Integrated Reporting Framework and SASB Standards (<https://www.valuereportingfoundation.org/>)

The introduction of integrated reporting into the Slovenske železnice Group was carried out in accordance with the following guiding principles:

- strategic focus and future orientation;
- connectivity of information;
- conciseness;
- stakeholder engagement;
- reliability and completeness.

NFRD (Non-Financial Reporting Directive)

The substantive guidelines also incorporate ESG concepts, with Slovenske železnice understanding 'E' as natural capital, 'S' as human and social capital and 'G' as the governance of assets in intellectual (non-materialised assets), production (materialised assets) and financial capital.

Preparations for the CSRD

All the aforementioned guidelines, directives and conceptual frameworks are becoming part of the Corporate Sustainability Reporting Directive, which means that Slovenske železnice is already to a large extent prepared and equipped to report under this Directive.



Compliance with United Nations guidelines

Sustainable development in the rail industry and transport means finding a balance between the needs of a growing population and the health of our planet by respecting environmental sustainability and security requirements. With this in mind, we are also pursuing the sustainable development goals of the United Nations to support our reporting process. We make an indirect impact (and, to a limited extent, direct impact) on the achievement of the goals of the United Nations, which are becoming the universal standard for sustainable development and represent a plan to solve the global crisis in an agreed, equitable and environmentally friendly manner.

INCLUSION OF THE EXPECTED DISCLOSURES FOR THE STATEMENT OF NON-FINANCIAL OPERATIONS PURSUANT TO THE COMPANIES ACT

Legally required disclosure	Section containing the disclosure ¹
Information on environmental matters	Natural capital
Information on social matters	Social capital, Human capital
Information on employee matters	Human capital
Information on respect for human rights	Social capital, Human capital
Information on anti-corruption and bribery matters	Corporate governance of the company (in particular the 'Corporate integrity' section); Most important topics of the Supervisory Board
Short description of the company's business model	Organisation ('Business model' section)
Main risks relating to the matters listed above and the methods the company uses to manage these risks	Risk and opportunity management

¹ Results, key non-financial performance indicators and links to the financial statements are presented in those sections in which it was possible or logical to do so.

INCLUSION OF THE EXPECTED DISCLOSURES (ALONGSIDE THE LEGALLY PRESCRIBED FINANCIAL AND NON-FINANCIAL DISCLOSURES) IN ACCORDANCE WITH THE CORPORATE GOVERNANCE CODE FOR COMPANIES WITH CAPITAL ASSETS OF THE STATE

Description of expected disclosure (Code, point 8.1.1, p. 31)	Section containing the expected disclosure
<ul style="list-style-type: none"> • risks and the risk management system • internal controls 	Risk and opportunity management Strategic policies Corporate governance of the company
<ul style="list-style-type: none"> • research and development 	Opportunity management system Opportunities Key risks and opportunities (each equity item separately)
<ul style="list-style-type: none"> • corporate governance of the company (including an explanation of any deviations from the provisions of the Code) 	Corporate governance of the company
<ul style="list-style-type: none"> • important events and circumstances affecting the business position of the company and/or owners 	Summary of the comprehensive report for 2022 Notable events in 2022 / Events after the end of the financial year Financial report (audited financial statements) / Events after the date of the balance statement Management of risks / Management of opportunities Strategic policies/objectives for 2022
<ul style="list-style-type: none"> • reporting on the sustainable development of the company 	Strategic policies/objectives for 2023 On corporate reporting by Slovenske železnice

Report on environmentally sustainable economic activities and investments of the Slovenske železnice Group and Slovenske železnice, d.o.o. for 2022³⁶

For the first time we are disclosing information, for the Slovenske železnice Group and Slovenske železnice, d.o.o., on whether, how and to what extent our activities are connected to the economic activities that are regarded as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088).

The disclosure of information relates to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 was adopted amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities. Treatment of the area of natural gas and nuclear energy from the point of view of the first two environmental objectives: climate change mitigation or climate change adaptation.

When drafting the report for 2022, we paid due regard to the Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of eligible economic activities and assets (2022/C385/01), which was published in the Official Journal of the European Union on 6 October 2022.

Annex I to the Disclosures Delegated Act clarifies that undertakings must use the same accounting principles that apply to the preparation of their consolidated annual financial statements to calculate their Taxonomy-aligned turnover. This is to ensure comparability with the turnover reported in the entity's consolidated financial statements. As a result, when a consolidated non-financial statement is prepared, the accounting principles of consolidation would exclude intercompany sales and turnover from own consumption.

The indicators are calculated on the basis of the definitions given in Annex I (KPIs of non-financial undertakings) to Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

Information at Slovenske železnice Group level is obtained from the financial statements, by individual activity and from the internal information system.

When reporting on individual Taxonomy-aligned activities, we also retained those activities that did not generate operating revenues or had capital or operating expenditure; this was in order to ensure that the report contained a comprehensive overview.

Companies in the Slovenske železnice Group are engaged in the following Taxonomy-eligible activities under the Regulation:

- Manufacture of low-carbon technologies for transport (electric traction)
Repair, maintenance, retrofitting, repurposing and upgrade of low-carbon electric rolling stock, coaches and components;
- Manufacture of low-carbon technologies for transport (diesel traction)
Repair, maintenance, retrofitting, repurposing and upgrade of low-carbon diesel rolling stock;
- Collection and transport of non-hazardous waste in source segregated fractions
Separate collection and transport of non-hazardous waste in single or co-mingled fractions aimed at preparing for reuse or recycling;
- Passenger interurban rail transport
Purchase, financing, rental, leasing and operation of domestic and international rail passenger transport using railway rolling stock on mainline and side networks in the territory of Slovenia;
- Passenger interurban rail transport (electric traction)
Operation of domestic and international rail passenger transport using electric railway rolling stock;
- Passenger interurban rail transport (diesel traction)
Operation of domestic and international rail passenger transport using diesel railway rolling stock;
- Freight rail transport (electric traction)
Operation of freight transport on mainline rail networks and railways with electric traction;
- Freight rail transport (diesel traction)
Operation of freight transport on mainline rail networks and railways with diesel traction;
- Urban and suburban transport, road passenger transport
Replacement bus transport in the event of maintenance and investment works on PRI and extraordinary events, and the provision of bus transport as part of combined train/bus passenger transport;
- Transport by motorbikes, passenger cars and light commercial vehicles
Intercity public scheduled and special scheduled road passenger transport;
- Freight transport services by road
Receipt, forwarding, transfer and delivery (in internal postal traffic) of letter and package shipments;
- Infrastructure for personal mobility, cycle logistics
Construction, maintenance and operation of infrastructure for personal mobility dedicated to pedestrians and bicycles, with or without electric assist;
- Infrastructure for rail transport
Construction, operation and maintenance of railways and subways as well as bridges and tunnels, stations, terminals, rail service facilities, safety and traffic management systems, including the provision of engineering services;
- Renovation of existing buildings
Construction and civil engineering works;
- Acquisition and ownership of buildings
Acquisition, renting and operation of real estate.

I. Slovenske železnice Group

1. Proportion of turnover from products or services related to Taxonomy-aligned economic activities – disclosure for the Slovenske železnice Group for 2022

Economic activities	Company carrying out the activity	NACE code	Absolute turnover EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Minimum safeguards YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
				Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Enabling activity E			Transitional activity T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1 Environmentally sustainable activities (Taxonomy-aligned)																	
Manufacture of low-carbon technologies for transport (electric traction)	SŽ-VIT	C30.20 C33.17	14,835	2.4	100.0	0.0	-	YES	YES	YES	YES	YES	YES	YES	2.4	E	-
Collection and transport of non-hazardous waste in source segregated fractions	SŽ-VIT	G46.77	1,466	0.3	100.0	0.0	-	YES	-	YES	-	-	YES	0.3	-	-	
Passenger interurban rail transport (electric traction)	SŽ-VIT	H49.10 N77.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES	0.0	-	-	
Freight rail transport (electric traction)	SŽ-VIT SŽ-TP	H49.20 N77.39	140,008	22.8	100.0	0.0	-	YES	-	YES	YES	-	YES	22.8	-	-	
Infrastructure for personal mobility, cycle logistics	SŽ-Infrastruktura	F42.11	2,543	0.4	100.0	0.0	-	YES	YES	YES	YES	YES	YES	0.4	E	-	
Infrastructure for rail transport	SŽ-TP SŽ-Infrastruktura SŽ-ŽGP	F42.12 F42.13 F42.99 F43.21 H52.21 M71.12 M71.20	149,361	24.4	100.0	0.0	-	YES	YES	YES	YES	YES	YES	24.4	E	-	
Renovation of existing buildings	SŽ-Infrastruktura	F43.99	7,132	1.2	100.0	0.0	-	YES	YES	YES	YES	-	YES	1.2	-	T	
Turnover from environmentally sustainable activities (Taxonomy-aligned) (A.1)			315,346	51.5										51.5			
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																	
Manufacture of low-carbon technologies for transport (diesel traction)	SŽ-VIT	C30.20 C33.17	0	0.0	100.0	0.0	-	YES	YES	YES	YES	YES	YES				
Passenger interurban rail transport	SŽ-PP	H49.10 N77.39	112,454	18.3	100.0	0.0	-	YES	-	YES	YES	-	YES				
Passenger interurban rail transport (diesel traction)	SŽ-VIT	H49.10 N77.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES				

Economic activities	Company carrying out the activity	NACE code	Absolute turnover EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Taxonomy-aligned proportion of turnover for 2022 %	Category	
				Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Minimum safeguards YES/NO		Enabling activity E	Transitional activity T
Freight rail transport (diesel traction)	SŽ-VIT SŽ-TP	H49.20 N77.39	13,093	2.1	100.0	0.0	-	YES	-	YES	YES	-	YES			
Urban and suburban transport, road passenger transport	SŽ-PP SŽ-ŽIP	H49.31 N77.39	3,160	0.5	100.0	0.0	-	YES	-	YES	YES	-	YES			
Transport by motorbikes, passenger cars and light commercial vehicles	SŽ-ŽIP	H49.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES			
Freight transport services by road	SŽ-ŽIP	H53.20	935	0.2	100.0	0.0	-	YES	-	YES	YES	-	YES			
Renovation of existing buildings	SŽ-ŽIP	H43.31 H43.34	198	0.0	100.0	0.0	-	YES	YES	YES	YES	-	YES			
Acquisition and ownership of buildings	SŽ SŽ-VIT SŽ-PP SŽ-TP SŽ-ŽGP SŽ-ŽIP	L68.20	2,311	0.4	100.0	0.0	-	YES	-	-	-	-	YES			
Turnover from Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)			132,151	21.5												
Total (A.1 + A.2)			447,498	73.0										51.5		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Turnover of Taxonomy-non-eligible activities (B)			165,850	27.0												
Total (A + B)			613,348	100.0												

According to the accounting principles applied in the preparation of the consolidated annual financial statements, the Slovenske železnice Group generated operating revenues of EUR 613,348 thousand in 2022. Of this figure, EUR 447,498 thousand (or 73%) came from Taxonomy-eligible activities. The Group generated operating revenues of EUR 165,850 thousand (27%) from Taxonomy-non-eligible activities.

We have assessed, on the basis of a precise overview of the required technical criteria, that not

all Taxonomy-eligible activities are Taxonomy-aligned activities. We have split the production of low-carbon transport technologies into two segments: the maintenance, retrofitting, repurposing and upgrade of electric rolling stock and coaches (which is therefore Taxonomy-aligned on the basis of the technical criteria) and the segment relating to diesel rolling stock (which is therefore not Taxonomy-aligned). We have divided passenger interurban rail transport and freight rail transport, within which activities

SŽ-Vleka in tehnika, d.o.o. provides electric and diesel traction services, and the freight rail transport provided by SŽ-Tovorni promet, d.o.o., in the same way.

Passenger interurban rail transport is also provided by SŽ-Potniški promet, d.o.o., where we have defined ourselves as not Taxonomy-aligned despite meeting one of the technical criteria referred to in Delegated Commission Regulation (EU) 2021/2139 for a substantial contribution to climate change mitigation. This is because we are

unable, on the basis of the information currently available, to determine the ratio between electric traction (Taxonomy-aligned) and diesel traction (not Taxonomy-aligned). After the correct ratio is set, it will be possible to change the definition of alignment over next few years. According to the current indicative estimate, it is 71:29 in favour of electric traction for passenger trains.

On the basis of the required technical criteria, we are also Taxonomy-aligned in the activities of collection and transport of non-hazardous waste

in source segregated fractions, infrastructure for personal mobility, cycle logistics and infrastructure for rail transport. In terms of compliance with the technical criteria, the renovation of existing buildings is Taxonomy-aligned at SŽ-Infrastruktura, d.o.o. but not at SŽ-ŽIP, storitve, d.o.o. Similarly, as a result of non-compliance with the criteria for substantial contribution, we are not Taxonomy-aligned in urban and suburban transport, road passenger transport, transport by motorbikes, passenger cars and light commercial vehicles, freight transport services by road and the acquisition and ownership of buildings.

We calculated the turnover key performance indicator as part of net revenues from products or services, including intangible, related to Taxonomy-aligned economic activities (numerator), divided by net revenues (denominator). Revenues include revenues recognised in accordance with paragraph 82A of International Accounting Standard (IAS) 1 as adopted by Regulation (EC) No 1126/2008 (1).

In 2022 we generated operating revenues of EUR 14,835 thousand (2.4% of all operating revenues in the Slovenske železnice Group) from the manufacture of low carbon technologies for transport (electric traction, NACE codes C30.20 and C33.17), within which activity we repair, maintain, repurpose or upgrade trains and coaches with zero direct CO₂ emissions.

We generated operating revenues of EUR 1,466 thousand (0.3% of all operating revenues) from the collection and transport of non-hazardous waste in source segregated fractions (NACE code G46.77).

In 2022 we generated operating revenues of EUR 140,008 thousand (22.8% of all operating revenues) from the operation of freight transport with electric traction (NACE codes H49.20 and N77.39). Within this activity, net transport revenues of EUR 122,978 thousand accounted for the highest share of operating revenues. Revenues from compensation on account of additional expenses resulting from PRI maintenance and the resulting traffic disruptions totalled EUR 8,148 thousand, while the remainder of the operating revenues came from subsidies from

the Climate Change Fund for combined transport (EUR 4,150 thousand), the use of coaches (EUR 3,603 thousand), electric locomotive lease fees (EUR 887 thousand), coach lease fees (EUR 174 thousand) and other revenues (EUR 69 thousand). We generated 2.1% of all operating revenues (EUR 13,093 thousand) from the same activity (but using diesel traction); of this total, EUR 10,694 thousand came from net transport revenues and the remainder was generated by the leasing of diesel locomotives (EUR 1,425 thousand) and by revenues from the Climate Change Fund for individual consignments (EUR 974 thousand).

As part of the infrastructure for personal mobility and cycle logistics activity, we construct and operate Taxonomy-aligned infrastructure designed for personal mobility or cycling. In 2022, as part of the project to set up and construct bicycle parking areas (bicycle sheds) at railway stations (NACE code F42.11), we generated operating revenues of EUR 2,543 thousand (0.4% of all operating revenues of the Slovenske železnice Group).

The majority of revenues from Taxonomy-aligned activities come from the infrastructure for rail transport provided as part of the public service obligation of PRI maintenance and renovation (activities under NACE codes F42.12, F42.13, F42.99, F43.21, H52.21, M71.12, M71.20). This activity also includes the handling of containers by SŽ-Tovorni promet, d.o.o. and the construction and modernisation of railways and of bridges and tunnels by SŽ-ŽGP, d.d. As we meet the technical criteria of Commission Delegated Regulation (EU) 2021/2139 for a substantial contribution to climate change mitigation, the activity is Taxonomy-aligned. We generated operating revenues of EUR 104,041 thousand from regular PRI maintenance and renovation, EUR 2,317 thousand from the consequences of loss events on PRI, EUR 1,208 thousand from the handling of containers and EUR 41,795 thousand from the construction and modernisation of railways, giving a total of EUR 149,361 thousand (24.4% of all operating revenues in 2022).

The renovation of existing buildings (NACE code F43.99), which covers the maintenance and renovation of buildings with and without PRI status, is Taxonomy-eligible and Taxonomy-aligned on the basis of the criterion that dictates that the renovation of buildings meets the requirements applied for larger renovations. We generated operating revenues of EUR 7,132 thousand from this activity (NACE code F43.99).

In 2022 we generated transport revenues of EUR 38,037 thousand from passenger interurban rail transport (NACE codes H49 and N77.39) and revenues of EUR 74,417 thousand from other operating revenues, giving a total of EUR 112,454 thousand (18.3% of all operating revenues in 2022).

The activity of urban and suburban transport and road passenger transport (activity under NACE codes H49.39 and N77.39) is not Taxonomy-aligned because we do not meet the technical criteria for a substantial contribution to climate change mitigation. We generated operating revenues of EUR 3,160 thousand in this activity in 2022 (0.5% of all operating revenues of the Slovenske železnice Group), i.e. revenues of EUR 2,843 thousand from replacement bus transport resulting from disruptions on PRI, EUR 312 thousand from the provision of scheduled bus routes and the transport of schoolchildren, and EUR 5 thousand from other bus transport services that are part of train/bus packages.

We generated EUR 935 thousand in operating revenues (0.2% of all operating revenues) in freight road transport (NACE code H53.20) and EUR 198 thousand in the renovation of existing buildings (NACE codes H43.31 and H43.34).

The acquisition and ownership of buildings (NACE code L68.20), which includes the renting-out of own real estate, is also responsible for a portion of Taxonomy-eligible operating revenues. We generated operating revenues of EUR 2,311 thousand (0.4% of all operating revenues) from this activity in 2022.

2. Proportion of capital expenditure in products and services related to Taxonomy-aligned economic activities – disclosure for the Slovenske železnice Group in 2022

Economic activities	Company carrying out the activity	NACE code	Absolute CapEx EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Minimum safeguards YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
				Proportion of CapEx %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Enabling activity E			Transitional activity T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1 Environmentally sustainable activities (Taxonomy-aligned)																	
Manufacture of low-carbon technologies for transport (electric traction)	SŽ-VIT	C30.20 C33.17	1,769	0.6	100.0	0.0	-	YES	YES	YES	YES	YES	YES	YES	0.6	E	-
Collection and transport of non-hazardous waste in source segregated fractions	SŽ-VIT	G46.77	0	0.0	100.0	0.0	-	YES	-	YES	-	-	YES	0.0	-	-	
Passenger interurban rail transport (electric traction)	SŽ-VIT	H49.10 N77.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES	0.0	-	-	
Freight rail transport (electric traction)	SŽ-VIT SŽ-TP	H49.20 N77.39	22,408	7.8	100.0	0.0	-	YES	-	YES	YES	-	YES	7.8	-	-	
Infrastructure for personal mobility, cycle logistics	SŽ-Infrastruktura	F42.11	0	0.0	100.0	0.0	-	YES	YES	YES	YES	YES	YES	0.0	E	-	
Infrastructure for rail transport	SŽ-TP SŽ-Infrastruktura SŽ-ŽGP	F42.12 F42.13 F42.99 F43.21 H52.21 M71.12 M71.20	5,788	2.0	100.0	0.0	-	YES	YES	YES	YES	YES	YES	2.0	E	-	
Renovation of existing buildings	SŽ-Infrastruktura	F43.99	0	0.0	100.0	0.0	-	YES	YES	YES	YES	-	YES	0.0	-	T	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			29,964	10.4										10.4			
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																	
Manufacture of low-carbon technologies for transport (diesel traction)	SŽ-VIT	C30.20 C33.17	0	0.0	100.0	0.0	-	YES	YES	YES	YES	YES	YES				
Passenger interurban rail transport	SŽ-PP	H49.10 N77.39	241,427	84.0	100.0	0.0	-	YES	-	YES	YES	-	YES				
Passenger interurban rail transport (diesel traction)	SŽ-VIT	H49.10 N77.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES				
Freight rail transport (diesel traction)	SŽ-VIT SŽ-TP	H49.20 N77.39	1,331	0.5	100.0	0.0	-	YES	-	YES	YES	-	YES				

Economic activities	Company carrying out the activity	NACE code	Absolute CapEx EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Taxonomy-aligned proportion of turnover for 2022 %	Category	
				Proportion of CapEx %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Minimum safeguards YES/NO		Enabling activity E	Transitional activity T
Urban and suburban transport, road passenger transport	SŽ-PP SŽ-ŽIP	H49.31 N77.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES			
Transport by motorbikes, passenger cars and light commercial vehicles	SŽ-ŽIP	H49.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES			
Freight transport services by road	SŽ-ŽIP	H53.20	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES			
Renovation of existing buildings	SŽ-ŽIP	H43.31 H43.34	63	0.0	100.0	0.0	-	YES	YES	YES	YES	-	YES			
Acquisition and ownership of buildings	SŽ SŽ-VIT SŽ-PP SŽ-TP SŽ-ŽGP SŽ-ŽIP	L68.20	418	0.1	100.0	0.0	-	YES	-	-	-	-	YES			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)			243,239	84.6												
Total (A.1 + A.2)			273,204	95.0										10.4		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
CapEx of Taxonomy-non-eligible activities (B)			14,376	5.0												
Total (A + B)			287,580	100.0												

We used the expenditure shown in accordance with the following standards to calculate the proportions of eligible and aligned expenditures, eligible and not aligned expenditures, and non-eligible expenditures:

- acquisition of property, plant and equipment (IAS 16);
- acquisitions of intangible assets (IAS 38);
- acquisition of investment property (IAS 40);
- acquisition of right-of-use lease assets (IFRS 16).

The total for the above-mentioned acquisitions constitutes the denominator for the calculation of the proportions.

The total of all capital expenditure in 2022 was EUR 287,580 thousand. Taxonomy-aligned capital expenditure totalled EUR 29,964 thousand, or 10.4% of all capital expenditure, while eligible but not aligned capital expenditure totalled EUR 243,239 thousand (84.6% of all capital expenditure in 2022). Taxonomy-non-eligible capital expenditure totalled EUR 14,376 thousand, or 5% of all capital expenditure.

The acquisition of property, plant and equipment within the Taxonomy-aligned activity of the manufacture of low-carbon technologies for transport (electric traction) totalled EUR 1,769 thousand in 2022, with the bulk of that

figure going towards investments in manufacturing equipment and facilities for commercial activities.

The acquisition of property, plant and equipment within the Taxonomy-aligned activity of the operation of freight transport with electric traction totalled EUR 22,408 thousand in 2022, with the bulk of that figure coming from the acquisition of right-of-use lease assets associated with leased wagons and locomotives (EUR 11,357 thousand). The remaining EUR 11,051 thousand came from the acquisition of property, plant and equipment, with the inspection and adaptation of engines and rolling stock accounting for the largest share of this figure. Capital expenditure on the acquisition

of property, plant and equipment within the activity of the operation of freight transport with diesel traction totalled EUR 1,331 thousand (0.5% of all capital expenditure).

Capital expenditure on acquisitions of property, plant and equipment within the Taxonomy-aligned activity of infrastructure for rail transport totalled EUR 5,788 thousand in 2022, with the bulk of this figure going towards investments in special-purpose rolling stock, construction machinery, road vehicles and manufacturing equipment.

With capital expenditure in the activity of passenger interurban rail transport, we are compelled to invest in the electrification of railway

infrastructure, which depends on investments by the government as the owner of the entire rail network. Under the terms of the PSO to which we are bound, we are required to provide passenger transport on electrified and non-electrified routes; accordingly, we invest in both electric and diesel engines. Acquisitions of property, plant and equipment within the activity of passenger interurban rail transport accounted for 84% of all investments by the Slovenske železnice Group in 2022 (EUR 241,427 thousand), with the bulk going towards investments in new purchases of tractive vehicles (EUR 235,560 thousand).

Acquisitions of property, plant and equipment within the activity of the renovation of existing buildings totalled EUR 63 thousand, and we invested EUR 418 thousand in the maintenance of property within the activity of the acquisition and ownership of buildings in 2022.

3. Proportion of operating expenditure in products and services related to Taxonomy-aligned economic activities – disclosure for the Slovenske železnice Group in 2022

Economic activities	Company carrying out the activity	NACE code	Absolute OpEx EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Taxonomy-aligned proportion of turnover for 2022 %	Category		
				Proportion of OpEx %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Minimum safeguards YES/NO		Enabling activity E	Transitional activity T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1 Environmentally sustainable activities (Taxonomy-aligned)																	
Manufacture of low-carbon technologies for transport (electric traction)	SŽ-VIT	C30.20 C33.17	348	0.3	100.0	0.0	-	YES	YES	YES	YES	YES	YES	YES	0.3	E	-
Collection and transport of non-hazardous waste in source segregated fractions	SŽ-VIT	G46.77	0	0.0	100.0	0.0	-	YES	-	YES	-	-	YES	0.0	-	-	
Passenger interurban rail transport (electric traction)	SŽ-VIT	H49.10 N77.39	30	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES	0.0	-	-	
Freight rail transport (electric traction)	SŽ-VIT SŽ-TP	H49.20 N77.39	17,253	16.4	100.0	0.0	-	YES	-	YES	YES	-	YES	16.4	-	-	
Infrastructure for personal mobility, cycle logistics	SŽ-Infrastruktura	F42.11	2,401	2.3	100.0	0.0	-	YES	YES	YES	YES	YES	YES	2.3	E	-	

Economic activities	Company carrying out the activity	NACE code	Absolute OpEx EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Minimum safeguards YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
				Proportion of OpEx %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Enabling activity E			Transitional activity T	
Infrastructure for rail transport	SŽ-TP SŽ-Infrastruktura SŽ-ŽGP	F42.12 F42.13 F42.99 F43.21 H52.21 M71.12 M71.20	34,527	32.8	100.0	0.0	-	YES	YES	YES	YES	YES	YES	YES	32.8	E	
Renovation of existing buildings	SŽ-Infrastruktura	F43.99	2,153	2.0	100.0	0.0	-	YES	YES	YES	YES	YES	-	YES	2.0	-	T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			56,712	53.8											53.8		
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																	
Manufacture of low-carbon technologies for transport (diesel traction)	SŽ-VIT	C30.20 C33.17	25	0.0	100.0	0.0	-	YES	YES	YES	YES	YES	YES	YES			
Passenger interurban rail transport	SŽ-PP	H49.10 N77.39	10,373	9.9	100.0	0.0	-	YES	-	YES	YES	-	YES				
Passenger interurban rail transport (diesel traction)	SŽ-VIT	H49.10 N77.39	16	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES				
Freight rail transport (diesel traction)	SŽ-VIT SŽ-TP	H49.20 N77.39	765	0.7	100.0	0.0	-	YES	-	YES	YES	-	YES				
Urban and suburban transport, road passenger transport	SŽ-PP SŽ-ŽIP	H49.31 N77.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES				
Transport by motorbikes, passenger cars and light commercial vehicles	SŽ-ŽIP	H49.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES				
Freight transport services by road	SŽ-ŽIP	H53.20	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES				
Renovation of existing buildings	SŽ-ŽIP	H43.31 H43.34	21	0.0	100.0	0.0	-	YES	YES	YES	YES	-	YES				
Acquisition and ownership of buildings	SŽ SŽ-VIT SŽ-PP SŽ-TP SŽ-ŽGP SŽ-ŽIP	L68.20	315	0.3	100.0	0.0	-	YES	-	-	-	-	YES				

Economic activities	Company carrying out the activity	NACE code	Absolute OpEx EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA						Taxonomy-aligned proportion of turnover for 2022 %	Category		
				Proportion of OpEx %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO		Minimum safeguards YES/NO	Enabling activity E	Transitional activity T
OpEx of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)			11,515	10.9												
Total (A.1 + A.2)			68,227	64.7									53.8			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
OpEx of Taxonomy-non-eligible activities (B)			37,134	35.3												
Total (A + B)			105,361	100.0												

The denominator of the key performance indicator of operating expenditure in conjunction with the EU Taxonomy Regulation covers direct non-capitalised costs relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. These are costs associated with:

- research and development;
- building renovation measures;
- short-term leases;
- maintenance and repairs.

Operating expenditure totalled EUR 104,257 thousand in 2022: 54.4% in Taxonomy-aligned activities (EUR 56,712 thousand), 11% in Taxonomy-eligible but Taxonomy-non-aligned activities (EUR 11,515 thousand) and 34.6% in activities that are not Taxonomy-eligible (EUR 36,030 thousand).

In the activity of the manufacture of low-carbon technologies for transport (electric traction), operating expenditure amounted to EUR 348 thousand, or 0.3% of all operating expenditure. This figure was EUR 25 thousand for transport with diesel traction.

Operating expenditure in the activity of passenger interurban rail transport comprised maintenance costs of EUR 30 thousand for electric traction and EUR 16 thousand for diesel traction.

In 2022 that part of the activity of the operation of freight transport relating to electric traction produced operating expenditure of EUR 17,253 thousand (16.5% of all operating expenditure), while the part relating to diesel traction produced operating expenditure of EUR 765 thousand (0.7% of all operating expenditure).

The infrastructure for personal mobility and cycle logistics activity included operating expenditure of EUR 2,401 thousand in 2022 (2.3% of all operating expenditure). These expenditures related to services in the field of PRI renovation.

The operating expenditure within the activity of infrastructure for rail transport related to short-term leases totalling EUR 127 thousand and to services for the renovation and regular maintenance of buildings, road vehicles and machinery for the maintenance of PRI and for materials and replacement parts (EUR 34,400 thousand). These expenditures totalled EUR 34,527 thousand, or 33.1% of all operating expenditure.

Operating expenditure in the activity of the renovation of existing buildings included the costs of materials and services for the regular maintenance and renovation of buildings (EUR 2,153 thousand, or 2.1% of all operating expenditure).

In 2022 the activities of passenger interurban rail transport included operating expenditure of EUR 10,373 thousand (9.9% of all operating expenditure). These expenditures related to the costs of services and replacement parts for the maintenance of rolling stock totalling EUR 1,994 thousand and rents totalling EUR 8,379 thousand.

The activity of the renovation of existing buildings included operating expenditure of EUR 21 thousand in 2022.

In 2022 the activity of the acquisition of ownership of buildings included operating expenditure of EUR 315 thousand (0.3% of all operating expenditure). These investments related to the ongoing maintenance of buildings being rented out.

We prepared these disclosures after studying the relevant Taxonomy documents, our current understanding, the available data and an assessment of the requirements. We are aware that Commission Delegated Regulation (EU) 2021/2178 will be updated; we will therefore study the further explanations and requirements carefully as they arrive, and take their impact into account when disclosing Slovenske železnice Group data in the future. Amendments by the European Commission to Commission Delegated Regulation (EU) 2021/2178 also require those subject to a reporting obligation to disclose the proportion of activities in the area of nuclear energy and natural gas that are not Taxonomy-aligned. The Slovenske železnice Group is not engaged in any activities that belong to that category.

ADDITIONAL DISCLOSURES

In order to obtain a more comprehensive understanding of the factors, we have opted to make additional disclosures – that is, as permitted by the Disclosures Delegated Act, we are disclosing information on internal revenues.

Companies in the Slovenske železnice Group generate Taxonomy-eligible revenues by doing business with other companies in the Group.

We therefore disclose additional data on a non-consolidated basis below.

4. Proportion of turnover from products or services related to Taxonomy-aligned economic activities – disclosure for the Slovenske železnice Group for 2022 (data on a non-consolidated basis)

Economic activities	Company carrying out the activity	NACE code	Absolute turnover EUR thousand	Proportion of turnover %	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Minimum safeguards YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
					Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Enabling activity E	Transitional activity T				
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
Manufacture of low-carbon technologies for transport (electric traction)	SŽ-VIT	C30.20 C33.17	45,404	5.7	100.0	0.0	-	YES	YES	YES	YES	YES	YES	YES	5.7	E	-	
Collection and transport of non-hazardous waste in source segregated fractions	SŽ-VIT	G46.77	1,466	0.2	100.0	0.0	-	YES	-	YES	-	-	YES	0.2	-	-		
Passenger interurban rail transport (electric traction)	SŽ-VIT	H49.10 N77.39	18,935	2.4	100.0	0.0	-	YES	-	YES	YES	-	YES	2.4	-	-		
Freight rail transport (electric traction)	SŽ-VIT SŽ-TP	H49.20 N77.39	169,324	21.4	100.0	0.0	-	YES	-	YES	YES	-	YES	21.4	-	-		
Infrastructure for personal mobility, cycle logistics	SŽ-Infrastruktura	F42.11	2,543	0.3	100.0	0.0	-	YES	YES	YES	YES	YES	YES	0.3	E	-		
Infrastructure for rail transport	SŽ-TP SŽ-Infrastruktura SŽ-ŽGP	F42.12 F42.13 F42.99 F43.21 H52.21 M71.12 M71.20	160,592	20.3	100.0	0.0	-	YES	YES	YES	YES	YES	YES	20.3	E	-		
Renovation of existing buildings	SŽ-Infrastruktura	F43.99	7,132	0.9	100.0	0.0	-	YES	YES	YES	YES	-	YES	0.9	-	T		
Turnover from environmentally sustainable activities (Taxonomy-aligned) (A.1)			405,397	51.2										51.2				

Economic activities	Company carrying out the activity	NACE code	Absolute turnover EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Minimum safeguards YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
				Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Enabling activity E			Transitional activity T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																	
Manufacture of low-carbon technologies for transport (diesel traction)	SŽ-VIT	C30.20 C33.17	8,959	1.1	100.0	0.0	-	YES	YES	YES	YES	YES	YES				
Passenger interurban rail transport	SŽ-PP	H49.10 N77.39	113,190	14.3	100.0	0.0	-	YES	-	YES	YES	-	YES				
Passenger interurban rail transport (diesel traction)	SŽ-VIT	H49.10 N77.39	11,949	1.5	100.0	0.0	-	YES	-	YES	YES	-	YES				
Freight rail transport (diesel traction)	SŽ-VIT SŽ-TP	H49.20 N77.39	22,431	2.8	100.0	0.0	-	YES	-	YES	YES	-	YES				
Urban and suburban transport, road passenger transport	SŽ-PP SŽ-ŽIP	H49.31 N77.39	6,574	0.8	100.0	0.0	-	YES	-	YES	YES	-	YES				
Transport by motorbikes, passenger cars and light commercial vehicles	SŽ-ŽIP	H49.39	692	0.1	100.0	0.0	-	YES	-	YES	YES	-	YES				
Freight transport services by road	SŽ-ŽIP	H53.20	1,570	0.2	100.0	0.0	-	YES	-	YES	YES	-	YES				
Renovation of existing buildings	SŽ-ŽIP	H43.31 H43.34	1,449	0.2	100.0	0.0	-	YES	YES	YES	YES	-	YES				
Acquisition and ownership of buildings	SŽ SŽ-VIT SŽ-PP SŽ-TP SŽ-ŽGP SŽ-ŽIP	L68.20	3,813	0.5	100.0	0.0	-	YES	-	-	-	-	YES				
Turnover from Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)			170,629	21.5													
Total (A.1 + A.2)			576,026	72.7										51.2			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																	
Turnover of Taxonomy-non-eligible activities (B)			216,718	27.3													
Total (A + B)			792,744	100.0													

5. Proportion of capital expenditure in products and services related to Taxonomy-aligned economic activities – disclosure for the Slovenske železnice Group in 2022 (data on a non-consolidated basis)

Economic activities	Company carrying out the activity	NACE code	Absolute CapEx EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Minimum safeguards YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
				Proportion of CapEx %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Enabling activity E			Transitional activity T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1 Environmentally sustainable activities (Taxonomy-aligned)																	
Manufacture of low-carbon technologies for transport (electric traction)	SŽ-VIT	C30.20 C33.17	1,769	0.6	100.0	0.0	-	YES	YES	YES	YES	YES	YES	YES	0.6	E	-
Collection and transport of non-hazardous waste in source segregated fractions	SŽ-VIT	G46.77	0	0.0	100.0	0.0	-	YES	-	YES	-	-	YES	0.0	-	-	
Passenger interurban rail transport (electric traction)	SŽ-VIT	H49.10 N77.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES	0.0	-	-	
Freight rail transport (electric traction)	SŽ-VIT SŽ-TP	H49.20 N77.39	22,491	7.7	100.0	0.0	-	YES	-	YES	YES	-	YES	7.7	-	-	
Infrastructure for personal mobility, cycle logistics	SŽ-Infrastruktura	F42.11	0	0.0	100.0	0.0	-	YES	YES	YES	YES	YES	YES	0.0	E	-	
Infrastructure for rail transport	SŽ-TP SŽ-Infrastruktura SŽ-ŽGP	F42.12 F42.13 F42.99 F43.21 H52.21 M71.12 M71.20	8,646	3.0	100.0	0.0	-	YES	YES	YES	YES	YES	YES	3.0	E	-	
Renovation of existing buildings	SŽ-Infrastruktura	F43.99	0	0.0	100.0	0.0	-	YES	YES	YES	YES	-	YES	0.0	-	T	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			32,906	11.3										11.3			
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																	
Manufacture of low-carbon technologies for transport (diesel traction)	SŽ-VIT	C30.20 C33.17	0	0.0	100.0	0.0	-	YES	YES	YES	YES	YES	YES				
Passenger interurban rail transport	SŽ-PP	H49.10 N77.39	241,427	82.6	100.0	0.0	-	YES	-	YES	YES	-	YES				
Passenger interurban rail transport (diesel traction)	SŽ-VIT	H49.10 N77.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES				
Freight rail transport (diesel traction)	SŽ-VIT SŽ-TP	H49.20 N77.39	1,331	0.5	100.0	0.0	-	YES	-	YES	YES	-	YES				

Economic activities	Company carrying out the activity	NACE code	Absolute CapEx EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Minimum safeguards YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
				Proportion of CapEx %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Enabling activity E			Transitional activity T	
Urban and suburban transport, road passenger transport	SŽ-PP SŽ-ŽIP	H49.31 N77.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES				
Transport by motorbikes, passenger cars and light commercial vehicles	SŽ-ŽIP	H49.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES				
Freight transport services by road	SŽ-ŽIP	H53.20	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES				
Renovation of existing buildings	SŽ-ŽIP	H43.31 H43.34	63	0.0	100.0	0.0	-	YES	YES	YES	YES	-	YES				
Acquisition and ownership of buildings	SŽ SŽ-VIT SŽ-PP SŽ-TP SŽ-ŽGP SŽ-ŽIP	L68.20	418	0.1	100.0	0.0	-	YES	-	-	-	-	YES				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)			243,239	83.2													
Total (A.1 + A.2)			276,145	94.5										11.3			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																	
CapEx of Taxonomy-non-eligible activities (B)			16,341	5.5													
Total (A + B)			292,486	100.0													

6. Proportion of operating expenditure in products and services related to Taxonomy-aligned economic activities – disclosure for the Slovenske železnice Group in 2022 (data on a non-consolidated basis)

Economic activities	Company carrying out the activity	NACE code	Absolute OpEx EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Minimum safeguards YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
				Proportion of OpEx %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Enabling activity E			Transitional activity T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1 Environmentally sustainable activities (Taxonomy-aligned)																	
Manufacture of low-carbon technologies for transport (electric traction)	SŽ-VIT	C30.20 C33.17	764	0.5	100.0	0.0	-	YES	YES	YES	YES	YES	YES	YES	0.5	E	-
Collection and transport of hazardous waste fractions separated at source	SŽ-VIT	G46.77	0	0.0	100.0	0.0	-	YES	-	YES	-	-	YES	0.0	-	-	
Passenger rail transport, interurban (electric traction)	SŽ-VIT	H49.10 N77.39	44	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES	0.0	-	-	
Freight rail transport (electric traction)	SŽ-VIT SŽ-TP	H49.20 N77.39	24,063	16.7	100.0	0.0	-	YES	-	YES	YES	-	YES	16.7	-	-	
Infrastructure for personal mobility, cycle logistics	SŽ-Infrastruktura	F42.11	2,401	1.7	100.0	0.0	-	YES	YES	YES	YES	YES	YES	1.7	E	-	
Infrastructure for rail transport	SŽ-TP SŽ-Infrastruktura SŽ-ŽGP	F42.12 F42.13 F42.99 F43.21 H52.21 M71.12 M71.20	51,481	35.7	100.0	0.0	-	YES	YES	YES	YES	YES	YES	35.7	E	-	
Renovation of existing buildings	SŽ-Infrastruktura	F43.99	2,821	2.0	100.0	0.0	-	YES	YES	YES	YES	-	YES	2.0	-	T	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			81,574	56.6										56.6			
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																	
Manufacture of low-carbon technologies for transport (diesel traction)	SŽ-VIT	C30.20 C33.17	112	0.1	100.0	0.0	-	YES	YES	YES	YES	YES	YES				
Passenger interurban rail transport	SŽ-PP	H49.10 N77.39	20,106	14.0	100.0	0.0	-	YES	-	YES	YES	-	YES				
Passenger interurban rail transport (diesel traction)	SŽ-VIT	H49.10 N77.39	21	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES				
Freight rail transport (diesel traction)	SŽ-VIT SŽ-TP	H49.20 N77.39	2,394	1.7	100.0	0.0	-	YES	-	YES	YES	-	YES				

Economic activities	Company carrying out the activity	NACE code	Absolute OpEx EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Taxonomy-aligned proportion of turnover for 2022 %	Category	
				Proportion of OpEx %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Minimum safeguards YES/NO		Enabling activity E	Transitional activity T
Urban and suburban transport, road passenger transport	SŽ-PP SŽ-ŽIP	H49.31 N77.39	54	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES			
Transport by motorbikes, passenger cars and light commercial vehicles	SŽ-ŽIP	H49.39	0	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES			
Freight transport services by road	SŽ-ŽIP	H53.20	1	0.0	100.0	0.0	-	YES	-	YES	YES	-	YES			
Renovation of existing buildings	SŽ-ŽIP	H43.31 H43.34	21	0.0	100.0	0.0	-	YES	YES	YES	YES	-	YES			
Acquisition and ownership of buildings	SŽ SŽ-VIT SŽ-PP SŽ-TP SŽ-ŽGP SŽ-ŽIP	L68.20	640	0.4	100.0	0.0	-	YES	-	-	-	-	YES			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)			23,349	16.2												
Total (A.1 + A.2)			104,923	72.8										56.6		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
OpEx of Taxonomy-non-eligible activities (B)			39,187	27.2												
Total (A + B)			144,111	100.0												

II. Slovenske železnice, d.o.o.

1. Proportion of turnover from products or services related to Taxonomy-aligned economic activities – disclosure for Slovenske železnice, d.o.o. for 2022

Economic activities	NACE code	Absolute turnover EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			MERILA ZA NEBISTVENO ŠKODOVANJE							Minimum safeguards YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
			Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Enabling activity E			Transitional activity T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																
Turnover from environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0											0.0		
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																
Acquisition and ownership of buildings	L68.20	632	8.0	100.0	0.0	-	YES	-	-	-	-	YES				
Turnover from Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)		632	8.0													
Total (A.1 + A.2)		632	8.0											0.0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
OpEx of Taxonomy-non-eligible activities (B)		7,227	92.0													
Total (A + B)		7,859	100.0													

According to the accounting principles applied in the preparation of the consolidated annual financial statements, Slovenske železnice, d.o.o. generated consolidated operating revenues of EUR 7,859 thousand in 2022. Of this figure, EUR 632 thousand (or 73%) came from Taxonomy-eligible activities. The company generated operating revenues of EUR 7,227 thousand (92% of operating revenues) from Taxonomy-non-eligible activities.

Following a careful review of the required technical criteria, our assessment is that the activity of the acquisition and ownership of buildings is Taxonomy-eligible but Taxonomy-non-aligned.

We calculated the turnover key performance indicator as part of net revenues from products or services, including intangible, related to Taxonomy-aligned economic activities (numerator), divided by net revenues (denominator). Revenues include revenues recognised in accordance with paragraph 82A of International Accounting Standard (IAS) 1 as adopted by Regulation (EC) No 1126/2008 (1).

In 2022 we generated revenues of EUR 632 thousand in the activity of the acquisition and ownership of buildings (NACE code L68.20), or 8% of all revenues of the company; these revenues related to rents from business premises and other buildings in ownership.

2. Proportion of capital expenditure in products and services related to Taxonomy-aligned economic activities – disclosure for Slovenske železnice, d.o.o. in 2022

Economic activities	NACE code	Absolute CapEx EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Taxonomy-aligned proportion of turnover for 2022 %	Category	
			Proportion of CapEx %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Minimum safeguards YES/NO		Enabling activity E	Transitional activity T
A. TAXONOMY-ELIGIBLE ACTIVITIES															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0										0.0		
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)															
Acquisition and ownership of buildings	L68.20	220	2.8	100.0	0.0	-	YES	-	-	-	-	YES			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)		220	2.8												
Total (A.1 + A.2)		220	2.8										0.0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES															
CapEx of Taxonomy-non-eligible activities (B)		7,686	97.2												
Total (A + B)		7,906	100.0												

We used the expenditure from the following standards to calculate the proportions of eligible and aligned expenditures, eligible and not aligned expenditures, and non-eligible expenditures:

- acquisition of property, plant and equipment (IAS 16);
- acquisitions of intangible assets (IAS 38);
- acquisition of investment property (IAS 40);
- acquisition of right-of-use lease assets (IFRS 16).

The total for the above-mentioned acquisitions constitutes the denominator for the calculation of the proportions.

Capital expenditure totalled EUR 4,204 thousand in 2022. Taxonomy-eligible capital expenditure totalled EUR 4 thousand. Taxonomy-non-eligible capital expenditure totalled EUR 4,200 thousand, or 99.9% of all capital expenditure.

Acquisitions of property, plant and equipment within the Taxonomy-eligible activities of the acquisition and ownership of buildings totalled EUR 4 thousand in 2022 (investments in holiday units).

3. Proportion of operating expenditure in products and services related to Taxonomy-aligned economic activities – disclosure for Slovenske železnice, d.o.o. in 2022

Economic activities	NACE code	Absolute OpEx EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Minimum safeguards YES/NO	Biodiversity and ecosystems YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
			Proportion of OpEx %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Enabling activity E	Transitional activity T					
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1 Environmentally sustainable activities (Taxonomy-aligned)																	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0												0.0		
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																	
Acquisition and ownership of buildings	L68.20	241	7.1	100.0	0.0												
OpEx of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)		241	7.1														
Total (A.1 + A.2)		241	7.1												0.0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																	
OpEx of Taxonomy-non-eligible activities (B)		3,164	92.9														
Total (A + B)		3,405	100.0														

The denominator of the key performance indicator of operating expenditure in conjunction with the EU Taxonomy Regulation covers direct non-capitalised costs relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. These are costs associated with:

- research and development;
- building renovation measures;
- short-term leases;
- maintenance and repairs.

Operating expenditure totalled EUR 3,405 thousand in 2022: 7.1% in Taxonomy-eligible activities (EUR 242 thousand) and 92.9% in activities that are Taxonomy-non-eligible (EUR 3,164 thousand).

In 2022 the activity of the acquisition of ownership of buildings included operating expenditure of EUR 241 thousand (7.1% of all operating expenditure). These investments related to the ongoing maintenance of buildings being rented out.

We prepared these disclosures after studying the relevant Taxonomy documents, our current understanding, the available data and an assessment of the requirements. We are aware that the Regulation will be updated; we will therefore study the further explanations and requirements carefully as they arrive, and take their impact into account when disclosing Slovenske železnice d.o.o. data in the future. Amendments by the European Commission to Commission Delegated Regulation (EU) 2021/2178 also require

those subject to a reporting obligation to disclose the proportion of activities in the area of nuclear energy and natural gas that are not Taxonomy-aligned. Slovenske železnice, d.o.o. does not perform any activities that belong to that category.

ADDITIONAL DISCLOSURES

In order to obtain a more comprehensive understanding of the factors, we have opted to make additional disclosures – that is, as permitted by the Disclosures Delegated Act, we are disclosing information on internal revenues and on capital and operating expenditure. The company generates Taxonomy-eligible revenues through business transacted between companies in the Slovenske železnice Group.

We therefore disclose additional data on a non-consolidated basis below.

4. Proportion of turnover from products or services related to Taxonomy-aligned economic activities – disclosure for Slovenske železnice, d.o.o. for 2022 (data on a non-consolidated basis)

Economic activities	NACE code	Absolute turnover EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Minimum safeguards YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
			Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Enabling activity E			Transitional activity T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																
Turnover from environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0											0.0		
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																
Acquisition and ownership of buildings		L68.20	1,107	3.0	100.0	0.0	-	YES	-	-	-	-	YES			
Turnover from Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)			1,107	3.0												
Total (A.1 + A.2)			1,107	3.0										0.0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Turnover of Taxonomy-non-eligible activities (B)			35,342	97.0												
Total (A + B)			36,449	100.0												

5. Proportion of capital expenditure in products and services related to Taxonomy-aligned economic activities – disclosure for Slovenske železnice, d.o.o. in 2022 (data on a non-consolidated basis)

Economic activities	NACE code	Absolute turnover EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Minimum safeguards YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
			Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Enabling activity E			Transitional activity T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0											0.0		
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																
Acquisition and ownership of buildings	L68.20	220	2.8	100.0	0.0	-	YES	-	-	-	-	YES				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)		220	2.8													
Total (A.1 + A.2)		220	2.8											0.0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
CapEx of Taxonomy-non-eligible activities (B)		7,697	97.2													
Total (A + B)		7,917	100.0													

6. Proportion of operating expenditure in products and services related to Taxonomy-aligned economic activities – disclosure for the Slovenske železnice Group in 2022 (data on a non-consolidated basis)

Economic activities	NACE code	Absolute turnover EUR thousand	SUBSTANTIAL CONTRIBUTION CRITERIA			DNSH ('DO NO SIGNIFICANT HARM') CRITERIA							Minimum safeguards YES/NO	Taxonomy-aligned proportion of turnover for 2022 %	Category	
			Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation YES/NO	Climate change adaptation YES/NO	Water and marine resources YES/NO	Circular economy YES/NO	Pollution YES/NO	Biodiversity and ecosystems YES/NO	Enabling activity E			Transitional activity T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0										0.0			
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																
Acquisition and ownership of buildings	L68.20	443	11.3	100.0	0.0	-	YES	-	-	-	-	YES				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities) (A.2)		443	11.3													
Total (A.1 + A.2)		443	11.3										0.0			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
OpEx of Taxonomy-non-eligible activities (B)		3,486	88.7													
Total (A + B)		3,929	100.0													

Financial standards

The financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU, and in accordance with the Companies Act (ZGD).

Dušan Mes
Director-General
of Slovenske železnice

mag. Tomaž Kraškovič
Member of the
Management Board

Nina Avbelj Lekić
Workers' Director

Content according to GRI Reporting Standards

Statement of use:

Slovenske železnice d.o.o./Slovenske železnice Group reported in line with the GRI Standards in the period between 1 January and 31 December 2022.

GRI 1: Foundation 2021 applied.

Relevant GRI Sector Standards: There were still no relevant sectoral standards while the report was being drafted.

Indicator	Disclosure	Section	Page	Note
Organisational profile				
GRI 2-1	Organisational details	General information	14	
		General information regarding subsidiaries as at 31 December 2022	16	
		Organisational structure of the Group	18	
		Strategic objectives of the Slovenske železnice Group	24	
GRI 2-2	Entities included in the organization's sustainability reporting	General information regarding subsidiaries as at 31 December 2022	16	
		Organisational structure of the Group	18	
		Strategic objectives of the Slovenske železnice Group	24	
GRI 2-3	Reporting period, frequency and contact point	Statement of the Director-General	12	
		Statement on the responsibilities of the Management Board	99	
		Report on environmentally sustainable economic activities and investments of the Slovenske železnice Group and Slovenske železnice, d.o.o. for 2022	102	
GRI 2-5	External assurance			External assurance of reporting according to the GRI Standards is planned.
Organisation and employee activity				
GRI 2-6	Activities, value chain and other business relationships	Key performance indicators of the Slovenske železnice Group	6	
		Business model	22	
GRI 2-7	Employees	Human capital	49	
Management and governance				
GRI 2-9	Governance structure and composition	Corporate Governance Statement	84	
GRI 2-10	Nomination and selection of the highest governance body	Corporate Governance Statement	84	
GRI 2-11	Chair of the highest governance body	Risk management	76	

Indicator	Disclosure	Section	Page	Note
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Social capital	38	
		Natural capital	67	
		Corporate Governance Statement	84	
GRI 2-13	Delegation of responsibility for managing impacts	Social capital	38	
		Natural capital	67	
GRI 2-14	Role of the highest governance body in sustainability reporting	Statement of the Director-General	12	
GRI 2-15	Conflicts of interest	Corporate Governance Statement	84	
GRI 2-16	Communication of critical concerns	Risk management	76	
GRI 2-17	Collective knowledge of the highest governance body	Corporate Governance Statement	84	
GRI 2-18	Evaluation of the performance of the highest governance body	Statement of the Director-General	12	
		Report of the Supervisory Board	93	
		Assessment of the work of the Management Board and Supervisory Board	97	
GRI 2-19	Remuneration policy	Statement on the responsibilities of the Management Board	99	
		Corporate Governance Statement	84	
GRI 2-20	Process to determine remuneration	Corporate Governance Statement	84	
Strategies, policies and practices				
GRI 2-22	Statement on sustainable development strategy	Statement of the Director-General	12	
GRI 2-23	Policy commitments	Statement of the Director-General	12	
		Natural capital	67	
		Internal auditing	81	
		Corporate Governance Statement	84	
GRI 2-24	Embedding policy commitments	Compliance of reporting with standards	100	
		Statement of the Director-General	12	
GRI 2-25	Processes to remediate negative impacts	Risk management	76	
GRI 2-26	Mechanisms for seeking advice and raising concerns	Risk management	76	
		Corporate Governance Statement	84	
GRI 2-27	Compliance with laws and regulations	Logistics	27	
		Intellectual capital	63	
		Natural capital	67	
		Corporate Governance Statement	84	
GRI 2-28	Membership of associations	Statement on the responsibilities of the Management Board	99	
		Social capital	38	
		Participation in the international environment	47	

Indicator	Disclosure	Section	Page	Note
Stakeholder engagement				
GRI 2-29	Approach to stakeholder engagement	Social capital	38	
Economic impacts				
GRI 201-1	Direct economic value generated and distributed	Key performance indicators of the Slovenske železnice Group	6	
		Financial capital	35	
		Social capital	38	
		Operating revenues by strategic activity	42	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Report on environmentally sustainable economic activities and investments of the Slovenske železnice Group and Slovenske železnice, d.o.o. for 2022	102	
GRI 203-1	Infrastructure investments and services supported	Production capital	56	
		Investments by the Slovenske železnice Group in 2022 by pillar	60	
Anti-corruption				
GRI 205-1	Operations assessed for risks related to corruption	Compliance and corporate integrity system	86	
GRI 205-2	Communication and training about anti-corruption policies and procedures	Compliance and corporate integrity system	86	
		Corporate Governance Statement	84	
GRI 205-3	Confirmed incidents of corruption and actions taken	Compliance and corporate integrity system	86	
		Corporate Governance Statement	84	
Environmental impacts				
GRI 302-1	Energy consumption within the organisation	Natural capital	67	
		Energy management system	71	
GRI 302-2	Energy consumption outside of the organisation	Natural capital	67	
		Energy management system	71	
GRI 302-3	Energy intensity	Natural capital	67	
		Energy management system	71	
GRI 302-4	Reduction of energy consumption	Natural capital	67	
		Energy management system	71	
GRI 303-1	Interactions with water as a shared resource	Natural capital	67	
GRI 303-2	Management of water discharge-related impacts	Natural capital	67	
GRI 303-4	Water discharge	Natural capital	67	
GRI 305-1	Direct (Scope1) GHG emissions	Natural capital	67	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Natural capital	67	
GRI 305-5	Reduction of GHG emissions	Natural capital	67	

Indicator	Disclosure	Section	Page	Note
GRI 306-1	Waste generation and significant waste-related impacts	Natural capital	67	
GRI 306-2	Management of significant waste-related impacts	Natural capital	67	
GRI 306-5	Waste directed to disposal	Natural capital	67	
Social impacts: Employment				
GRI 401-1	New employee hires and employee turnover	Human capital	49	
		Breakdown by company	53	
GRI 403-1	Occupational health and safety management system	Human capital	49	
		Occupational health and safety	55	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Human capital Care for health, well-being and an orderly working environment, and social activities	49 55	
GRI 403-3	Occupational health services	Human capital	49	
		Care for health, well-being and an orderly working environment, and social activities	55	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Human capital	49	
		Care for health, well-being and an orderly working environment, and social activities	55	
GRI 403-5	Worker training in occupational health and safety	Human capital	49	
		Care for health, well-being and an orderly working environment, and social activities	55	
GRI 403-6	Promotion of worker health	Human capital	49	
		Care for health, well-being and an orderly working environment, and social activities	55	
GRI 404-1	Average hours of training per year per employee	Human capital	49	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Human capital	49	
		On-the-job training	52	
		Mentorship	53	
		Training	53	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Human capital	49	

Indicator	Disclosure	Section	Page	Note
GRI 405-1	Diversity of governance bodies and employees	Human capital	49	
		Implementation of the principle of equal treatment of all employees	54	
		Care for health, well-being and an orderly environment, and social activities	55	
		Corporate Governance Statement	84	
		Description of the diversity policy	91	
GRI 406-1	Incidents of discrimination and corrective actions taken	Recommendation 6.5: Heterogeneity and complementarity of the Supervisory Board's composition	84	
		Human capital	49	
Social impacts: Local community				
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes	Social capital	38	



FINANCIAL REPORT



1. CONSOLIDATED FINANCIAL STATEMENTS OF THE SLOVENSKE ŽELEZNICE GROUP

1.1 Consolidated statement of financial position

in EUR	Note	Balance as at	
		31 December 2022	31 December 2021
ASSETS		1,218,893,581	988,974,187
A. Non-current assets		791,510,963	516,907,074
Intangible assets	2.3.1.1	26,733,926	25,837,878
Right-of-use lease assets	2.3.1.2	19,782,182	17,051,197
Property, plant and equipment	2.3.1.3	616,367,925	397,177,956
Investment property	2.3.1.4	36,658,847	42,079,585
Investments in associates	2.3.1.5	37,491,603	14,246,338
Other financial assets	2.3.1.5	2,144,340	2,143,755
Financial receivables	2.3.1.6	39,031,501	2,997,826
Operating receivables	2.3.1.7	5,799,902	4,082,179
Deferred tax assets	2.3.1.8	2,921,147	3,894,691
Other non-current assets	2.3.1.9	4,579,590	7,395,669
B. Current assets		427,382,618	472,067,113
Assets held for sale	2.3.1.10	19,268,770	52,717
Inventories	2.3.1.11	43,347,160	41,393,311
Financial receivables	2.3.1.6	130,702,160	2,238
Trade receivables	2.3.1.12	54,248,207	54,687,298
Other operating receivables	2.3.1.13	61,523,205	248,737,863
Cash and cash equivalents	2.3.1.14	118,293,116	127,193,686
EQUITY AND LIABILITIES		1,218,893,581	988,974,187
A. Equity	2.3.1.15	834,109,083	576,332,485
a) Equity of the owners of the controlling company		737,865,366	569,674,634
Called-up capital		509,529,921	359,529,921
Share premium account		45,002,140	45,002,140
Legal reserves		4,066,111	3,849,576
Other profit reserves		49,185,127	47,128,047
Fair value reserves		4,860,750	-7,957,886
Retained profit		125,220,976	122,125,257
1. Net profit brought forward		100,219,953	94,322,607
2. Undistributed net profit for the financial year		25,001,023	27,802,650
Translation differences		341	-2,421

in EUR	Note	Balance as at	
		31 December 2022	31 December 2021
b) Non-controlling interest		96,243,717	6,657,851
B. Non-current liabilities		213,256,632	257,045,060
Provisions for jubilee benefits and termination benefits	2.3.1.16	22,157,346	32,758,967
Other provisions	2.3.1.16	1,257,160	1,057,220
Non-current deferred income	2.3.1.17	7,136,624	1,206,623
Financial liabilities	2.3.1.18	81,699,606	106,934,966
Lease liabilities	2.3.1.19	7,380,578	8,649,719
Operating liabilities	2.3.1.20	93,625,318	106,437,565
C. Current liabilities		171,527,866	155,596,642
Financial liabilities	2.3.1.18	35,956,262	23,329,216
Lease liabilities	2.3.1.19	9,885,394	6,086,420
Trade payables	2.3.1.21	43,808,101	39,650,681
Other operating liabilities	2.3.1.20	80,987,750	85,171,814
Liabilities for corporate income tax	2.3.2.10	890,359	1,358,511

The accounting policies and notes are a constituent part of the financial statements and must be read in conjunction with them.

1.2 Consolidated income statement

in EUR	Note	2022	2021
1. Revenues from contracts with customers	2.3.2.1	468,217,493	413,991,511
2. Change in the value of inventories of finished goods and work in progress		-764,371	460,878
3. Capitalised own products and services	2.3.2.2	25,595,703	18,071,172
4. Other operating revenues	2.3.2.3	120,298,882	110,274,450
5. Costs of goods, materials and services	2.3.2.4	248,436,383	214,216,342
6. Labour costs	2.3.2.5	256,456,525	236,561,290
7. Write-downs	2.3.2.6	62,609,169	55,647,034
8. Other operating expenses	2.3.2.7	5,019,975	2,274,613
9. Operating profit (1 ± 2 + 3 + 4 - 5 - 6 - 7 - 8)		40,825,655	34,098,732
10. Finance income	2.3.2.8	5,138,292	1,866,415
11. Finance expenses	2.3.2.9	5,074,081	3,379,419
12. Net finance income/costs (10 - 11)		64,211	-1,513,004
13. Pre-tax profit (9 + 12)		40,889,866	32,585,728
14. Current tax		4,527,305	3,828,696
15. Deferred taxes	2.3.1.8	973,544	-563,506
16. Corporate income tax	2.3.2.10	5,500,849	3,265,190
17. Net profit for the accounting period		35,389,017	29,320,538
Net profit for the accounting period attributable to:			
a) the owners of the controlling company		27,274,638	28,554,099
b) non-controlling interest		8,114,379	766,439

The accounting policies and notes are a constituent part of the financial statements and must be read in conjunction with them.

1.3 Consolidated statement of other comprehensive income

in EUR	Note	2022	2021
Net profit for the accounting period	1.2	35,389,017	29,320,538
Items that will not be reclassified subsequently to profit or loss		13,204,406	-1,236,924
Actuarial gains/losses		13,204,405	-1,236,924
Items that may be reclassified subsequently to profit or loss		156,669	-26,552
Exchange rate differences		1,214	-1,205
Changes in equity of associates		155,455	-25,347
Other comprehensive income for financial year		13,361	-1,263,476
Total comprehensive income for the accounting period		48,750,092	28,057,062
Total comprehensive income for the reporting period attributable to:			
a) the owners of the controlling company		39,581,529	27,284,438
b) non-controlling interest		9,168,563	772,624

The accounting policies and notes are a constituent part of the financial statements and must be read in conjunction with them.

1.4 Consolidated statement of cash flows

in EUR	Note	2022	2021
A. CASH FLOWS FROM OPERATING ACTIVITIES			
a) Net profit		35,389,017	29,320,538
Pre-tax profit	1.2	40,889,866	32,585,728
Corporate income tax and other taxes not included in operating expenses		5,500,849	3,265,190
b) Adjustments by		57,147,194	56,919,655
Amortisation/depreciation (+)	2.3.2.6	61,867,650	49,672,443
Revaluation operating revenues (-)		-8,014,523	-3,019,297
Revaluation operating expenses (+)	2.3.2.6	741,520	5,974,591
Finance income, excluding finance income from operating receivables (-)	2.3.2.8	-4,918,987	-1,770,282
Finance expenses, excluding finance expenses from operating liabilities (+)	2.3.2.9	4,936,547	3,237,935
Revenues from the acquisition of superficities, property, plant and equipment, and investment property		0	-12,479
Actuarial calculation of provisions for employee benefits		2,110,771	2,933,289
Calculation of other provisions		702,815	-125,622
Tax expenses		398,193	1,106,702
Reversal of accrued revenues and expenses		-238,789	-325,241
Revenues from materials acquired		-424,071	-626,784
Other adjustments to revenues and expenses		-13,932	-125,600

in EUR	Note	2022	2021
c) Change in net working capital (and provisions and deferred tax assets and liabilities) from balance sheet		13,327,468	36,675,213
Opening less closing operating receivables		23,328,445	60,815,687
Opening less closing inventories		-1,814,152	-3,530,854
Closing less opening operating liabilities		-12,904,962	-19,648,394
Closing less opening provisions		4,718,137	-961,226
d) Net cash flows from operating activities (a + b + c + d + e)		105,863,679	122,915,406
B. CASH FLOWS FROM INVESTING ACTIVITIES			
a) Receipts from investing activities		59,447,707	68,337,453
Inflows from interest received and shares in the profit of others		3,031,271	540,327
Inflows from the disposal of property, plant and equipment	2.3.1.3	6,161,155	2,322,274
Inflows from disposal of investment property	2.3.1.4	247,461	1,869,789
Inflows from the disposal of financial assets		50,007,820	63,605,063
b) Outflows from investing activities		-347,025,200	-73,231,250
Outflows for the acquisition of intangible assets	2.3.1.1	-3,030,815	-3,046,019
Outflows for the acquisition of property, plant and equipment	2.3.1.3	-103,882,821	-69,832,405
Outflows for the acquisition of investment property	2.3.1.4	-112,280	-206,650
Outflows for the acquisition of participating interests in subsidiaries		0	-143,550
Outflows for the acquisition of participating interests in associates		-20,860,957	0
Outflows for the acquisition of financial assets and financial receivables		-219,138,327	-2,626
c) Net cash flows from investing activities (a + b)		-287,577,493	-4,893,797
C. CASH FLOWS FROM FINANCING ACTIVITIES			
a) Inflows from financing activities		274,130,497	252,000,000
Inflows from paid-up capital		209,430,497	0
Inflows from the increase in financial liabilities	2.3.1.18	64,700,000	252,000,000
b) Outflows from financing activities		-101,315,737	-285,295,886
Outflows for interest paid on leases		-490,763	-474,060
Outflows for other interest paid		-2,758,923	-1,788,765
Outflows for the repayment of financial liabilities	2.3.1.18	-87,928,604	-275,721,846
Outflows for the repayment of lease liabilities	2.3.1.19	-9,733,457	-7,311,215
Disbursements for the payment of dividends and other shares in profit	2.3.1.15	-403,990	0
c) Net cash flow from financing activities (a + b)		172,814,760	-33,295,886
Closing balance of cash	2.3.1.14	118,293,116	127,193,686
Net cash flow for the period (sum of A _c , B _c and C _c)		-8,899,054	84,725,723
+/- Calculated exchange rate differences in foreign currency assets		-1,516	56
Opening balance of cash	2.3.1.14	127,193,686	42,467,907

The accounting policies and notes are a constituent part of the financial statements and must be read in conjunction with them.

1.5 Consolidated statement of changes in equity

From 1 January to 31 December 2022

in EUR	Share capital	Share premium account	Legal reserves	Other profit reserves	Fair value reserves	Retained earnings		Translation differences	Equity of the owners of the controlling company	Non-controlling interest	Total
						Net profit brought forward	Undistributed net profit for the financial year				
Opening balance for the reporting period	359,529,921	45,002,140	3,849,576	47,128,047	-7,957,886	94,322,607	27,802,650	-2,421	569,674,634	6,657,851	576,332,485
Changes in equity – transactions with owners	150,000,000	0	0	0	0	0	0	0	150,000,000	59,026,506	209,026,506
Entry of additional paid-up capital	150,000,000								150,000,000	59,430,496	209,430,496
Payment of shares in profit and dividends									0	-403,990	-403,990
Changes in total comprehensive income for the reporting period	0	0	0	0	12,229,982	74,147	27,274,638	2,762	39,581,529	9,168,563	48,750,092
Entry of net profit for the reporting period							27,274,638		27,274,638	8,114,379	35,389,017
Items that will not be reclassified subsequently to profit or loss					12,229,982	-79,519			12,150,463	1,053,943	13,204,406
Items that can be recognised in future profit or loss						153,666		2,762	156,428	241	156,669
Changes in equity	0	0	216,535	2,057,080	588,654	5,823,199	-30,076,265	0	-21,390,797	21,390,797	0
Allocation of remaining portion of net profit for the comparable reporting period to other components of equity						27,802,650	-27,802,650		0		0
Allocation of a portion of net profit from the reporting period to other components of equity			216,535	2,057,080			-2,273,615		0		0
Other changes in equity					588,654	-21,979,451			-21,390,797	21,390,797*	0
Closing balance for the reporting period	509,529,921	45,002,140	4,066,111	49,185,127	4,860,750	100,219,953	25,001,023	341	737,865,366	96,243,717	834,109,083

The accounting policies and notes are a constituent part of the financial statements and must be read in conjunction with them.

*Other changes in equity amounting to EUR 21,390,797 represent:

- EUR 7,487,883 as the difference between a 49% stake in the entire equity of SŽ EP Logistika on the day of payment in the amount of EUR 66,918,379, and the actual payment from EP Logistics International, a.s. for the acquisition of a 49% stake in the amount of EUR 59,430,496;
- a non-controlling share of reserves for the fair value of the companies in the Group in the amount of EUR -588,654;
- EUR 14,469,369, which represents a 49% share of the retained consolidated profits and other components of equity from previous years of companies owned by SŽ EP Logistika, which amounted to EUR 29,529,325 as at 1 January 2022;
- an adjustment of the non-controlling interest of other companies in the amount of EUR 22,199.

From 1 January to 31 December 2021

in EUR	Share capital	Share premium account	Legal reserves	Other profit reserves	Fair value reserves	Retained earnings		Translation differences	Equity of the owners of the controlling company	Non-controlling interest	Total
						Net profit brought forward	Undistributed net profit for the financial year				
Opening balance for the reporting period	359,529,921	45,002,140	3,778,009	46,448,165	-6,720,962	70,367,022	23,987,117	-1,216	542,390,196	5,885,227	548,275,423
Changes in equity – transactions with owners											
Payment of shares in profit and dividends											
Changes in total comprehensive income for the reporting period	0	0	0	0	-1,236,924	-31,532	28,554,099	-1,205	27,284,438	772,624	28,057,062
Entry of net profit for the reporting period							28,554,099		28,554,099	766,439	29,320,538
Items that will not be reclassified subsequently to profit or loss					-1,236,924	-31,532			-1,268,456	6,185	-1,262,271
Exchange rate differences								-1,205	-1,205		-1,205
Changes in equity	0	0	71,567	679,882	0	23,987,117	-24,738,566	0	0	0	0
Allocation of remaining portion of net profit for the comparable reporting period to other components of equity						23,987,117	-23,987,117				0
Allocation of a portion of net profit from the reporting period to other components of equity			71,567	679,882			-751,449				0
Closing balance for the reporting period	359,529,921	45,002,140	3,849,576	47,128,047	-7,957,886	94,322,607	27,802,650	-2,421	569,674,634	6,657,851	576,332,485

The accounting policies and notes are a constituent part of the financial statements and must be read in conjunction with them.

2. NOTES TO THE FINANCIAL STATEMENTS

Slovenske železnice, d.o.o. is the controlling company of the Slovenske železnice Group. Its registered office is located at Kolodvorska 11 in Ljubljana. The consolidated financial statements for the period ending 31 December 2022 relate to the Slovenske železnice Group, which comprises the controlling company and its subsidiaries. The consolidated financial statements of the Slovenske železnice Group for the year ending

31 December 2022 are presented below. The consolidated financial statements include Slovenske železnice, d.o.o. and its subsidiaries, and the Slovenske železnice Group's participating interests in associates (hereinafter: the Group). A detailed overview of the composition of the Slovenske železnice Group is presented in the 'Governance of subsidiaries' section of the business report.

2.1 Bases for compiling the financial statements

Statement of compliance

The financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU, and in accordance with the Companies Act (ZGD).

In terms of consolidating EU standards, there were no differences in Slovenske železnice, d.o.o.'s accounting policies on the statement of financial position date between the IFRS as applied and the IFRS as adopted by the European Union.

The Management Board of Slovenske železnice, d.o.o. approved the annual report of Slovenske železnice, d.o.o. and the consolidated annual report of the Slovenske železnice Group for 2022 on 24 May 2023.

Basis of measurement

The financial statements have been compiled on a historical cost basis.

Functional and reporting currency

The financial statements have been compiled in euros (EUR) without cents, the euro being the company's functional and reporting currency. Minor differences may arise in the sums of figures in tables due to the rounding of values.

Use of estimates and judgements

The financial statements are also compiled on the basis of certain estimates and assumptions made by the company's Management Board that affect the carrying amount of assets and liabilities, as well as the revenues and expenses disclosed during the accounting period. Those estimates include, inter alia, the determination of the useful lives and residual value of property, plant and equipment, intangible assets, assets under lease, value adjustments to inventories and receivables, assumptions required for the actuarial calculation in connection with defined employee benefits, assumptions included in the calculation of potential provisions for lawsuits, assumptions regarding future taxable profit for the calculation of deferred taxes, assumptions regarding the future operations of subsidiaries and associates, and assumptions used to determine the potential impairment of other financial assets. Despite the fact that the company's Management Board carefully considers all factors that affect the drafting of assumptions during that process itself, the actual consequences of events may vary from the estimates. Judgement must therefore be used in accounting estimates, and potential changes in the business environment, new business events, additional information and past experiences taken into account. Changes were brought about in the business environment in 2022 by the war in Ukraine and its impact on energy prices, and by the change in ECB monetary policy. The SŽ Group/SŽ, d.o.o. managed to address these changes successfully.

The main estimates and assumptions as at the statement of financial position date that are linked to future operations, including the continuation of the Covid-19 pandemic in 2022 and the war in Ukraine, are presented below. Information regarding significant assessments of uncertainty and critical judgements drawn up by the company's Management Board according to valid accounting policies that have the greatest impact on the amounts in the financial statements are described in the notes that follow. Other disclosures and details are presented in the accounting policies.

• Testing of assets for impairment

Information regarding significant assessments of uncertainty and critical judgements drawn up by the SŽ Group/SŽ d.o.o. in the application of accounting policies that have the greatest impact on the amounts in the financial statements were used in the assessment of the values of:

- investment property (note 2.3.1.4);
- goodwill (note 2.3.1.1);
- investments in subsidiaries (note 6.6.1.5);
- investments in associates (note 2.3.1.5);
- non-current financial assets (note 2.3.1.5); and
- other current operating receivables (note 2.3.1.13).

• Post-employment benefits

The present value of retirement benefits is recorded under commitments for post-employment benefits. Those benefits are recognised on the basis of an actuarial calculation approved by the Management Board of the controlling company; that calculation is based on assumptions and estimates valid at the time of the calculation. Those assumptions and estimates may vary from actual assumptions in the future as a result of changes (primarily to the definition of the discount rate, estimates of employee turnover and mortality rates, and estimates of wage growth). Commitments for post-employment benefits are sensitive to changes in those estimates because of the complexity of the actuarial calculation and the long-term nature of this item (note 2.3.1.16).

• Provisions for lawsuits and contingent liabilities

Provisions are recognised if, as a result of a past event, the company has a present legal or constructive commitment that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the commitment. Contingent liabilities are not disclosed in the financial statements, as their actual existence will be confirmed by the occurrence or non-occurrence of events in the unforeseeable future, over which the company has no influence. The Management Board of the controlling company regularly verifies whether an outflow of resources embodying economic benefits is probable to settle a contingent liability. If this becomes probable, the contingent liability is reclassified such that the associated provisions are created in the financial statements at the moment the level of probability changes (note 2.3.1.21).

• Deferred tax assets

Deferred tax assets are recognised in connection with the creation of provisions for jubilee benefits and retirement benefits, provisions for guarantees issued, tax losses and unused tax allowances for investments. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised (note 2.3.1.8).

2.2 Significant accounting policies

Significant accounting policies

The Slovenske železnice Group applied the same accounting policies in all the periods presented in the enclosed consolidated financial statements. Companies in the Slovenske železnice Group apply standard accounting policies.

The Slovenske železnice Group comprises the following companies:

- Slovenske železnice, d.o.o. (controlling company);
- SŽ-Potniški promet, d.o.o. (100% owned by the controlling company);
- SŽ-Infrastruktura, d.o.o. (100% owned by the controlling company);
- SŽ-Vleka in tehnika, d.o.o. (100% owned by the controlling company);
- Prometni institut Ljubljana, d.o.o. (100% owned by the controlling company);
- SŽ-ŽIP, storitve, d.o.o. (100% owned by the controlling company);
- SŽ EP Logistika d.o.o. (51% owned by the controlling company);
- SŽ-Železniško gradbeno podjetje Ljubljana, d.d. (79.82% owned by the controlling company);
- SŽ-Železniška tiskarna Ljubljana, d.d. (64.28% owned by the controlling company);
- SŽ-Tovorni promet, d.o.o. (100% owned by SŽ EP Logistika d.o.o.);
- Fersped d.o.o. (100% owned by SŽ EP Logistika d.o.o.);
- VV-LOG, d.o.o. (2/3 owned by Fersped, d.o.o. and 1/3 owned by the company itself);
- Kamnolom Verd, d.o.o. (100% owned by SŽ-Železniško gradbeno podjetje Ljubljana, d.d.);
- SŽ-ŽGP, d.o.o., Podgorica, Montenegro (100% owned by SŽ-Železniško gradbeno podjetje Ljubljana, d.d.);
- SŽ-ŽIP, d.o.o., Savudrija, Croatia (100% owned by SŽ-ŽIP, storitve, d.o.o.); and
- SI-Cargo Logistics, d.o.o., Belgrade, Serbia (100% owned by SŽ-Tovorni promet, d.o.o.).

The voting rights connected with all of the companies listed above are equal to the participating interests in their capital.

Fercargo, d.o.o., Sarajevo (Bosnia and Herzegovina), which is 70% owned by Fersped, d.o.o., is excluded from consolidation due to a lack of control.

The accounting policies relate to both the SŽ Group and SŽ, d.o.o., and are only presented in the first part of the financial report.

New standards and amendments to existing standards

The standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that had not yet entered into force on the day these financial statements were approved are presented below. The possibility of the early application of a specific standard was not taken into account by the SŽ Group/SŽ, d.o.o.

Standard/interpretation	Effective from	Impact on financial statements
IFRS 17 Insurance Contracts	1 January 2023	no material effect
Amendments to IFRS 17 Insurance Contracts (Initial Application of IFRS 17 and IFRS 9)	1 January 2023	no material effect
Amendments to IAS 1 Presentation of Financial Statements (Disclosure of Accounting Policies)	1 January 2023	no material effect
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023	no material effect
Amendments to IAS 12 Income Taxes	1 January 2023	no material effect

IFRS 17 Insurance Contracts

The new standard requires insurance liabilities to be measured at a current fulfilment value and provides for a more uniform measurement and presentation method for all insurance contracts. The purpose of these requirements is to ensure consistent and principle-based accounting of insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts and associated interpretations.

A company that first applies IFRS 17 and IFRS 9 at the same time is permitted to apply classification overlay for the purpose of presenting comparative information about a financial asset if the comparative information for that financial asset has not been restated for IFRS 9. The SŽ Group/SŽ, d.o.o. do not expect amendments to the standard to have a material impact on their financial statements.

Amendments to IAS 1 Presentation of Financial Statements

Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Accounting policy information is expected to be material if users of an entity's financial statements would need it to understand other material information in the financial statements. The SŽ Group/SŽ, d.o.o. do not expect amendments to the standard to have a material impact on their financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The company will perhaps have to change the accounting estimate if there are changes to the circumstances on which the estimate is based or on account of new information, new events or greater experience. The nature of a change to an accounting estimate is such that it is not linked to previous periods and is not deemed to be a correction of an error. A distinction should be made between corrections of errors and changes to accounting estimates. Accounting estimates are, by their nature, approximate and could change in the light of additional information. The SŽ Group/SŽ, d.o.o. do not expect amendments to the standard to have a material impact on their financial statements.

Amendments to IAS 12 Income Taxes

Deferred tax related to assets and liabilities arising from a single transaction; according to amendments, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition, giving rise to equal amounts of deferred tax assets and liabilities. The SŽ Group/SŽ, d.o.o. do not expect amendments to the standard to have a material impact on their financial statements.

New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU

Standard/interpretation	Effective from	Impact on financial statements
Amendments to IAS 1 Presentation of Financial Statements (current and non-current liabilities classification)	1 January 2023	no material effect
Amendments to IAS 1 Presentation of Financial Statements (non-current liabilities with covenants)	1 January 2024	being studied
Amendments to IFRS 16 Leases	1 January 2024	being studied
IFRS 14 Regulatory Deferral Accounts		being studied
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures		being studied

Amendments to IAS 1 Presentation of Financial Statements

The amendments to the standard are intended to provide assistance in deciding whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current liabilities in the statement of financial position, thereby ensuring greater consistency in compliance with the requirements. The amendments affect the presentation of liabilities in the statement of financial position, but do not change existing requirements in connection with the measurement or timing of the recognition

of assets, liabilities, revenues or expenses, or the information that is disclosed in those items. The amendments to the standard also clarify requirements in connection with the classification of debt that a company could settle through the issue of equity instruments.

The 'Non-Current Liabilities with Covenants' amendment, which the IASB issued in October 2022, clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments to IFRS 16 Leases

The amendments relate to subsequent measurement requirements for lease liabilities unrelated to a sale and leaseback transaction to lease liabilities arising from a leaseback in a way that it recognises no amount of the gain or loss related to the right of use that it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

IFRS 14 Regulatory Deferral Accounts

The objective of the standard is to permit companies applying the IFRS for the first time who disclose regulatory deferral account balances in accordance with the previous GAAP to continue such disclosure during their transition to the IFRS.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

The amendments address discrepancies between the requirements of IFRS 10 and IAS 28 in the treatment of sales or contributions of assets between an investor and its associate and their joint venture. The most important consequence of the amendments is that a company must recognise the full amount of gains or losses when a transaction includes a business (regardless of whether the business is housed in a subsidiary or not). The International Accounting Standards Board has deferred the effective date of the amendments to the aforementioned standards indefinitely while it waits for the results of the research project on the accounting of assets under the equity method.

Amendments to IFRS 3 Business Combinations

The amendments relate to the requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. The introduction of the amendments to IFRS 3 will not have a material impact on the financial statements of the SŽ Group/SŽ d.o.o.

Amendments to various standards – Annual Improvements to IFRSs (2018–2021 Cycle)

The amendments proceed from the project of annual improvements to IFRSs (IFRS 1, IFRS 9, IFRS 16 and IFRS 41), primarily to eliminate discrepancies and to provide interpretations. The amendments to IFRS 1, IFRS 9 and IFRS 41 apply to annual periods beginning on or after 1 January 2022. Amendments to IFRS 16 are cited only for illustrative purposes and therefore no effective date is given. The introduction of the amendments to IAS 37 will not have a material impact on the financial statements of the SŽ Group/SŽ d.o.o.

Entry into force of the latest amendments to existing standards that apply during the current accounting period

Standard/interpretation	Effective from	Impact on financial statements
Amendments to IAS 16 Property, Plant and Equipment	1 January 2022	no material effect
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022	no material effect
Amendments to IFRS 3 Business Combinations	1 January 2022	no material effect
Amendments to various standards – Annual Improvements to IFRSs (2018–2021 Cycle)	1 January 2022	no material effect

Amendments to IAS 16 Property, Plant and Equipment

The amendments to the standard prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company must recognise the proceeds of the sale of such assets and the costs of their preparation in profit or loss. The introduction of the amendments to the IAS will not have a material impact on the financial statements of the SŽ Group/SŽ d.o.o.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments to the standard relate the determination of the costs that are taken into account when defining the costs of the fulfilment of a contract when determining whether a contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling the contract. The introduction of the amendments to IAS 37 will not have a material impact on the financial statements of the SŽ Group/SŽ d.o.o.

Individual accounting policies

a) Basis for consolidation

The consolidated financial statements of the SŽ Group include the financial statements of the controlling company SŽ, d.o.o. and its subsidiaries. The financial statements of the SŽ Group companies are compiled for the same reporting period as the controlling company and applying the same accounting policies. The war in Ukraine and its impact on energy prices, as well as changes to the ECB's monetary policy, did not affect the accounting policies of the SŽ Group in 2022.

Business combinations

Business combinations are accounted for using the acquisition method on the day of the acquisition or when the acquiring company acquires control. Identifiable assets acquired and liabilities assumed are measured at fair value on the day of acquisition. Assets assumed upon combination constitute a cash-generating unit for the SŽ Group.

The SŽ Group recognises goodwill as an asset that represents future economic benefits deriving from assets acquired in a business combination and that are not defined individually and recognised separately. Goodwill is recognised within one year of a business combination.

Following initial recognition, the Group verifies once a year whether factors exist that could have a negative impact on the future cash flows of a cash-generating unit obtained in a business combination. A reduction in the value of a cash-generating unit is recognised in the financial statements as the impairment of goodwill or of the assets of a cash-generating unit, and is charged to current operating results.

Subsidiaries

A subsidiary is a legally independent company that is directly or indirectly controlled by SŽ, d.o.o.

The company exercises control over another company when:

- it holds the majority of voting rights in the other company;
- it has the right to appoint and recall the majority of members of the Management Board or Supervisory Board of the other company and is at the same time a partner of that company;
- it has the right to a controlling influence over the other company based on an enterprise agreement or on other legal basis;
- it is a partner of the other company and controls the majority of voting rights based on an agreement with the other partners of that company; and
- it has a controlling influence over the other company, i.e. it actually manages that company or the management of that company is subordinate to it.

The financial statements of subsidiaries are included in the consolidated financial statements of the SŽ Group from the day that control is assumed until the day that it ceases. The accounting policies of subsidiaries have been harmonised with those of the SŽ Group.

When the SŽ Group loses control over a subsidiary:

- the assets and liabilities of the former subsidiary, non-controlling interests and other components of equity relating to that subsidiary are derecognised;
- any gain or loss in connection with the loss of control that can be attributed to the former controlling interest is recognised; and
- any interest retained by the SŽ Group in a former subsidiary is disclosed in other financial assets.

SŽ, d.o.o. accounts for investments in subsidiaries at historical cost in its financial statements. SŽ, d.o.o. recognises revenues from financial assets in the amount it receives from the distribution of a subsidiary's profits that accumulated following the day a particular financial asset was acquired.

The controlling company takes into account the following signs when assessing whether there is any indication that an asset (i.e. investment in a subsidiary) is impaired:

- from external sources:
 - significant changes in the technological, market, economic or legal environment,
 - in a period of rising interest rates, the impact of that rise on the discount rate,
 - the carrying amount of assets is higher than their market capitalisation;
- from internal sources:
 - the commercial success of an investment is lower than expected,
 - the carrying amount of an investment in the separate financial statements exceeds the value of the net assets of the company in which that investment was made in the consolidated financial statements, including the associated goodwill,
 - actual net cash flows or operating results that flow from an investment are significantly lower than planned.

The value of an investment in a subsidiary is assessed using the income-based approach, which requires the identification of returns that are discounted to their present value.

Pursuant to the provisions of Article 533 of the Companies Act, control agreements have been concluded with the following subsidiaries: SŽ-Potniški promet, d.o.o., SŽ-Infrastruktura, d.o.o., Prometni institut Ljubljana, d.o.o., SŽ-Vleka in tehnika, d.o.o. and SŽ-ŽIP, storitve, d.o.o. The control agreement with SŽ-Tovorni promet, d.o.o. and Fersped, d.o.o. ceased to be effective on 31 December 2021, as SŽ, d.o.o. increased the capital of SŽ EP Logistika d.o.o. in December 2021 with a non-cash contribution – an investment in SŽ-Tovorni promet, d.o.o. and Fersped, d.o.o. Pursuant to Article 542 of the Companies Act, the controlling company must settle the annual losses of a subsidiary for the duration of a control agreement, if such losses are not covered by other revenue reserves to which profit was allocated for the duration of the agreement. The controlling company covered the losses of the subsidiary SŽ-ŽIP, storitve, d.o.o. in 2022.

Investments in associates

Associates are companies over which the Group exercises significant influence but does not control their financial and business policies. Investments in associates are initially recognised at historical cost in the individual financial statements. In the consolidated financial statements, those investments are accounted for according to the equity method. The consolidated financial statements of the SŽ Group include the latter's share of the profits and losses and other changes to the equity of associates calculated according to the equity method. If the SŽ Group's share in the loss of an associate exceeds its investment in the capital of that company, the carrying amount of the Group's interest is reduced to zero, while its share in future losses is no longer recognised.

If the historical cost of an investment in an associate exceeds the fair value of the assets and liabilities recognised on the acquisition date, that amount is recognised as goodwill, such that historical cost and goodwill comprise the total value of the investment in the associate. If the fair value of recognised assets and liabilities is less than the value of the investment, that difference is recognised in profit or loss on the acquisition date.

Transactions excluded from the consolidated financial statements

Internal assets and liabilities, equity, revenues, expenses and cash flows in connection with transactions between companies in the Group are excluded in full when the consolidated financial statements are compiled. Gains and losses from internal transactions within the SŽ Group are excluded in full, and recognised in assets, such as inventories and fixed assets. Unrealised gains from transactions with associates (accounted for according to the equity method) are only eliminated to the extent of the SŽ Group's interest in an associate. Unrealised losses are excluded in the same manner as gains.

b) Conversion of foreign currencies

Transactions in foreign currencies

Transactions denominated in a foreign currency are translated into the functional currency of the SŽ Group (euros) at the applicable exchange rate on the transaction date. Monetary assets and liabilities denominated in a foreign currency at the end of the reporting period are translated into the functional currency at the exchange rate applicable at that time. Positive and negative exchange differences comprise differences between amortised cost denominated in the functional currency at the beginning of the period, adjusted for effective interest and payments made during the period, and amortised cost in a foreign currency translated at the exchange rate applicable at the end of the period. Non-monetary assets and liabilities denominated in a foreign currency and measured at fair value are translated into the functional currency at the exchange rate applicable on the day on which the fair value of the assets or liabilities was determined. Non-monetary items denominated in a foreign currency and measured at historical cost are translated into the functional currency at the exchange rate applicable on the transaction date. Exchange rate differences are recognised in the income statement.

Financial statements of SŽ Group companies

The consolidated financial statements of the SŽ Group are compiled in euros. The items from the financial statements of each SŽ Group company included in the financial statements are translated to the functional currency for the needs of the consolidated financial statements in the following manner:

- assets and liabilities in each presented statement of financial position (including goodwill) are translated at the ECB's exchange rate on the reporting date; and
- revenues and expenses of companies abroad are translated into euros at the exchange rate applicable on the transaction date.

Exchange rate differences are recognised in other comprehensive income and disclosed under the 'exchange rate differences' item within equity. A proportionate amount of exchange rate

differences is allocated to the non-controlling interest for subsidiaries that are not under full ownership. If a subsidiary abroad is disposed of in such a way that control no longer exists, the relevant amount accumulated in the translation reserve is reallocated to profit or loss as a gain or loss from disposal.

Intangible assets

Intangible assets are non-monetary assets that typically do not exist in physical form. They include intangible assets with finite useful lives, which are disclosed at historical cost less amortisation and any impairment loss, and intangible assets with indeterminable useful lives, which are disclosed at historical cost less any impairment loss.

Intangible assets comprise non-current deferred development costs, investments in industrial property rights (concessions, patents, licences, trademarks, etc.), and other rights and investments in the goodwill of acquired companies.

Intangible assets are recognised in the books of account and statement of financial position if it is probable that the economic benefits embodied within them will flow to the company and their historical cost can be measured reliably. Intangible assets are derecognised and deleted from the books of account and the statement of financial position upon disposal or whenever no economic benefits at all are expected from their use and subsequent disposal. The carrying amount of an intangible asset is reduced by amortisation over the useful life of the asset. The company uses the straight-line method of amortisation.

Intangible assets are disclosed in the books of account as a separate historical cost or revalued historical cost, a separate value adjustment as the cumulative write-down resulting from amortisation, and a separate impairment loss; they are entered in the statement of financial position at the carrying amount, which is the historical cost minus the value adjustment and the accumulated impairment loss. Intangible assets are valued using the historical cost model.

Intangible assets must be revalued for reasons of impairment if their carrying amount exceeds their

recoverable amount. The recoverable amount is the fair value less selling costs or the value in use, whichever is higher.

If the recoverable amount of an intangible asset is lower than its carrying amount, the asset's carrying amount is reduced to its recoverable amount. A reduction of this kind is deemed to be an impairment loss.

The company takes into account external and internal sources of information when assessing whether there are any indications that an asset is impaired. Significant indications that an asset could be impaired include losses disclosed by the company over the last three years and business plans that do not indicate a significant improvement in operations in future years. Normalised earnings are used as a criterion.

During the goodwill test on 31 December 2022, the recoverable amount of the equity investment was determined based on the calculated present value of expected free cash flows according to financial plans. The discount rate applied to projections was 8.8% and the long-term growth in net cash flows after the period of projection (after 2024) was 2.0%. All assumptions applied in the calculation of net cash flows are based on the company's past operations and reasonable expectations regarding operations in the future. The only goodwill within the SŽ Group is disclosed by Fersped, d.o.o. and VV-Log, d.o.o. Goodwill was tested with the assistance of a certified business valuer.

Property, plant and equipment

The company's property, plant and equipment comprises land and buildings, equipment, and other items of property, plant and equipment and small inventory with a useful life exceeding one year. Property, plant and equipment includes small inventory with a useful life exceeding one year, whereby a specific historical cost according to a supplier calculation does not exceed EUR 500; otherwise, items of small inventory are classed as material. New purchases of property, plant and equipment are classed as small inventory and equipment in accordance with the initial classification of the same types of assets (notwithstanding the EUR 500 value).

Replacement parts used for investments in items of property, plant and equipment are accounted for as inventories of material.

Items of property, plant and equipment are disclosed in the books of account as a separate historical cost or revalued historical cost, and a separate adjustment to value, where the adjustment to value represents the cumulative write-down resulting from depreciation. They are disclosed in the statement of financial position at their carrying amount (book value), which is equal to historical cost less the accumulated write-down.

Items of property, plant and equipment that meet conditions for recognition are initially recognised according to the historical cost model.

The historical cost of an item of property, plant and equipment comprises the purchase price plus import duties and other non-refundable purchase taxes, and other costs required to make the asset fit for use. Trade and other discounts are subtracted from the purchase price. Historical cost also includes interest expenses and other costs arising from loans for assets that are acquired over a period of six months or more and for which the expected historical cost accounts for more than 1% of the carrying amount of all items of property, plant and equipment, but only until the item of property, plant and equipment is made fit for use. Historical cost is increased by the costs of the associated purpose-specific loan; in other cases, borrowing costs are capitalised applying the average interest rate for bank loans.

The estimated costs of decommissioning, disposal and the returning of a site to its original state do not generally increase the historical cost of items of property, plant and equipment at the time of acquisition, provided that such costs are immaterial (i.e. they do not exceed 10% of the item's historical cost) or if in the majority of cases those costs are covered by the sale of waste material at the time of an item's disposal. The historical cost of an item of property, plant and equipment constructed or manufactured by a company comprises the costs that arose during the construction or manufacture of that asset, and the indirect costs of construction or manufacture that can be attributed to the asset. When new items of property, plant and equipment (rolling stock and buildings) are purchased, their historical cost is broken down into parts, provided those parts have different useful lives and/or patterns of usage that are material with respect to the total historical cost of the item of property, plant and equipment in question. Each part of an item of property, plant and equipment is then treated separately. Planned periodic costs associated with regular inspections and repairs of rolling stock are treated as parts of the associated items of property, plant and equipment.

Depreciation and revaluation

The straight-line depreciation method is used. Depreciation is calculated separately, and is only calculated collectively for small inventory of the same type or similar purpose. The depreciation of items of property, plant and equipment under finance leasing is in line with the depreciation of similar items of property, plant and equipment owned by the company (or aligned with the lease term if the latter is shorter).

Annual depreciation rates applied in 2022 and 2021

	Lowest	Highest
1. Buildings	1.00%	34.00%
2. Production equipment	1.00%	100.00%
3. Computer equipment	14.00%	100.00%
4. Motor vehicles	10.00%	100.00%
5. Other equipment	7.00%	34.00%
6. Intangible assets	5.00%	100.00%

The depreciation rates applied in 2022 were unchanged from the previous year. The revaluation of an item of property, plant and equipment entails a change in its carrying amount as the result of impairment.

Items of property, plant and equipment must be revalued for reasons of impairment if their carrying amount exceeds their recoverable amount. The recoverable amount is the fair value less selling costs or the value in use, whichever is higher.

If the recoverable amount of an item of property, plant and equipment is lower than its carrying amount, the asset's carrying amount is reduced to its recoverable amount. A reduction of this kind is deemed to be an impairment loss.

The company takes into account external and internal sources of information when assessing whether there are any indications that an asset is impaired. Significant indications that an asset could be impaired include losses disclosed by the company over the last three years and business plans that do not indicate a significant improvement in operations in future years. Normalised earnings are used as a criterion.

Leases

The SŽ Group/SŽ, d.o.o. have various commercial real estate (land, business premises and buildings), equipment and cars under lease. Lease terms are the subject of individual negotiations and vary according to the term and type of lease. When entering into a contract, the SŽ Group/SŽ, d.o.o. assess whether it is a lease agreement or whether it contains a lease. A contract contains a lease if it conveys the right to control an identified asset for a period of time (typically longer than one year) in exchange for consideration. The SŽ Group/SŽ, d.o.o. define the lease term based on the period in which a lease cannot be terminated, taking into account the period covered by an extension option and the period covered by a termination option. They assess the likelihood of the exercise of the aforementioned options.

The lease term depends on the type of asset and varies as follows:

- for land: up to 45 years;
- for business premises and buildings: up to 28 years;
- for rolling stock: up to 20 years;
- for other equipment: up to 30 years; and
- for vehicles: up to 10 years.

The SŽ Group/SŽ, d.o.o. use a standard approach for recognising and measuring all leases, except short-term leases and low-value leases (i.e. the value of the new asset is less than EUR 5,000), which are disclosed as a cost in the period to which the lease relates.

The SŽ Group/SŽ, d.o.o. recognise a right-of-use asset at the commencement of a lease. Right-of-use lease assets are measured at historical cost less value adjustments and impairment losses, with an adjustment to historical cost at each re-measurement of lease liabilities. The historical cost of right-of-use lease assets comprises the amount of the initially measured lease liability, initial direct costs and lease payments that were made at or prior to the commencement of a lease, less lease incentives.

The depreciation rates of right-of-use lease assets are, in relation to the period of lease, as follows:

- | | |
|-------------------|-------------------|
| • land | 2.00 to 50.00 %; |
| • buildings | 3.00 to 50.00 %; |
| • rolling stock | 5.00 to 100.00 %; |
| • other equipment | 3.00 to 50.00 %; |
| • vehicles | 10.00 to 50.00 %. |

If, at the conclusion of a lease, ownership of the leased asset is transferred to an SŽ Group company or an SŽ Group company exercises the purchase option, depreciation is calculated based on the assessed useful life of the asset.

Liabilities for leased assets are recognised at the present value of remaining lease payments over the entire lease, which is calculated as the discounted value of lease payments that the SŽ Group/SŽ, d.o.o. will pay over the lease term in accordance with the lease agreement. Lease payments comprise fixed lease payments less all receivables for lease incentives, and variable lease payments. Lease payments also include the exercise price for the purchase option if it is probable that the SŽ Group/SŽ, d.o.o. will

exercise that option, as well as the payment of a penalty for the termination of a lease if it is probable that they will exercise the termination option.

In calculating the present value of lease payments, the SŽ Group/SŽ, d.o.o. apply the incremental borrowing rate on the day a lease commences, as the interest rate cannot be determined in a lease agreement. After the commencement of a lease, the amount of lease liabilities is increased by accrued interest and reduced by all executed lease payments. The carrying amount of lease liabilities is remeasured in the event of an adjustment or change to the lease term, a change in lease payments as the result of a change in the index or rate used to determine those payments, or a change in the assessment of the purchase option.

Upon commencement of a lease, lease liabilities are equal to the value of the associated right-of-use asset and is reduced by payments, while the value of the right-of-use asset is reduced by the depreciation charged over the lease term. Depreciation rates are set by taking into account the lease term. Interest incurred is charged to finance expenses in the period in question.

Investment property

Investment property is property purchased to generate rental income and/or increase the value of non-current investments. Investment property is initially recognised at historical cost, comprising the purchase price and the costs arising from purchase.

If property is used in part for leasing and in part for production or office purposes, those two parts are only treated separately if they can also be sold separately. Property is classed as investment property or property, plant and equipment, taking into account the proportionate use of the property for a specific purpose (calculated based on surface area). If the proportionate use of real estate for leasing purposes exceeds 90%, the real estate is disclosed in full as investment property. If the proportionate use of property for leasing purposes is less than 10%, the property is disclosed in full as property, plant and equipment. In other cases, property is classed in part as investment property and in part as property, plant and equipment, with respect to proportionate use.

If the company, as owner of the property, also provides the lessee with ancillary services and those services represent an immaterial element of the entire associated agreement (less than 20% of total revenues under the entire agreement), such property is deemed to be investment property. When ancillary services account for more than 20% of total revenues from the associated agreement, the property in question is treated as an item of property, plant and equipment.

Investment property is measured using the historical cost model. Investment property must be revalued for impairment reasons if their book value exceeds their replacement value. The recoverable amount is the fair value less selling costs or the value in use, whichever is higher.

With the assistance of certified real estate valuers, SŽ Group/SŽ, d.o.o. determine fair value for material items of investment property in a cycle ranging from three to five years for the purpose of disclosing its fair value. Investment property within the SŽ Group/SŽ, d.o.o. is deemed material when the value of that investment property exceeds EUR 100 thousand.

The straight-line method of depreciation is used for investment property, items of which are depreciated individually. The same depreciation rates used for property, plant and equipment are used for that purpose.

Inventories

Inventories comprise stocks of raw materials, materials, replacement parts, small inventory with a useful life of less than one year, work in progress, and inventories of finished goods and merchandise.

Replacement parts used for the maintenance of property, plant and equipment and replacement parts used for additional investments in property, plant and equipment are accounted for as inventories of material.

Inventories of materials and merchandise of all types are valued at historical cost, which comprises the purchase price, import duties and other non-refundable purchase taxes, and the direct costs of procurement.

The moving average price method is used to disclose the use of inventories of materials, replacement parts and small inventory.

The work-in-progress and finished products inventory is valued using the production cost method. Production costs include: direct material costs, direct costs of outsourced services, direct labour costs and general production costs.

The revaluation of inventories entails a change in their carrying amount, and is performed at the end of the financial year. Inventories are valued at historical cost or net realisable value, whichever is lower. Inventories are only revalued for reasons of impairment.

Inventories are impaired on the basis of age, with due regard to the date of last purchase and by specific type of inventory:

- inventories of material are impaired with regard to age by between 20% and 90%;
- inventories of replacement parts are impaired with regard to age by between 4% and 92%;
- small inventory and packaging are impaired with regard to age by between 60% and 100%.

Regardless of the above, individual cases of impairment of inventories may be treated individually.

Financial instruments

In accordance with IFRS 9, the SŽ Group/SŽ, d.o.o. classify financial instruments into two categories:

- financial assets measured at amortised cost; and
- financial assets measured at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. In terms of maturity, they are classed as current financial assets (maturity of up to 12 months following the statement of financial position date) or non-current financial assets (maturity exceeding 12 months following the statement of financial position date). Loans and operating receivables are measured at amortised cost.

A financial asset is classified at fair value through profit or loss if it is defined as such upon initial recognition. Financial assets are deemed to be assets at fair value through profit or loss under the condition that the SŽ Group/SŽ, d.o.o. are capable of managing those assets and making decisions to purchase and sell assets on the basis of fair value. Financial assets at fair value through profit or loss are measured at fair value, while the amount of changes to fair value is recognised in profit or loss.

In accordance with IFRS 9, the SŽ Group/SŽ, d.o.o. use the expected credit loss model for the calculation of impairments of financial instruments, meaning that the impairment of a financial instrument may be recognised before a loss even arises.

• Receivables

Receivables comprise rights arising from property and other relationships that entitle their holder to demand the payment of a debt, the delivery of goods or the performance of services from a specific person. Receivables in connection with the sale of goods and the provision of services are typically recognised simultaneously with revenues. Receivables are initially recognised at amounts recorded in the relevant documents (e.g. invoices, statements of account and statements of fees) under the assumption that they will also be paid.

All subsequent increases and decreases in receivables (subsequent discounts, recognised complaints, defects, etc.) typically increase or decrease the associated operating revenues or finance income. Receivables for which some payments are deferred to the future depending on the fulfilment of certain conditions (e.g. withheld payments) are disclosed separately.

The revaluation of receivables entails a change in their carrying amount; contractual increases and decreases in the carrying amount are not deemed to be revaluation. Revaluation is done before the financial statements are compiled, and appears as the revaluation of receivables due to impairment (if the company assesses that the recoverable amount of receivables is lower than their carrying amount) or the revaluation of receivables due to the reversal of impairment. The assessment of impairment is based on expected credit losses in connection

with the probability of non-payment of receivables over the next 12 months, unless credit risk has risen significantly since initial recognition. In making a collective impairment assessment, the SŽ Group/SŽ d.o.o. consider past developments in probability of default, the recovery period and the amount of

losses adjusted by an assessment of whether, due to current economic and credit conditions, actual losses may in fact be higher or lower than those assumed based on past developments.

When revaluing receivables due to impairment, impairment is recognised before a loss arises based on an expected credit loss model.

Receivables were therefore impaired as follows:

- ordinary receivables and receivables subject to judicial proceedings according to the criterion of the age of an individual group or category of receivables:

	2022	2021
Non-past-due receivables	0.2%	0.2%
Receivables up to 30 days past due	1%	1%
Receivables between 31 and 90 days past due	8%	8%
Receivables between 91 and 120 days past due	10%	10%
Receivables between 121 and 150 days past due	20%	20%
Receivables between 151 and 180 days past due	30%	30%
Receivables between 181 and 364 days past due	50%	50%
Receivables more than 365 days past due	100%	100%

- trade receivables for which compulsory composition has been confirmed:

	2022	2021
Receivables up to 365 days past due	50%	50%
Receivables more than 365 days past due	100%	100%

- trade receivables from customers in bankruptcy are impaired by 100% upon the announcement of bankruptcy.

In addition to the impairments listed above, material receivables may also be impaired individually. The impairment of receivables from specific customers may exceptionally be waived for duly substantiated reasons. Decisions in this regard are made by the company's Management Board.

According to the analysis performed of the impairments necessary for receivables with a maturity of up to one year in the 2019–2021 period, we estimate that the percentages chosen remain appropriate.

• Cash

In addition to cash on business accounts at banks and cash on hand, cash and cash equivalents also include short-term deposits at banks with a maturity of up to three months.

• Debts

Current and non-current liabilities are initially valued in the amounts deriving from the relevant documents evidencing their occurrence.

Non-current liabilities are disclosed as non-current financial liabilities and non-current operating liabilities. Non-current financial liabilities comprise long-term loans received from banks, other companies and individuals, and non-current lease liabilities, while non-current operating liabilities comprise long-term supplier credits for goods and services purchased, long-term advances received and security deposits, and deferred tax liabilities. They are increased by the amount of accrued interest or reduced by repaid amounts and any other types of settlement where an associated agreement with the creditor exists.

The portion of non-current liabilities that has already fallen due for payment and the portion of non-current liabilities that falls due for payment within one year are disclosed as current liabilities in the statement of financial position. Current liabilities are disclosed separately as current financial liabilities and current operating liabilities. Current financial liabilities comprise loans raised and current lease liabilities. Current operating liabilities comprise advances and deposits from customers, trade payables to domestic suppliers and suppliers in the rest of the world, liabilities for uncharged goods and services, liabilities to employees, liabilities to government institutions and other liabilities.

Non-current and current debts expressed in foreign currencies are translated into the domestic currency on the statement of financial position date. An increase in current debts goes to increase ordinary finance expenses, while a decrease in current debts goes to increase finance income.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are investments in the equity of other companies. The SŽ Group/SŽ, d.o.o. classify investments in the equity of other companies into two categories:

- subsidiaries; and
- associates.

Investments in subsidiaries and associates comprise financial assets for which prices are not quoted on an active market, whose fair value cannot be estimated reliably and which the company does not hold for trading purposes but

instead to manage. They are typically held for a period exceeding one year. Such investments are measured at historical cost, meaning that they are disclosed in the individual financial statements at historical cost, increased by transaction costs and subsequently reduced for any impairment.

Provisions

Provisions are created for the company's current commitments arising from past events, when the expectation is that they will arise in a period exceeding one year and their amount can be estimated reliably. They primarily comprise provisions for jubilee benefits and ordinary retirement benefits, provisions to cover the costs and/or expenses of restoring a site to its original state and similar provisions, as well as provisions for performance bonds, warranty periods and material amounts of lawsuits.

Provisions are earmarked and used directly for the costs that they were created to cover. Provisions in the books of account and statement of financial position are reversed whenever the reasons for which they were created have been exhausted or when the provisions are no longer needed.

Deferred income that will cover projected expenses over a period of more than one year is disclosed under non-current deferred income. It also includes state aid and donations received for the acquisition of property, plant and equipment or to cover specific costs. Deferred income is used to cover costs (depreciation or other specific costs), at which time it is reclassified to operating revenues.

Provisions for termination benefits and jubilee benefits

In accordance with the relevant regulations and collective agreement, the company is obliged to pay its employees retirement benefits and jubilee benefits.

Non-current provisions are created for that purpose in the amount of estimated future payments, discounted on the statement of financial position date. A calculation is made for each employee, taking into account the cost of retirement benefits and the cost of expected jubilee benefits until retirement.

Revenues from contracts with customers

In accordance with IFRS 15, the SŽ Group/SŽ, d.o.o. use a five-step model to determine the amount of revenues and timing of the recognition of those revenues. The model states that revenues are recognised when the control of goods or services is transferred to a customer in an amount to which the SŽ Group/SŽ, d.o.o. expect to be entitled. Taking into account the fulfilment of criteria, revenues are recognised:

- at a point in time; or
- over time.

The SŽ Group/SŽ, d.o.o. recognise revenues from contracts with customers when control over goods and services is transferred to customers in an amount that reflects the compensation to which the SŽ Group/SŽ, d.o.o. expect to be entitled. Every promised service or good is treated as a separate performance obligation, provided that it is distinct. It is distinct whenever a customer enjoys a benefit from a rendered service or supplied good. A performance obligation is a promise to provide a customer with some service or good.

Revenues are recognised at the moment the SŽ Group/SŽ, d.o.o. fulfil their performance obligation, i.e. when control over a service or good is transferred to the customer. Control means that a customer is able to direct the use of and obtain all substantial benefits of an asset, and is also able to prevent others from using and obtaining the benefits of an asset.

In construction contracts, revenues are recognised on the percentage of completion method or the method of measuring progress toward satisfaction of a performance obligation, according to which revenues and costs are recognised in proportion to the stage of completion of the contract. The output method is used, where the amount of revenues is determined in percentage terms as the ratio between the work actually performed and all contract work.

If the outcome of a construction contract cannot be reliably measured, the following becomes necessary:

- revenues are only recognised up to the amount of contractual costs that are likely to be compensated;

- contractual costs are recognised as expenses in the period in which they arise.

Discounts approved when a contract is signed are allocated to all performance obligations over the term of a contract. All subsequently approved discounts are recognised in the period in which they are approved, and revenues reduced accordingly.

Finance income

Finance income comprises revenues generated from investing activities. It arises in connection with investments, and in connection with receivables in the form of accrued interest and shares in the profit of others.

Expenses

Expenses are recognised if a decrease in economic benefits during the accounting period is associated with a decrease in assets or an increase in liabilities, and that decrease can be measured reliably. Costs are recorded by type based on an analytical chart of accounts, and adjusted to the needs of reporting and the compilation of the consolidated financial statements.

Finance expenses are recognised when accounted, irrespective of the related payments.

Taxation

Taxes include current tax liabilities and deferred tax. They are disclosed in the income statement, except to the extent that they relate to business combinations or items disclosed directly in other comprehensive income.

Current tax liabilities are calculated on the basis of the taxable income for the financial year. Taxable income differs from the net profit disclosed in profit or loss because it includes revenues and expenses that are taxable or deductible in future tax periods, and items that are never taxable or deductible. The company's current tax liability is calculated using the tax rates applicable on the reporting date.

Deferred tax is intended to cover temporary differences that arise between the value of assets and liabilities for tax purposes and their carrying

amount, and is created using the liability method and currently valid tax rates. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deferred tax assets can be utilised. If the company has incurred or incurs consecutive or major losses, this is deemed convincing evidence that future taxable income will not be available.

Equity

The company's total equity represents a liability to its owner, and falls due for payment should the company be wound up. Share capital and the share premium comprise cash and non-cash contributions by the owner.

Other reserves comprise retained earnings from previous years, and are created based on a resolution adopted by the competent supervisory body and/or owner.

Determination of fair value

Given SŽ, d.o.o.'s accounting policies, the determination of fair value is required for certain non-financial and financial assets and liabilities, either on account of the measurement of individual assets or of additional disclosures of fair value.

The company takes into account the following hierarchy when determining the fair value of non-financial and financial assets and liabilities:

- Level 1 includes quoted prices on active markets for identical assets or liabilities;
- Level 2 comprises values that are not equal to the quoted prices included in Level 1 but that nevertheless may be obtained directly from the market (prices for identical or similar assets or liabilities on less active or inactive markets) or indirectly via recalculations (i.e. values derived from quoted prices on an active market, based on interest rates and yield curves, etc.); and
- Level 3 comprises input data for assets and liabilities that are not based on observable market data, where unobservable data must reflect the assumptions that market participants would use to set the price of an asset or liability, including assumptions regarding risks.

The SŽ Group/SŽ, d.o.o. use quoted prices as the basis for determining the fair value of financial instruments. If a financial instrument is not quoted on a regulated market or if the market in question is deemed inactive, the SŽ Group uses input data from Levels 2 and 3 to assess the fair value of that financial instrument.

The fair value of intangible assets is determined on the basis of the model of the discounted cash flows that are expected to be generated from the use or potential sale of an asset.

The fair value of items of property, plant and equipment and investment property is equal to their market value. The market value of property is equal to the appraised value for which the property could be sold on the valuation date and after appropriate advertising. The market value of equipment is based on the market price offered for similar assets.

The fair value of inventories is determined on the basis of expected sales value in the course of ordinary operations, less estimated selling costs.

The fair value of financial assets measured at fair value through profit or loss is determined according to a predefined hierarchy used to determine the fair value of financial instruments. The SŽ Group measures an asset at historical cost if fair value cannot be determined reliably because the difference in estimates of the reasonable fair value is material and the probability of different estimates is difficult to assess.

The fair value of receivables and loans is calculated as the present value of future cash flows discounted according to the market interest rate at the end of the reporting period, taking into account the credit risk associated with such financial assets.

The fair value of non-derivative financial liabilities is calculated for reporting purposes on the basis of the present value of future principal and interest payments, discounted using the market interest rate at the end of the reporting period.

2.3 Notes to the consolidated financial statements

2.3.1 Notes to the statement of financial position

2.3.1.1 Intangible assets

in EUR	31 December 2022	31 December 2021
Long-term property rights	23,021,267	22,107,166
Goodwill	3,568,239	3,568,239
Non-current deferred development costs	144,420	162,473
Total	26,733,926	25,837,878

Computer software and licences account for the bulk of long-term property rights.

Changes to intangible assets

in EUR	Long-term property rights	Other intangible assets in acquisition	Goodwill	Non-current deferred development costs	Total
Historical cost					
Balance as at 1 January 2021	27,693,739	2,052,463	3,568,239	364,864	33,679,305
Acquisitions	1,095,205	1,973,415	0	5,000	3,073,620
Write-downs	-959,602	0	0	0	-959,602
Balance as at 31 December 2021	27,829,342	4,025,878	3,568,239	369,864	35,793,323
Balance as at 1 January 2022	27,829,342	4,025,878	3,568,239	369,864	35,793,323
Acquisitions	724,880	2,422,698	0	0	3,147,578
Write-downs	-1,149,885	0	0	0	-1,149,885
Balance as at 31 December 2022	27,404,337	6,448,576	3,568,239	369,864	37,791,016
Value adjustments					
Balance as at 1 January 2021	8,440,724	0	0	175,171	8,615,896
Write-downs	-957,514	0	0	0	-957,514
Amortisation	2,264,844	0	0	32,220	2,297,064
Balance as at 31 December 2021	9,748,054	0	0	207,391	9,955,445
Balance as at 1 January 2022	9,748,054	0	0	207,391	9,955,445
Write-downs	-1,149,885	0	0	0	-1,149,885
Amortisation	2,233,477	0	0	18,053	2,251,530
Balance as at 31 December 2022	10,831,646	0	0	225,444	11,057,090
Carrying amount					
Balance as at 1 January 2021	19,253,015	2,052,463	3,568,239	189,692	25,063,410
Balance as at 31 December 2021	18,081,288	4,025,878	3,568,239	162,473	25,837,878
Balance as at 1 January 2022	18,081,288	4,025,878	3,568,239	162,473	25,837,878
Balance as at 31 December 2022	16,572,691	6,448,576	3,568,239	144,420	26,733,926

The Slovenske železnice Group had commitments for the purchase of intangible assets in the amount of EUR 406,993 as at 31 December 2022 (EUR 264,543 as at 31 December 2021).

The Slovenske železnice Group has not pledged any intangible assets as collateral.

A total of 20.8% of all intangible assets in use as at 31 December 2022 has been amortised in full (21.7% as at 31 December 2021). The proportion is calculated by taking into account the historical cost of intangible assets.

2.3.1.2 Right-of-use lease assets

in EUR	31 December 2022	31 December 2021
Right-of-use assets (land)	1,120,554	957,014
Right-of-use assets (buildings)	2,317,615	2,586,692
Right-of-use assets (equipment)	16,344,013	13,507,491
Total	19,782,182	17,051,197

Changes in right-of-use assets

in EUR	Right-of-use assets (land)	Right-of-use assets (buildings)	Right-of-use assets (equipment)	Total
Historical cost				
Balance as at 1 January 2021	822,998	3,999,285	27,450,499	32,272,782
Increases	621,897	140,393	5,092,162	5,854,452
Decreases	-57,748	-277,739	-7,819,593	-8,155,080
Transfers	0	0	-163,651	-163,651
Balance as at 31 December 2021	1,387,147	3,861,939	24,559,417	29,808,503
Balance as at 1 January 2022	1,387,147	3,861,939	24,559,417	29,808,503
Increases	379,585	350,847	11,985,552	12,715,984
Decreases	-33,781	-330,592	-300,217	-664,590
Transfers	0	0	-898,342	-898,342
Balance as at 31 December 2022	1,732,951	3,882,194	35,346,410	40,961,555
Value adjustments				
Balance as at 1 January 2021	277,967	922,501	8,500,910	9,701,378
Decreases	-9,610	-93,301	-3,584,760	-3,687,671
Depreciation	161,776	446,047	6,248,773	6,856,596
Transfers	0	0	-112,997	-112,997
Balance as at 31 December 2021	430,133	1,275,247	11,051,926	12,757,306
Balance as at 1 January 2022	430,133	1,275,247	11,051,926	12,757,306
Decreases	-10,144	-144,700	-87,734	-242,578
Depreciation	192,408	434,032	8,841,996	9,468,436
Transfers			-803,791	-803,791
Balance as at 31 December 2022	612,397	1,564,579	19,002,397	21,179,373

in EUR	Right-of-use assets (land)	Right-of-use assets (buildings)	Right-of-use assets (equipment)	Total
Carrying amount				
Balance as at 1 January 2021	545,031	3,076,783	18,949,589	22,571,403
Balance as at 31 December 2021	957,014	2,586,692	13,507,491	17,051,197
Balance as at 1 January 2022	957,014	2,586,692	13,507,491	17,051,197
Balance as at 31 December 2022	1,120,554	2,317,615	16,344,013	19,782,182

The Group had liabilities from right-of-use lease assets in the amount of EUR 17,265,971 as at 31 December 2022 (EUR 14,736,139 as at 31 December 2021). Rental costs are explained under operating expenses (note 2.3.2.4) and cash flow in relation to rents under lease liabilities (note 2.3.1.19).

2.3.1.3 Property, plant and equipment

in EUR	31 December 2022	31 December 2021
Land	10,553,259	11,909,158
Buildings	54,507,790	50,839,204
Equipment	542,931,563	318,278,984
• rolling stock	513,122,618	296,694,551
• other equipment	29,808,945	21,584,433
Property, plant and equipment in acquisition	8,375,313	16,150,610
Total	616,367,925	397,177,956

Changes in property, plant and equipment

in EUR	Land	Buildings	Plant and equipment	Property, plant and equipment in acquisition	Total property, plant and equipment
Historical cost					
Balance as at 1 January 2021	12,638,864	127,123,770	859,954,700	12,744,793	1,012,462,127
Acquisitions	60,052	1,375,557	121,765,391	3,975,325	127,176,324
Investment spare parts in stock	0	0	0	-535,530	-535,530
Decreases	-150,047	-402,159	-27,157,194	0	-27,709,400
Transfers from finance leasing and from investment property	-639,711	-240,376	163,651	0	-716,436
Write-downs	0	0	0	-33,978	-33,978
Balance as at 31 December 2021	11,909,158	127,856,792	954,726,548	16,150,610	1,110,643,108

in EUR	Land	Buildings	Plant and equipment	Property, plant and equipment in acquisition	Total property, plant and equipment
Balance as at 1 January 2022	11,909,158	127,856,792	954,726,548	16,150,610	1,110,643,108
Acquisitions	12,019	6,375,939	272,973,287	-7,756,893	271,604,352
Decreases	-1,367,918	-3,552,012	-52,033,796	0	-56,953,726
Write-downs	0	0	0	-18,404	-18,404
Transfers from finance leasing	0	0	898,342	0	898,342
Transfers of investments in foreign fixed assets	0	5,189,935	-5,189,935	0	0
Balance as at 31 December 2022	10,553,259	135,870,654	1,171,374,446	8,375,313	1,326,173,672
Value adjustments					
Balance as at 1 January 2021	0	75,236,462	625,240,000	0	700,476,462
Decreases	0	-281,313	-26,801,155	0	-27,082,468
Depreciation	0	2,062,439	38,008,719	0	40,071,158
Balance as at 31 December 2021	0	77,017,588	636,447,564	0	713,465,152
Balance as at 1 January 2022	0	77,017,588	636,447,564	0	713,465,152
Decreases	0	-2,540,491	-51,961,839	0	-54,502,330
Depreciation	0	2,681,462	47,357,672	0	50,039,134
Transfers of investments in foreign fixed assets	0	4,204,305	-4,204,305	0	0
Transfers from finance leasing	0	0	803,791	0	803,791
Balance as at 31 December 2022	0	81,362,864	628,442,883	0	709,805,747
Carrying amount					
Balance as at 1 January 2021	12,638,865	51,887,308	234,714,701	12,744,793	311,985,666
Balance as at 31 December 2021	11,909,158	50,839,204	318,278,984	16,150,610	397,177,956
Balance as at 1 January 2022	11,909,158	50,839,204	318,278,984	16,150,610	397,177,956
Balance as at 31 December 2022	10,553,259	54,507,790	542,931,563	8,375,313	616,367,925

Moveable property and real estate valued at EUR 42,072,225 were pledged as guarantees for long-term loans as at 31 December 2022 (EUR 45,156,638 as at 31 December 2021).

The Group had commitments for the purchase of property, plant and equipment in the amount of EUR 94,228,624 as at 31 December 2022 (EUR 103,870,669 as at 31 December 2021).

A total of 29.4% of all property, plant and equipment in use as at 31 December 2022 has been depreciated in full (that proportion stood at 35.7% as at 31 December 2021). That proportion is calculated by taking into account the historical cost of property, plant and equipment.

Significant purchases in 2022 included that of new passenger multiple units in the amount of EUR 241.8 million and major periodic repairs of rolling stock in the amount of EUR 15 million.

2.3.1.4 Investment property

in EUR	31 December 2022	31 December 2021
Investment property	36,658,847	42,079,585
Total	36,658,847	42,079,585

Investment property comprises warehouses, commercial buildings and land that the Group leases to others.

Changes in investment property

in EUR	Land	Buildings	Total
Historical cost			
Balance as at 1 January 2021	36,895,258	24,447,792	61,343,050
Acquisitions	153,516	48,192	201,708
Disposals	-1,361,366	0	-1,361,366
Transfers to property, plant and equipment	639,711	240,376	880,087
Balance as at 31 December 2021	36,327,119	24,736,360	61,063,479
Balance as at 1 January 2022	36,327,119	24,736,360	61,063,479
Acquisitions	0	112,280	112,280
Disposals	-90,360	-530,947	-621,307
Transfer to sale	-5,263,908	-2,224,358	-7,488,266
Balance as at 31 December 2022	30,972,851	22,093,335	53,066,186
Value adjustments			
Balance as at 1 January 2021	0	18,536,268	18,536,268
Depreciation	0	447,625	447,625
Balance as at 31 December 2021	0	18,983,893	18,983,893
Balance as at 1 January 2022	0	18,983,893	18,983,893
Depreciation	0	108,552	108,552
Disposals	0	-2,685,106	-2,685,106
Balance as at 31 December 2022	0	16,407,339	16,407,339
Carrying amount			
Balance as at 1 January 2021	36,895,258	5,911,524	42,806,783
Balance as at 31 December 2021	36,327,119	5,752,467	42,079,585
Balance as at 1 January 2022	36,327,119	5,752,467	42,079,585
Balance as at 31 December 2022	30,972,851	5,685,996	36,658,847

The Group has not pledged any investment property as collateral.

The Group generated rental income of EUR 1,390,605 in 2022 (EUR 1,395,753 in 2021). Depreciation costs associated with investment property totalled EUR 108,552 (EUR 447,625 in 2021).

The fair value of investment property was determined with the help of certified real estate valuers and amounted to EUR 66,637,526 as at 31 December 2022 (EUR 78,589,946 as at 31 December 2021).

2.3.1.5 Non-current financial assets

in EUR	31 December 2022	31 December 2021
Investments in associates	37,491,603	14,246,338
Other financial assets	2,144,340	2,143,755
Total	39,635,943	16,390,093

Information regarding associates as at 31 December 2022

Business name of associate	Business address of associate	Activity	Ownership as at 31 December 2022	Ownership as at 31 December 2021
Terme Olimia, d.d.	Zdraviliška cesta 24, Podčetrtek	Activities of hotels, campgrounds, catering, sports facilities and health care	23.87%	23.87%
Adria Kombi, d.o.o., Ljubljana	Tivolska cesta 50, Ljubljana	Freight rail transport	33.72%	33.72%
CKTZ, d.d., Zagreb	Trg senjskih uskoka 7-8, Zagreb	Combined transport services	31.41%	29.41%
NOMAGO d.o.o., Ljubljana	Vošnjakova ulica 3, Ljubljana	Road passenger transport and travel organisation	50.00%	0.00%

in EUR	Total equity		Profit or loss for the year	
	31 December 2022	31 December 2021	2022	2021
Terme Olimia, d.d.	46,271,221	42,928,766	2,621,675	3,890,599
Adria Kombi, d.o.o., Ljubljana	12,490,135	12,620,474	1,689,607	1,802,421
CKTZ, d.d., Zagreb	2,289,334	1,622,283	666,877	188,357
NOMAGO d.o.o. (group)	26,627,741	0	6,423,022	0
Total	87,678,431	57,171,523	11,401,181	5,881,377

Balance of investments in associates

in EUR	31 December 2022	31 December 2021
Terme Olimia, d.d.	0	9,513,571
Adria Kombi, d.o.o., Ljubljana	4,211,674	4,255,624
CKTZ, d.d., Zagreb	719,121	477,143
NOMAGO d.o.o., Ljubljana	32,560,808	0
Total investments in associates	37,491,603	14,246,338

Changes in investments in associates

in EUR	SŽ Group	
	31 December 2022	31 December 2021
Balance as at 1 January	14,246,338	13,760,176
Attributable profit/loss	2,481,249	1,591,893
Dividends received	-596,844	-414,756
Impairment of investment in Terme Olimia	-485,454	-733,877
Transfer of investment in Terme Olimia to non-current assets held for sale	-9,825,988	0
Investment in CKTZ Zagreb – purchase of 510 shares	IN	0
Investment in NOMAGO, d.o.o.	31,500,000	0
Attributable changes in equity of associates	155,302	42,902
Balance as at 31 December	37,491,603	14,246,338

Other financial assets	Participating interest in %	Value of investment in EUR	
		31 December 2022	31 December 2021
EUROFIMA	0.42	2,084,000	2,084,000
HIT RAIL		54,439	54,439
Fercargo d.o.o., Sarajevo	70.00	924	924
Other shares and participating interests		4,977	4,392
Total		2,144,340	2,143,755

On 7 April 2022, Slovenske železnice, d.o.o. (the buyer) and Adventura Investments, upravljanje družb, d.o.o. (the seller) concluded a sale and purchase agreement for a 50% participating interest in NOMAGO, storitve mobilnosti in potovanj, d.o.o. (hereinafter: NOMAGO d.o.o.).

In October 2022 the two companies agreed on the calculation of the fixed part and the first instalment of the variable part of the purchase price in the amount of EUR 20,843,957.

This was paid on 25 October 2022. For the difference to the full purchase price under the agreement (EUR 10,656,043), non-current financial investments and other current financial liabilities are recognised in the Slovenske železnice, d.o.o. statements for 2022 (note 6.6.1.16). The second and third instalments of the purchase price for a 50% participating interest will be paid in 2023 and 2024.

The allocation of the purchase price will be completed within 12 months of the investment being acquired. We estimate that the temporary goodwill resulting from the investment amounts

to EUR 15,905,652. As a final valuation is not yet available, the estimate is currently based on the carrying amount.

The shareholders' agreement between Adventura Investments, upravljanje družb, d.o.o. and Slovenske železnice, d.o.o. in relation to the management of NOMAGO, d.o.o. following the purchase of a 50% stake sets out the following options regarding the purchase or sale of the remaining 50% stake in NOMAGO d.o.o.:

- a call option for Slovenske železnice, d.o.o. as the right (but not the obligation) to purchase the entire participating interest in NOMAGO, d.o.o. from Adventura Investments, which Slovenske železnice d.o.o. may exercise at any time between 1 January and 31 December 2024;
- a put option for Slovenske železnice, d.o.o. as the right (but not the obligation) to sell its entire participating interest in NOMAGO, d.o.o. to Adventura Investments d.o.o. at any time after conclusion of the sale and purchase agreement if changes arise in the control of ownership of

Adventura Investments, d.o.o. to the benefit of a competitor of Slovenske železnice, d.o.o. or to the benefit of a competitor of NOMAGO, d.o.o.;

- if the call or put options are not exercised by 1 January 2025, either partner shall be entitled to commence a procedure for the joint sale of their participating interests in NOMAGO, d.o.o., with the other NOMAGO partner being obliged to participate.

As the exercise price of the above-mentioned options is linked to the fair value of the stake in NOMAGO, d.o.o. upon exercise of the option, the SŽ, d.o.o. Management Board estimates that the fair value of the options as at 31 December 2022 is close to EUR 0. These options are therefore not recognised in the SŽ Group's financial statements.

2.3.1.6 Financial receivables

in EUR	31 December 2022	31 December 2021
Long-term loans to Group companies in the rest of the world	38,430,000	0
Receivables for funds paid to an institution (Železniški zdravstveni dom)	0	2,401,002
Deposits at banks	591,409	586,731
Other financial receivables	10,092	10,093
Total non-current financial receivables	39,031,501	2,997,826
Short-term deposits at domestic banks	50,500,000	0
Short-term deposits at banks in the rest of the world	80,200,073	0
Receivables from short-term loans to employees	2,087	2,238
Total current financial receivables	130,702,160	2,238
Total financial receivables	169,733,661	3,000,064

Financial receivables mainly comprise:

- long-term loan granted and approved by SŽ EP Logistika for EP Logistics International, a.s. in the amount of EUR 38,430,000;
- short-term deposits at domestic banks from SŽ-Potniški promet, SŽ-Tovorni promet and SŽ EP Logistika in the amount of EUR 50,500,000;
- short-term deposits at banks in the rest of the world from Slovenske železnice in the amount of EUR 80,000,000.

The investment in Terme Olimia, d.d. was appraised by a certified valuer for the purpose of financial reporting and, based on the valuation, impaired in the amount of EUR 485,454. The income approach was applied in the valuation, i.e. the discounted cash flow method. SDH, d.d. are drafting a resolution making the investment in Terme Olimia, d.d. part of the material dividend that the company will transfer to the owner. The investment in Terme Olimia, d.d. was therefore transferred to non-current assets held for disposal on 31 December 2022.

All investments in shares and participating interests are classified as financial assets measured at fair value through profit or loss. None of the shares and participating interests held by the Slovenske železnice Group at the end of 2022 are quoted on a regulated securities market. Other financial assets are not used as collateral and are free from encumbrances.

On 31 December 2022 a non-current financial receivable from SŽ-Železniški zdravstveni dom was transferred in its entirety to non-current assets held for disposal because SDH, d.d. intends to adopt a resolution on the payment of a material dividend, part of which is a receivable for assets given to SŽ-Železniški zdravstveni dom. For the purpose of the transaction, the receivable was appraised by a certified valuer using the discounted cash flow method. The receivable was estimated at EUR 5,544,702.

Non-current financial receivables have not been secured or pledged as collateral.

2.3.1.7 Non-current operating receivables

in EUR	31 December 2022	31 December 2021
Non-current advances for the purchase of fixed assets	259,207	301,481
Trade receivables	119	141
Credits for the purchase of property	3,396,843	3,338,837
Other operating receivables	2,143,733	441,720
Total	5,799,902	4,082,179

The increase in other operating receivables is largely down to the sale of land, with the buyer due to settle the final instalment of EUR 1,950,000 in 2024.

Receivables for credits for the purchase of property are secured in full by mortgages. These receivables are not pledged as collateral.

2.3.1.8 Deferred tax assets

in EUR	31 December 2022	31 December 2021
Deferred tax assets	2,921,148	3,894,691
Total	2,921,148	3,894,691

	Consolidated 31 December 2022	Consolidated 31 December 2021
SŽ, d.o.o.	608,696	325,478
SŽ-Infrastruktura, d.o.o.	535,940	971,918
SŽ-VIT, d.o.o.	562,972	815,016
SŽ-Potniški promet, d.o.o.	138,563	230,890
EP Group	935,093	1,211,118
• SŽ-Tovorni promet, d.o.o.	305,978	507,020
• Fersped, d.o.o.	627,206	699,932
• VV-LOG, d.o.o.	1,909	4,165
SŽ-ŽGP Group	132,858	329,883
• SŽ-ŽGP, d.d.	88,232	124,371
• Kamnolom Verd, d.o.o.	44,626	205,512
SŽ-Železniška tiskarna, d.d.	0	0
Prometni institut Ljubljana, d.o.o.	7,026	10,389
Total	2,921,148	3,894,691

The Slovenske železnice Group recognises deferred tax assets for non-deductible expenses arising from provisions, tax losses, tax allowances for investments and adjustments to the value of receivables, but only up to the amount of revenues from positive tax bases for the next five

years. The tax loss amounted to EUR 16,826,318 (EUR 16,826,318 in 2021) and together with tax allowances for investments represents the unrecognised basis for deferred tax assets in the amount of EUR 32,859,522 (EUR 40,679,528 in 2021).

Changes in deferred tax assets within the Slovenske železnice Group

in EUR	Tax loss	Provisions	Tax allowances for investments	Value adjustments to receivables	Total
Balance as at 1 January 2021	814,525	1,933,355	395,917	187,388	3,331,185
Drawn	-152,948	0	-196,055	-155,183	-504,186
Created	0	1,067,692	0	0	1,067,692
Balance as at 31 December 2021	661,577	3,001,047	199,862	32,205	3,894,691
Drawn	-59,145	-1,307,820	0	-1,621	-1,368,586
Created	0	0	395,043	0	395,043
Balance as at 31 December 2022	602,432	1,693,227	594,905	30,584	2,921,148

2.3.1.9 Other non-current assets

in EUR	31 December 2022	31 December 2021
Deferred licence maintenance costs	0	332,897
Deferred costs relating to passenger multiple units	4,164,719	6,653,882
Deferred costs for the reserve fund for leased housing	414,871	408,890
Total	4,579,590	7,395,669

The full amount of deferred costs disclosed in connection with passenger multiple units relates to the discount calculated under the Agreement on the assignment of claims for consideration between Slovenske železnice, d.o.o. and SŽ-Potniški promet, d.o.o. and two banks dated

12 June 2018. Since January 2022, the costs of the discount following completion of the delivery of the last passenger multiple units purchased under NAB agreement 40/2018/08/INV have been charged to profit or loss in the current period.

2.3.1.10 Assets held for sale

in EUR	31 December 2022	31 December 2021
Fixed assets held for sale	1,738,064	52,717
Investment property held for sale	5,303,716	0
Other non-current assets held for sale	12,226,990	0
Assets held for sale	19,268,770	52,717

Other non-current assets held for sale comprise an investment in the associate Terme Olimia, d.d., measured at fair value at EUR 9,825,988, and a receivable for assets given to Železniški zdravstveni dom Ljubljana at a book value of EUR 2,401,002 (the fair value of the receivable is EUR 5,544,702). Additional notes are given in points 2.3.1.5 and 2.3.1.6.

2.3.1.11 Inventories

in EUR	31 December 2022	31 December 2021
Materials	16,606,647	13,873,057
Replacement parts	20,887,359	21,091,341
Small inventory and packaging	1,320,424	994,902
Work in progress	3,189,585	3,722,517
Products and merchandise	1,343,145	1,711,494
Total	43,347,160	41,393,311

In 2022 write-downs of obsolete inventories amounted to EUR 3,733 and impairments of inventories amounted to EUR 280,641 (write-downs and impairments of EUR 22,299 and

EUR 2,167,240, respectively in 2021). There are no liens on inventories. The carrying amount of inventories did not exceed their realisable value.

2.3.1.12 Trade receivables

in EUR	31 December 2022	31 December 2021
Current trade receivables from domestic customers	36,822,846	35,068,892
Current trade receivables from customers in the rest of the world	17,425,361	19,618,406
Total	54,248,207	54,687,298

in EUR	2022			2021		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
Current trade receivables from domestic customers	40,886,078	4,063,232	36,822,846	39,244,882	4,175,990	35,068,892
Current trade receivables from customers in the rest of the world	18,600,236	1,174,875	17,425,361	21,663,607	2,045,201	19,618,406
Total	59,486,314	5,238,107	54,248,207	60,908,489	6,221,191	54,687,298

Receivables were not pledged as collateral as at 31 December 2022,

while secured receivables amounted to EUR 1,560,491 (EUR 2,399,904 in 2021).

Net value adjustments to current trade receivables were created as follows:

in EUR	2022	2021
Balance as at 1 January	6,221,191	6,228,530
Reduction for written-off receivables	-693,276	-69,053
Reversal of value adjustments	-504,510	-297,254
Creation of value adjustments	214,702	358,968
Balance as at 31 December	5,238,107	6,221,191

Maturity structure of trade receivables

in EUR	31 December 2022	31 December 2021
Non-past-due receivables	48,120,080	50,024,781
Past-due receivables	11,366,234	10,883,708
– up to 30 days	4,791,127	2,866,661
– 31 to 90 days	707,277	1,320,876
– 91 to 365 days	339,092	872,805
– over 365 days	5,528,738	5,823,366
Total	59,486,314	60,908,489

2.3.1.13 Other current operating receivables

in EUR	31 December 2022	31 December 2021
Receivables from government and other institutions	7,742,540	7,747,440
Receivables from employees	148,105	172,313
Receivables from others associated with finance income	81,394	23,790
Current operating receivables based on advances	1,534,156	167,141,279
Current security deposits	9,697	2,462
Receivables based on an agreement on the transfer of the benefits of negotiations in connection with the purchase of rolling stock	0	23,769,200
Other current operating receivables from others	9,753,242	13,643,314
Deferred costs	2,289,100	1,166,453
Accrued revenues:	39,959,555	35,069,781
• accrued development element of compensation for performance of the PSO	15,843,210	17,584,887
• accrued proportion of contractual penalty	2,340,330	1,170,165
• accrued compensation to carriers for reimbursement of costs arising from the implementation of investment works on PRI in 2022	269,954	3,883,053
• accrued revenues for coverage of the costs of the purchase of new machinery	508,333	0
• accrued revenues from the Climate Change Fund	2,322,887	0
• accrued revenues from services provided by the PRI manager	11,732,022	7,552,710
• accrued revenues from costs incurred by the manager in the remediation of PRI	1,675,706	1,118,318
• accrued revenues from claims for damages	1,383,114	443,610
• other accrued revenues	3,883,999	3,317,038
VAT on advances received	5,416	1,831
Total	61,523,205	248,737,863

Current operating receivables based on advances primarily relate to advances for construction services in the amount of EUR 1,024,696. The highest value of advances is disclosed by SŽ-ŽGP Ljubljana, d.d.

Other current operating receivables from others in the amount of EUR 9,753,242 (EUR 13,643,315 as at 31 December 2021) consist almost entirely (EUR 9,019,818) of receivables from the government on behalf of carriers arising from compensation for the reimbursement of costs incurred as a result of investment works on PRI in 2022.

The following items account for the highest proportion of accrued income:

- the accrued portion of development compensation for the upgrading and modernisation of rail transport rolling stock, as defined in the amendments to the Agreement on the performance of the public service obligation in the inland and cross-border regional transport of passengers by rail for the period 2017–2031, in the amount of EUR 15,843,210 (EUR 17,584,887 in 2021);
- accrued compensation to the carrier SŽ-Potniški promet, d.o.o. for the costs incurred in December 2022 resulting from the performance of investment works on PRI in the amount of EUR 269,954 (EUR 3,883,053 in 2021);

- accrued revenues for services provided by the PRI manager under contracts with the government in the amount of EUR 11,732,022 (EUR 7,552,710 in 2021);
- accrued revenues of the PRI manager in connection with the elimination of the consequences of extraordinary events on PRI in the amount of EUR 1,675,706 (EUR 1,118,315 in 2021);
- accrued revenues from other loss events in the amount of EUR 1,383,114 (EUR 443,610 in 2021), the majority at SŽ-Tovorni promet, d.o.o. and SŽ-Potniški promet, d.o.o. (damage to rolling stock);
- the accrued proportion of the contractual penalty under NAB agreement no. 40/2018/08/INV and the addendum thereto in the amount of EUR 2,340,330 (EUR 1,170,165 in 2021);
- accrued revenues for grants to promote freight rail transport from the Climate Change Fund in the amount of EUR 2,322,887 (0 EUR in 2021).

Write-downs and impairments of trade receivables and other current operating receivables that are disclosed in operating expenses amounted to EUR 211,006 in 2022 (EUR 3,482,708 in 2021).

2.3.1.14 Cash and cash equivalents

in EUR	31 December 2022	31 December 2021
Cash on hand	379,426	182,591
Cash on bank accounts	117,913,690	127,011,095
Total	118,293,116	127,193,686

2.3.1.15 Equity

in EUR	31 December 2022	31 December 2021
Called-up capital	509,529,921	359,529,921
Share premium account	45,002,140	45,002,140
Legal reserves	4,066,111	3,849,576
Other profit reserves	49,185,127	47,128,047
Fair value reserves	4,860,750	-7,957,886
Net profit brought forward	100,219,953	94,322,607
Undistributed net profit for the financial year	25,001,023	27,802,650
Translation differences	341	-2,421
Non-controlling interest	96,243,717	6,657,851
Total	834,109,083	576,332,485

Changes in equity

in EUR	
Balance as at 1 January 2021	548,275,423
Net profit for the financial year	29,320,538
Actuarial gains and losses	-1,236,924
Exchange rate differences from the conversion of financial statements of firms in the rest of the world	-1,205
Other changes	-25,347
Balance as at 31 December 2021	576,332,485
Balance as at 1 January 2022	576,332,485
Additional paid-up capital	209,430,496
Net profit for the financial year	35,389,017
Payment of shares in profit	-403,990
Actuarial gains and losses	13,204,406
Exchange rate differences from the conversion of financial statements of firms in the rest of the world	1,214
Other changes	155,455
Balance as at 31 December 2022	834,109,083

Additional paid-up capital represents the capital increase of Slovenske železnice, d.o.o. pursuant to a resolution of Slovenski državni holding with a cash contribution of EUR 150 million, which was remitted on 9 May 2022, and the capital increase of SŽ EP Logistika, d.o.o. with a cash contribution of EUR 59.4 million, with which EP Logistics International, a.s. acquired a 49% stake in SŽ EP Logistika, d.o.o.

2.3.1.16 Provisions

Provisions for jubilee benefits and termination benefits

in EUR	31 December 2022	31 December 2021
Provisions for termination benefits	18,820,669	28,528,949
Provisions for jubilee benefits	3,336,677	4,230,018
Total	22,157,346	32,758,967

Changes in provisions for jubilee benefits and termination benefits

in EUR	Termination benefits	Jubilee benefits	Total
Balance as at 1 January 2021	25,203,810	3,752,814	28,956,624
Used	-136,518	-397,989	-534,507
Current employment costs	2,096,366	858,053	2,954,419
Interest (expenses)	208,625	29,497	238,122
Reversal of provisions (closure, rights) (revenues)	-116,628	-12,357	-128,985
Actuarial gains/losses	1,273,294	0	1,273,294
Balance as at 31 December 2021	28,528,949	4,230,018	32,758,967
Balance as at 1 January 2022	28,528,949	4,230,018	32,758,967
Used	-292,194	-452,952	-745,146
Current employment costs	2,704,096	360,573	3,064,669
Interest (expenses)	1,084,225	152,935	1,237,160
Reversal of provisions (closure, rights) (revenues)	0	-953,897	-953,897
Actuarial gains/losses	-13,204,407	0	-13,204,407
Balance as at 31 December 2022	18,820,669	3,336,677	22,157,346

The following material assumptions were taken into account in the calculation of provisions for retirement benefits and jubilee benefits:

	2022	2021
Average monthly gross wage in Slovenia	EUR 2,030	EUR 1,990
Discount rate	3.821%	0.834%
Overall wage growth	1.0%	1.0%
Retirement conditions (age)		
• men (transitional period)	-	60
• women (transitional period)	-	60
• men	65	65
• women	65	65

The annual discount rate is determined on the basis of the yield for 15-year EU COMPOSITE AAA corporate bonds according to Bloomberg as at 31 December 2022.

Other provisions

in EUR	31 December 2022	31 December 2021
Provisions for litigation	548,131	460,779
Provisions for guarantees issued	638,478	546,917
Provisions for remediation of the quarry	70,551	49,524
Total	1,257,160	1,057,220

Changes in other provisions

in EUR	Provisions for litigation	Provisions for guarantees issued	Provisions for remediation of the quarry	Total
Balance as at 1 January 2021	508,875	530,965	0	1,039,840
Created	38,037	69,021	49,524	156,581
Reversed	-39,037	0	0	-39,037
Used	-47,096	-53,068	0	-100,164
Balance as at 31 December 2021	460,779	546,917	49,524	1,057,220
Balance as at 1 January 2022	460,779	546,917	49,524	1,057,220
Created	124,653	102,556	21,027	248,236
Reversed	-32,704	0	0	-32,704
Used	-4,597	-10,995	0	-15,592
Balance as at 31 December 2022	548,131	638,478	70,551	1,257,160

Sixty legal proceedings with claims totalling EUR 46,260,427 and primarily in relation to compensation, labour and commercial disputes were in progress against six companies in the Slovenske železnice Group in 2022. Thirteen of those proceedings were completed in the course of the year.

Of the remaining 47, provisions totalling EUR 548,131 were created for 15 cases as at 31 December 2022 in accordance with assessments of the possible outcomes of specific disputes drawn up on the bases of reports prepared by law firms. In the remaining cases, it has been assessed that rulings will not be handed down in favour of the plaintiffs. In specific cases, insurance coverage was secured, or else it is not yet possible to assess the outcome of disputes because the cases involved are in the initial phase.

In the case of a commercial dispute involving the sum of EUR 40,000,000 and relating to a claim against SŽ-ŽGP Ljubljana, d.d. for the elimination of defects in construction work, the assessment,

at the current phase of proceedings, is that the probability of the cause of the defects on the concrete sleepers being found to be work carried out by the company and the company's objections being dismissed is remote. Provisions were therefore not recognised as at 31 December 2022. It is believed that success in these proceedings will depend on the findings of the court-appointed expert. If the plaintiff's claims are upheld, the company could transfer responsibility to the supplier of the sleepers. The company has already notified the supplier of the proceedings via the court; it also launched an action against the supplier in September 2022. If the damage to the sleepers is found to be the result of a lack of maintenance or to have occurred as a result of circumstances that arose after the contract was concluded and that the defendant could not have prevented or avoided, the claim is expected to be dismissed.

Claims for which provisions have not been created are shown as potential liabilities.

2.3.1.17 Non-current deferred income

in EUR	Waived contributions	Government support	Non-current contract liabilities in connection with construction services	Total
Balance as at 1 January 2021	1,401,866	36,028	213,478	1,651,372
Created	4,596,552	0	3,720	4,600,272
Used and/or transferred to current portion	-5,005,546	-3,110	-33,017	-5,041,673
Reversed	0	0	-3,348	-3,348
Balance as at 31 December 2021	992,872	32,918	180,833	1,206,623
Balance as at 1 January 2022	992,872	32,918	180,833	1,206,623
Created	5,281,009	6,100,000	28,169	11,409,178
Used and/or transferred to current portion	-5,443,017	-3,110	-33,048	-5,479,175
Balance as at 31 December 2022	830,864	6,129,807	175,954	7,136,625

Pursuant to the Agreement on the provision of services by the public railway infrastructure manager for the period 2021–2030 and to Addendum 4 to that agreement, SŽ-Infrastruktura, d.o.o. received EUR 6,100,000 in 2022 for the purchase of new machinery for the performance of the PSO of PRI maintenance.

2.3.1.18 Financial liabilities

in EUR	31 December 2022	31 December 2021
Non-current financial liabilities to domestic banks	81,366,273	102,601,633
Non-current financial liabilities to banks in the rest of the world	333,333	4,333,333
Total non-current financial liabilities	81,699,606	106,934,966
Current financial liabilities to domestic banks	21,235,360	19,561,937
Current financial liabilities to banks in the rest of the world	4,000,000	3,666,667
Other current financial liabilities	10,720,902	100,612
Total current financial liabilities	35,956,262	23,329,216
Total	117,655,868	130,264,182

Changes in financial liabilities

in EUR	2022	2021
Non-current financial liabilities		
Balance as at 1 January	106,934,966	130,163,570
• transfer to current portion	-25,235,360	-23,228,604
Balance as at 31 December	81,699,606	106,934,966
Current financial liabilities		
Balance as at 1 January	23,329,216	23,819,369
• transfer to current portion	25,235,360	23,228,604
• payment of interest	-1,721,286	-1,906,213
• repayment of the loan	-87,928,604	-275,721,846
• calculation of interest	1,685,533	1,909,303
• loan received	64,700,000	252,000,000
• purchase price under the contract for NOMAGO, d.o.o.	10,656,043	0
Balance as at 31 December	35,956,262	23,329,216
Total	117,655,868	130,264,182

Non-current financial liabilities

in EUR	Date of agreement or addendum	Payment due date	Balance 31 December 2022	Insurance
Financing of rolling stock purchases	5 April 2018	6 December 2024	2,760,417	Rolling stock pledged as collateral, bills of exchange
Financing of locomotive purchases	5 September 2019	15 September 2030	77,689,189	Rolling stock pledged as collateral, bills of exchange
Financing of measures to optimise business processes	23 December 2019	31 December 2023	1,250,000	Bills of exchange
Total			81,699,606	

Current financial liabilities

in EUR	Date of agreement or addendum	Payment due date	Balance 31 December 2022	Insurance
Financing of locomotive purchases	5 September 2019	31 December 2023	8,027,027	Rolling stock pledged as collateral, bills of exchange
Financing of rolling stock purchases	5 April 2018	6 October 2023	2,208,333	Rolling stock pledged as collateral, bills of exchange
Financing of measures to optimise business processes	23 December 2019	31 December 2023	15,000,000	Bills of exchange
Other current liabilities – interest			64,859	
Liabilities from the flexible part of the purchase price for the acquisition of a stake in the associate NOMAGO, d.o.o.			10,656,043	
Total			35,956,262	

2.3.1.19 Lease liabilities

in EUR	31 December 2022	31 December 2021
Non-current lease liabilities	7,380,578	8,649,719
Current lease liabilities	9,885,394	6,086,420
Total	17,265,972	14,736,139

Changes in lease liabilities

in EUR	2022	2021
Balance as at 1 January	14,736,139	20,498,248
increase	12,686,113	6,113,369
decrease	-422,823	-4,564,262
payments	-10,097,482	-7,657,024
interest	364,025	345,809
Balance as at 31 December	17,265,972	14,736,139

Changes in financial liabilities and lease liabilities (cash flow)

in EUR	2022	2021
Balance as at 1 January	145,000,321	174,481,186
Inflows from loans raised	64,700,000	252,000,000
Outflows from loans raised	-87,928,604	-275,721,846
Liabilities for the purchase price (Nomago, d.o.o.)	10,656,043	0
Outflows for the repayment of lease liabilities	-9,733,457	-7,311,215
Changes in lease liabilities	12,263,290	1,549,106
Changes in liabilities for interest	-35,753	3,090
Balance as at 31 December	134,921,840	145,000,321

2.3.1.20 Operating liabilities

in EUR	31 December 2022	31 December 2021
Non-current liabilities	93,625,318	106,437,565
Other non-current operating liabilities	468	7,179
Non-current operating liabilities – sale of receivables	93,380,650	106,166,650
Non-current liabilities in connection with superficies	244,200	263,736
Current liabilities	80,987,750	85,171,814
Liabilities based on advances	1,792,918	1,548,182
Liabilities to employees	16,736,554	15,244,275
Liabilities to the government and government institutions	8,921,746	16,684,977
Liabilities to others	25,833,725	26,660,323
Current operating liabilities – sale of receivables	12,786,000	12,786,000
Deferred income	2,759,926	2,000,799
Accrued costs and expenses	12,156,881	10,247,258
Total	174,613,068	191,609,379

Non-current operating liabilities in the amount of EUR 93,380,650 (EUR 106,166,650 in 2021) relate to receivables of SŽ-Potniški promet, d.o.o., arising from the funds in connection with the performance of the PSO to the contracting authority, which will be paid in annual instalments by 2031 in accordance with paragraph 16 of Article 7 of the Amendments to the Agreement on the performance of the public service obligation in the inland and cross-border regional transport of passengers by rail for the period 2017–2031. Along with the receivables from the contracting authority, a liability to the contracting authority was disclosed in 2018 on account of PSO services that were not performed.

Based on the Agreement on the assignment of claims for consideration between Slovenske železnice, d.o.o. and SŽ-Potniški promet, d.o.o., dated 12 June 2018, the above receivables were sold to two banks, and liabilities to the contracting authority are reduced in accordance with the repayment schedule set out in paragraph 16 of Article 7 of the Amendments to the Agreement on the performance of the public service obligation in the inland and cross-border regional transport of passengers by rail for the period 2017–2031. The current portion of these liabilities, which falls due for payment in 2023, was disclosed under current operating liabilities in the amount of EUR 12,786,000 as at 31 December 2022 (EUR 12,786,000 in 2021).

Accrued costs and expenses

in EUR	31 December 2022	31 December 2021
Unused annual leave	9,109,560	7,283,976
Accrued costs of termination benefits	0	60,707
Contractual obligations for uncompleted works on projects	58,368	506,308
Use of freight wagons	903,755	688,819
Accrued services of foreign railway operators	228,905	428,705
Accrued concession fees	163,081	201,592
Accrued costs of hours worked	120,714	204,485
Accrued compensation in international freight transport	10,000	30,000
Accrued positioning costs for individual work orders	207,916	335,007
Accrued damages according to waybills	40,000	50,000
Accrued costs of the auditing of financial statements	179,196	140,848
Accrued provisions for onerous contracts	623,750	0
Other	511,636	316,811
Total	12,156,881	10,247,258

2.3.1.21 Trade payables

in EUR	31 December 2022	31 December 2021
Trade payables to domestic suppliers	32,105,740	31,292,643
Trade payables to suppliers in the rest of the world	11,702,361	8,358,038
Total	43,808,101	39,650,681

in EUR	31 December 2022	31 December 2021
Non-past-due liabilities	41,199,722	36,210,871
Past-due liabilities	2,608,378	3,439,810
• up to 30 days	2,117,836	3,009,202
• 31 to 90 days	116,025	55,704
• 91 to 365 days	191,964	164,223
• over 365 days	182,553	210,681
Total	43,808,100	39,650,681

Contingent receivables and contingent liabilities

in EUR	31 December 2022	31 December 2021
Mortgages and liens received	2,933,298	3,166,559
Bank guarantees received, of which:	33,574,705	273,407,432
• for the purchase of passenger multiple units	0	263,152,199
• for performance bonds and warranties	29,074,705	10,036,399
• other (tender guarantees)	4,500,000	218,834
Bills of exchange and enforcements received as collateral for advances, performance bonds and warranties	213,335	2,660,140
Merchandise on consignment	5,864	5,864
Withheld dividend payments	14,768	14,768
Total contingent receivables	36,741,970	279,254,763
Bank guarantees issued, of which:	31,841,123	27,030,705
• collateral for contractual liabilities, warranties and performance bonds	15,164,370	15,505,720
• transit insurance	10,050,000	10,050,000
• other	6,526,753	1,374,985
• excise guarantees	100,000	100,000
Bills of exchange and enforcements issued as performance bonds and warranties	650,279	1,403,676
Liabilities for merchandise on consignment	5,864	5,864
Contingent liabilities for lawsuits	45,440,686	3,216,801
Total contingent liabilities	77,937,952	31,657,046

The disclosures relating to contingent liabilities for lawsuits that do not meet the conditions for the creation of provisions are explained in note 2.3.1.6.

2.3.2 Notes to the income statement

2.3.2.1 Revenues from contracts with customers

in EUR	2022	2021
Revenues on the domestic market	277,409,259	239,005,233
Services and products	273,573,941	235,684,299
• services and products in connection with associates	399,557	381,444
• services and products in connection with others	273,174,384	235,302,855
Merchandise and materials	3,835,318	3,320,934
• merchandise and materials in connection with others	3,835,318	3,320,934
Revenues on the foreign market	190,808,234	174,986,278
Services and products	190,793,349	174,986,278
• services and products in connection with others	190,793,349	174,986,278
Merchandise and materials	14,885	0
Total	468,217,493	413,991,511

Revenues from contracts with customers comprise:

in EUR	Consolidated 2022	Consolidated 2021
Slovenske železnice, d.o.o.	2,723,592	1,415,512
SŽ EP Group	187,970,805	172,389,599
SŽ-Potniški promet, d.o.o.	41,226,181	30,552,072
SŽ-Infrastruktura, d.o.o.	167,020,887	144,553,099
SŽ-VIT, d.o.o.	16,491,514	12,292,326
SŽ-ŽIP Group	5,161,147	4,491,136
Prometni institut Ljubljana, d.o.o.	222,895	120,965
SŽ-Železniška tiskarna Ljubljana, d.d.	70,846	55,424
SŽ-ŽGP Group	47,329,626	48,121,378
Total	468,217,493	413,991,511

The majority of the SŽ Group's entire revenues from contracts with customers are generated by the SŽ-Tovorni promet Group, SŽ-Potniški promet, d.o.o., SŽ-Infrastruktura, d.o.o. and the SŽ-ŽGP Group.

Transport revenues in the amount of EUR 186,023,320 (EUR 165,180,328 in 2021) were mostly generated on domestic and foreign markets by the SŽ-Tovorni promet Group (EUR 147,601,784, up from EUR 136,321,938 in 2021) and SŽ-Potniški promet, d.o.o. (EUR 38,379,404, up from EUR 28,557,541 in 2021).

SŽ-Infrastruktura, d.o.o. generated the majority of its revenues on the basis of agreements with the Slovenian government:

in EUR	2022	2021
Public service obligation of PRI maintenance	112,911,777	93,612,140
Public service obligation of PRI operation	37,823,804	36,925,720
Performance of tasks as the PRI manager	2,513,156	2,078,031
Operation, management and maintenance of housing and buildings that are not part of PRI	804,884	684,980
Total	154,053,621	133,300,871

The majority of the SŽ-ŽGP Group's net revenues are generated in the performance of its core activity, i.e. the renovation of railway lines.

2.3.2.2 Capitalised own products and services

in EUR	2022	2021
Capitalised own products and services	25,595,703	18,071,172
Total	25,595,703	18,071,172

The capitalised own products and services of the SŽ Group comprise capitalised costs of labour and materials associated with the sale of assets and services between companies in the Group.

The majority of capitalised own products and services relate to major repairs of rolling stock, and replacement parts for locomotives, passenger multiple units, and freight and passenger wagons.

2.3.2.3 Other operating revenues

in EUR	2022	2021
Revenues from performance of the PSO of passenger transport by rail	84,356,591	79,353,399
Revenues from state aid (Covid-19)	332,148	1,052,993
Compensation and fines <i>of this, revenues from compensation for the reimbursement of costs incurred as a result of investment works on PRI</i>	15,170,864 <i>11,044,111</i>	19,951,242 <i>15,380,593</i>
Revenues from assigned contributions for the employment of persons with disabilities	4,894,137	4,815,251
Revenues from other subsidies	5,656,582	565,858
Revenues from the reversal of provisions	1,392,190	603,315
Revenues from the sale of property, plant and equipment, and the revaluation of receivables and liabilities	8,465,330	3,747,436
Other revenues	31,040	184,956
Total	120,298,882	110,274,450

2.3.2.4 Costs of goods, materials and services

in EUR	2022	2021
Historical cost of goods sold and costs of materials used	2,933,200	2,119,144
Costs of materials	42,897,880	39,605,529
Energy costs	38,845,595	34,495,514
Costs of replacement parts	5,178,209	4,571,944
Write-down of small inventory	1,977,346	1,853,619
Costs of office materials	515,343	487,217
Other material costs	873,143	1,101,666
Total historical cost of goods and materials sold and cost of materials used	93,220,716	84,234,633
Costs from the manufacture of products and provision of services	48,442,639	40,087,574
Transport services	16,253,761	15,539,998
Maintenance services	29,667,064	21,133,242
Reimbursement of employee expenses	2,978,042	2,643,167
Payment transaction and banking services	1,004,097	393,232
Intellectual and personal services	3,217,382	2,857,655
Insurance premiums	7,748,357	6,795,806
Advertising, publicity and representation	1,784,288	1,297,079
Costs under the RIV Rules	5,111,532	4,878,698
Costs under the RIC Rules	1,396,368	1,021,852
Costs of other services:	37,612,137	33,333,406
• current rental costs of which:	18,912,974	15,233,613
- fee for access to public railway infrastructure	15,306,809	14,327,966
- low-value leases	80,011	129,254
- short-term leases	3,526,154	571,769
• costs of utility services	1,945,937	1,810,715
• costs of Port of Koper services	3,080,901	3,081,544
• costs of student services, hiring labour	5,033,578	6,660,055
• costs of transport services (traction) provided by foreign operators	414,156	253,908
• unclaimed VAT in the part where SŽ-Infrastruktura performs its PSO	1,740,722	1,418,665
• cleaning costs for premises, external areas and clothing, and property surveillance	1,163,828	882,091
• costs of services associated with contracted work	1,845,076	1,102,091
• membership fees and contributions paid to international organisations and other associations	509,683	545,681
• administrative fees, administrative announcements and court fees	394,689	450,361
• engineering services (ancillary activity in the maintenance of PRI)	103,007	111,831
• border services provided by foreign railway administrations	107,882	76,709
• other costs	2,359,704	1,706,142
Total costs of services	155,215,667	129,981,709
Total	248,436,383	214,216,342

The costs of goods, materials and services comprise:

in EUR	Consolidated 2022	Consolidated 2021
Slovenske železnice, d.o.o.	9,047,088	6,817,758
SŽ EP Group	64,515,935	56,768,843
SŽ-Potniški promet, d.o.o.	23,560,665	18,088,466
SŽ-Infrastruktura, d.o.o.	69,139,740	55,196,380
SŽ-VIT, d.o.o.	32,482,082	30,650,185
SŽ-ŽIP Group	12,612,197	10,802,560
Prometni institut Ljubljana, d.o.o.	222,315	116,886
SŽ-Železniška tiskarna Ljubljana, d.d.	172,664	152,136
SŽ-ŽGP Group	36,683,697	35,623,128
Total	248,436,383	214,216,342

The most significant energy costs comprise the electricity and other fuels used to drive rolling stock (EUR 30,388,976, EUR 26,669,111 in 2021).

The costs of services associated with the manufacture of products and provision of

services, which include the costs of others (external contractors) in the performance of Group companies' activities, account for the largest single costs of services item. Almost all these costs were generated as follows:

in EUR	Consolidated 2022	Consolidated 2021
SŽ-VIT, d.o.o.	3,527,237	3,275,386
SŽ-ŽIP Group	7,859,837	6,633,256
SŽ-ŽGP Group	20,547,762	15,124,356
SŽ EP Group	16,393,521	14,986,709
Total	48,328,357	40,019,707

Costs of auditor

in EUR	2022	2021
Auditing of financial statements	170,022	130,128
• separate financial statements of SŽ Group companies	161,812	120,828
• consolidated financial statements of SŽ Group companies	8,210	9,300
Other assurance services	17,934	9,220
Total	187,956	139,348

The costs include the contractual amounts of costs for 2022 on the basis of contracts signed for the auditing of financial statements for the 2022–2024 period.

2.3.2.5 Labour costs

in EUR	2022	2021
Costs of wages and salaries	180,969,795	167,467,582
Pension insurance costs	23,667,542	22,259,652
Other social security insurance costs	13,298,066	12,339,576
Other labour costs	38,521,122	34,494,480
• reimbursements	20,390,163	17,940,261
• annual leave allowance	13,925,356	13,235,793
• termination benefits	894,935	221,142
• provisions for jubilee benefits and termination benefits (actuarial calculation)	3,064,669	2,844,247
• other costs	245,999	253,037
Total	256,456,525	236,561,290

In accordance with the Agreement between the Management Boards of Slovenske železnice Group companies, the works councils of the companies linked through capital investments and the representative trade unions, signed on 9 December 2022, the costs of accrued and paid performance-based pay for 2022 in the amount of EUR 6,864,208 are also disclosed under the costs of wages and salaries and the costs of pension and social security insurance.

2.3.2.6 Write-downs

in EUR	2022	2021
Amortisation of intangible assets and depreciation of property, plant and equipment	52,399,215	42,815,848
Depreciation of right-of-use lease assets	9,468,435	6,856,596
Operating expenses for intangible assets and property, plant and equipment	245,860	308,883
Operating expenses for working capital	495,659	5,665,707
• revaluation of inventories	284,374	2,182,999
• revaluation of receivables	191,014	2,837,318
• write-downs of other assets	20,271	645,390
Total	62,609,169	55,647,034

2.3.2.7 Other operating expenses

in EUR	2022	2021
Fees for the use of building land, and other taxes and levies	1,212,029	1,243,616
Accrued costs for damages due to the closure of lines	0	112,557
Fines and compensation for damage incurred by legal and natural persons	235,999	243,695
Scholarships and awards for pupils and students on compulsory job training	366,458	156,283
Donations (for sporting, cultural and humanitarian activities)	291,665	250,011
Refunds to ZPIZ for securing the rights of Slovenske železnice, d.o.o. workers who performed work in organisational units in the territory of Croatia	81,726	91,380
Reimbursement of assistance received as the reimbursement of wage compensation paid to employees on the furlough scheme and as relief on social security contributions from wage compensation on account of non-fulfilment of the condition of a fall in income	1,532,172	0
Provisions for onerous contracts, guarantees issued and remediation of the quarry	747,334	69,021
Other expenses	552,592	108,050
Total	5,019,975	2,274,613

2.3.2.8 Finance income

in EUR	2022	2021
Finance income from participating interests in associates	4,481,249	1,591,893
Finance income from participating interests in other companies	33,360	77,531
Total finance income from participating interests	4,514,609	1,669,424
Finance income from loans to others	404,378	100,858
Total finance income from loans granted	404,378	100,858
Finance income from operating receivables from others	219,305	96,133
Total finance income from operating receivables	219,305	96,133
Total	5,138,292	1,866,415

2.3.2.9 Finance expenses

in EUR	2022	2021
Finance expenses from impairments and write-downs of financial assets at other companies	485,454	733,877
Finance expenses from impairments and write-downs of financial assets	485,454	733,877
Finance expenses from bank loans	1,431,784	1,773,429
Finance expenses from leases	490,763	474,060
Finance expenses from other financial liabilities	2,528,546	256,569
Total finance expenses from financial liabilities	4,451,093	2,504,058
Finance expenses from trade payables and liabilities from bills of exchange	48,433	58,770
Finance expenses from other operating liabilities	89,101	82,714
Total finance expenses from operating liabilities	137,534	141,484
Total	5,074,081	3,379,419

According to a valuation made by a certified expert, finance expenses of EUR 485,454 (EUR 733,877 in 2021) arose from the impairment of financial assets at Terme Olimia.

Finance expenses from other financial liabilities comprise:

- costs from a discount pursuant to the Agreement on the assignment of claims for consideration between Slovenske železnice, d.o.o. and SŽ-Potniški promet, d.o.o. and two banks (12 June 2018) in the amount of EUR 1,291,385 (since January 2022 the discount has been charged to the profit or loss of SŽ-Potniški promet, d.o.o.);
- interest as the result of actuarial calculations in the amount of EUR 1,237,161 (EUR 238,122 in 2021).

2.3.2.10 Corporate income tax

in EUR	2022	2021
Current tax	4,527,306	3,828,696
Deferred tax	973,543	-563,506
Total corporate income tax	5,500,849	3,265,190
Pre-tax profit	24,538,113	32,585,728
Tax calculated at effective tax rate	7,786,294	7,408,453
Tax from decrease in revenues	-987,432	-865,382
Tax from decrease in expenses	1,125,899	1,747,010
Tax from increase in expenses	-117,609	-86,512
Tax from change in tax base	1,385,301	-66,866
Tax from tax allowances	-4,754,565	-4,508,613
Tax credits	89,418	200,606
Total corporate income tax	5,500,849	3,265,191
Effective tax rate	22.42	10.02

The corporate income tax rate was 19% in Slovenia in 2022 and 2021, while tax rates for the Group ranged from 10% to 19%.

2.3.3 Related party transactions

GROSS EARNINGS OF GROUPS OF PERSONS

in EUR	2022	2021
Management Board of the controlling company	574,558	386,939
Supervisory Board of the controlling company	178,428	181,133
External members of the committees of the controlling company's supervisory board	10,660	10,616
Management boards of subsidiaries	1,799,836	1,534,397
Supervisory boards of subsidiaries	349,180	156,298
External members of the committees of subsidiaries' supervisory boards	35,695	10,594
Group employees under individual contracts	8,492,448	7,893,987
Total	11,440,805	10,173,964

The earnings of members of the controlling company's Management Board and the directors of subsidiaries include wages and salaries, bonuses and any other earnings.

The earnings of supervisory bodies comprise gross earnings from payments for the performance of functions on supervisory boards and supervisory board committees, attendance fees, fringe benefits and the reimbursement of expenses.

Earnings of the Management Board in the 2022 financial year – Slovenske železnice Group

Name/company	Function	Fixed remuneration – gross	Variable remuneration – gross			Deferred remuneration	Termination benefits	Fringe benefits	Repayment of previously paid bonuses (clawback)	Total (gross)	Total (net)
			Based on quantitative criteria	Based on qualitative criteria	Total						
		1			2	3	4	5	6	(1 to 6)	
Controlling company Slovenske železnice, d.o.o.											
Dušan Mes	Director-General	133,774	37,931	27,932	65,863	0	0	7,521	0	207,158	95,482
Tomaž Kraškovic	Member of the Management Board (Director)	128,183	36,035	26,535	62,570	0	0	2,575	0	193,328	93,025
Nina Avbelj Lekič	Workers' Director	127,401	25,211	18,816	44,027	0	0	2,644	0	174,072	85,045
Total		389,358	99,177	73,283	172,460	0	0	12,740		574,558	273,552
SŽ EP Logistika, d.o.o.											
Zbigniew Klepacki	Chair of the Management Board (13 January to 31 December 2022)	17,419	0	0	0	0	0	106	0	17,525	13,038
Melita Rozman Dacar	Member of the Management Board (13 January to 31 December 2022)	17,419	0	0	0	0	0	87	0	17,506	12,208
Roman Šilha	Member of the Management Board (13 January to 31 December 2022)	17,419	0	0	0	0	0	106	0	17,525	13,038
Tomas Novotny	Deputy Chair of the Management Board (13 January to 31 December 2022)	17,419	0	0	0	0	0	106	0	17,525	13,038
Dušan Žičkar	Member of the Management Board (13 January to 31 December 2022)	17,419	0	0	0	0	0	87	0	17,506	12,208
Total		87,095	0	0	0	0	0	493	0	87,588	63,530
SŽ-Tovorni promet, d.o.o.											
Melita Rozman Dacar	Chair of the Management Board – Director	122,932	0	0	0	0	0	6,654	0	129,586	65,883
Zbigniew Klepacki	Member of the Management Board – Director (13 January to 31 December 2022)	34,090						6,300		40,390	25,257
Tamara Luskovec	Workers' Director	89,216	0	0	0	0	0	116	0	89,332	51,998
Total		246,238	0	0	0	0	0	13,070	0	259,308	143,138
SI Cargo Logistic, d.o.o., Belgrade											
Dragan Grujić	Director	54,233	0	0	0	0	0	0	0	54,233	40,032
SŽ-Potniški promet, d.o.o.											
Darja Kocjan	Director	117,051	0	0	0	0	0	5,019	0	122,070	62,248
Igor Birčaković	Workers' Director	83,427	0	0	0	0	0	116	0	83,543	49,874
Total		200,478	0	0	0	0	0	5,135	0	205,613	112,122
SŽ-Infrastruktura, d.o.o.											
Matjaž Kranjc	Director	122,796	0	0	0	0	0	7,995	0	130,791	62,936
Matjaž Skutnik	Workers' Director	86,585	0	0	0	0	0	4,460	0	91,045	47,819
Total		209,381	0	0	0	0	0	12,455	0	221,836	110,755
SŽ-Vleka in tehnika, d.o.o.											
Dušan Žičkar	Director	121,503	0	0	0	0	0	4,452	0	125,955	63,528
Zdravko Skrbiš	Workers' Director	89,561	0	0	0	0	0	3,488	0	93,049	50,205
Total		211,064	0	0	0	0	0	7,940	0	219,004	113,733

Name/company	Function	Fixed remuneration – gross	Variable remuneration – gross			Deferred remuneration	Termination benefits	Fringe benefits	Repayment of previously paid bonuses (clawback)	Total (gross)	Total (net)
			Based on quantitative criteria	Based on qualitative criteria	Total						
		1			2	3	4	5	6	(1 to 6)	
SŽ-ŽIP, storitve, d.o.o.											
Vojka Martinčič	Director	114,288	0	0	0	0	0	6,654	0	120,942	61,540
Vesna Ritlop	Workers' Director	83,275	0	0	0	0	0	6,809	0	90,084	45,443
Total		197,563	0	0	0	0	0	13,463	0	211,026	106,983
Fersped, d.o.o.											
Dean Peršič	Chair of the Management Board – Director	106,401	0	0	0	0	0	4,473	0	110,874	57,087
Martin Lunak	Member of the Management Board – Director (13 January to 31 December 2022)	31,040	0	0	0	0	0	12,705	0	43,745	20,606
Total		137,441	0	0	0	0	0	17,178	0	154,619	77,693
VV-LOG, d.o.o.											
Dean Peršič	Director	0	0	0	0	0	0	0	0	0	0
Prometni institut Ljubljana, d.o.o.											
Peter Verlič	Director	82,001	0	0	0	0	0	2,438	0	84,439	47,040
SŽ-Železniška tiskarna, d.d.											
Majda Železnik	Director	56,567	0	0	0	0	0	166	0	56,733	35,145
SŽ-ŽGP, d.d.											
Anton Žagar	Director	121,603	0	0	0	0	0	9,566	0	131,169	60,656
Pavel Piškur	Workers' Director	87,711	0	0	0	0	0	6,317	0	94,028	47,497
Total		209,314	0	0	0	0	0	15,883	0	225,198	108,153
Kamnolom Verd, d.o.o.											
Matjaž Kompelj	Director (1 January to 28 February 2022)	12,825	0	0	0	0	0	228	0	13,053	7,372
Sergij Grmek	Director (1 March to 31 December 2022)	0	0	0	0	0	0	0	0	0	0
Total		12,825	0	0	0	0	0	228	0	13,053	7,327
SŽ-ŽGP Podgorica, d.o.o.											
Veljko Flis	Director	7,186	0	0	0	0	0	0	0	7,186	6,072
Grand total:		2,100,744	99,177	73,283	172,460			101,189		2,374,394	1,245,275
Other employees on individual contracts		8,421,566						70,882		8,492,448	5,132,233

The Director of Kamnolom Verd, d.o.o., Sergij Grmek, was employed by SŽ-ŽGP Ljubljana, d.d. in 2022 and received a salary from that company. He was appointed to the post of Director of Kamnolom Verd, d.o.o., for which he was unpaid, following a decision of the Kamnolom Verd, d.o.o. Supervisory Board on 17 February 2022.

Earnings of the Management Board in the 2021 financial year – Slovenske železnice Group

Name/company	Function	Fixed remuneration – gross	Variable remuneration – gross			Deferred remuneration	Termination benefits	Fringe benefits	Repayment of previously paid bonuses (clawback)	Total (gross)	Total (net)
			Based on quantitative criteria	Based on qualitative criteria	Total						
		1			2	3	4	5	6	(1 to 6)	
Controlling company Slovenske železnice, d.o.o.											
Dušan Mes	Director-General	126,982	0	0	0	0	0	8,488	0	135,470	65,122
Tomaž Kraškovic	Member of the Management Board (Director)	120,558	0	0	0	0	0	3,164	0	123,722	63,986
Nina Avbelj Lekič	Workers' Director	124,438	0	0	0	0	0	3,309	0	127,747	67,724
Total		371,978	0	0	0	0	0	14,961	0	386,939	196,832
SŽ-Tovorni promet, d.o.o.											
Melita Rozman Dacar	Director	110,530	0	0	0	0	0	7,416	0	117,946	60,883
Tamara Luskovec	Workers' Director	88,184	0	0	0	0	0	151	0	88,335	51,594
Total		198,714	0	0	0	0	0	7,567	0	206,281	112,477
SI Cargo Logistic, d.o.o., Belgrade											
Dragan Grujić	Director	49,879	0	0	0	0	0	0	0	49,879	36,827
SŽ-Potniški promet, d.o.o.											
Darja Kocjan	Director	102,069	0	0	0	0	0	5,946	0	108,015	54,235
Igor Birčaković	Workers' Director	84,284	0	0	0	0	0	151	0	84,435	51,022
Total		186,353	0	0	0	0	0	6,097	0	192,450	105,257
SŽ-Infrastruktura, d.o.o.											
Matjaž Kranjc	Director	106,431	0	0	0	0	0	4,135	0	110,566	56,239
Matjaž Skutnik	Workers' Director	88,259	0	0	0	0	0	1,482	0	89,741	50,966
Total		194,690	0	0	0	0	0	5,617	0	200,307	107,205
SŽ-Vleka in tehnika, d.o.o.											
Dušan Žičkar	Director	106,523	0	0	0	0	0	5,510	0	112,033	55,487
Zdravko Skrbiš	Workers' Director	86,684	0	0	0	0	0	4,406	0	91,090	48,803
Total		193,207	0	0	0	0	0	9,916	0	203,123	104,290
SŽ-ŽIP, storitve, d.o.o.											
Vojka Martinčič	Director	103,079	0	0	0	0	0	7,934	0	111,013	56,671
Vesna Ritlop	Workers' Director	83,287	0	0	0	0	0	3,016	0	86,303	49,715
Total		186,366	0	0	0	0	0	10,950	0	197,316	106,386
Fersped, d.o.o.											
Jožef Petrovič	Director (from 1 January to 15 February 2022)	0	0	0	0	0	0	0	0	0	0
Dean Peršič	Director (from 16 February to 31 December 2022)	82,309	0	0	0	0	0	4,649	0	86,958	44,640
Total		82,309	0	0	0	0	0	4,649	0	86,958	44,640
VV-LOG, d.o.o.											
Dean Peršič	Director	9,882	0	0	0	0	0	1,072	0	10,954	5,416
Prometni institut Ljubljana, d.o.o.											
Peter Verlič	Director	84,978	0	0	0	0	0	3,006	0	87,984	48,519

Name/company	Function	Fixed remuneration – gross	Variable remuneration – gross			Deferred remuneration	Termination benefits	Fringe benefits	Repayment of previously paid bonuses (clawback)	Total (gross)	Total (net)
			Based on quantitative criteria	Based on qualitative criteria	Total						
		1			2	3	4	5	6	(1 to 6)	
SŽ-Železniška tiskarna, d.d.											
Majda Železnik	Director	56,181	0	0	0	0	0	201	0	56,382	34,695
SŽ-ŽGP, d.d.											
Dušan Mes	Director (from 1 January to 22 June 2022)	0	0	0	0	0	0	0	0	0	0
Anton Žagar	Director (from 23 June to 31 December 2022)	54,640	0	0	0	0	0	5,723	0	60,363	27,493
Pavel Piškur	Workers' Director	85,829	0	0	0	0	0	7,457	0	93,286	45,402
Total		140,469	0	0	0	0	0	13,180	0	153,649	72,895
Kamnolom Verd, d.o.o.											
Matjaž Komprej	Director	78,241	0	0	0	0	0	1,810	0	80,051	45,179
SŽ-ŽGP Podgorica, d.o.o.											
Veljko Flis	Director	9,063	0	0	0	0	0	0	0	9,063	6,072
Grand total:		1,842,310	0	0	0	0	0	79,026	0	1,921,336	1,026,692
Other employees on individual contracts		7,818,818	0	0	0	0	0	75,169	0	7,893,987	4,696,072

Name/company	Function	Gross annual remuneration for performance of function	Gross annual attendance fees for Supervisory Board and committee meetings	Fringe benefits	Total (gross) (1 to 3)	Total (net)	Travel expenses
		1	2				
Slovenske železnice, d.o.o.							
Aleksander Mervar	Member and Chair of the Supervisory Board	15,450	2,860	116	18,426	13,285	0
Franci Matoz	Member and Deputy Chair of the Supervisory Board, member and Chair of the HRC	15,192	4,411	116	19,719	14,226	0
Aleksander Nagode	Member of the Supervisory Board, member of the AC, member of the SIC	15,450	6,437	116	22,003	15,887	0
Melita Malgaj	Member of the Supervisory Board, member and Chair of the AC	14,162	6,050	116	20,328	14,669	0
Gabrijel Škof	Member of the Supervisory Board, member of the HRC, member of the SIC	15,450	6,437	116	22,003	15,887	0
Boris Markočič	Member of the Supervisory Board, member and Chair of the SIC, member of the AC	15,450	6,437	116	22,003	15,887	0
Silvo Berdajs	Member of the Supervisory Board (employee representative), member of the AC, member of the SIC	15,450	6,437	116	22,003	15,887	0
Zlatko Ratej	Member of the Supervisory Board (employee representative), member of the HRC	12,875	4,906	116	17,897	12,900	0
Jože Pavšek	Member of the Supervisory Board (employee representative)	10,300	3,630	116	14,046	10,100	0
Barbara Nose	External member of the AC	8,240	2,420	0	10,660	7,753	0
Total		138,019	50,025	1,044	189,088	136,481	0
SŽ-Infrastruktura, d.o.o.							
Urška Grmek	Member and Chair of the Supervisory Board	15,450	4,345	116	19,911	14,365	0
Matjaž Trontelj	Member and Deputy Chair of the Supervisory Board, member and Chair of the AC	15,192	6,380	116	21,688	15,658	0
Milorad Šljivić	Member of the Supervisory Board (employee representative), member of the AC	12,875	5,885	116	18,876	13,612	0
Barbara Nose	External member of the AC	8,240	1,760	0	10,000	7,273	0
Total		51,757	18,370	348	70,475	50,908	0
SŽ-ŽGP Ljubljana, d.d.							
Gorazd Podbevšek	Chair of the Supervisory Board, member of the AC	18,025	4,631	116	22,772	16,446	0
Dušan Mes	Member and Deputy Chair of the Supervisory Board	11,330	2,915	116	14,361	10,329	0
Nina Marin	Member of the Supervisory Board, member of the AC (1 January to 14 September 2022)	10,622	3,641	87	14,350	10,350	0
Silvo Berdajs	Member of the Supervisory Board (employee representative), member of the AC	12,875	4,851	116	17,842	12,860	0
Stanislav Debeljak	Member of the Supervisory Board, member of the AC	12,875	4,851	116	17,842	12,860	0
Bernarda Babič	Member of the Supervisory Board, Chair of the AC (11 October to 31 December 2022)	3,139	715	29	3,883	2,795	0
Barbara Nose	External member of the AC	5,150	1,936	0	7,086	5,154	0
Total		74,016	23,540	580	98,136	70,794	0

Name/company	Function	Gross annual remuneration for performance of function	Gross annual attendance fees for Supervisory Board and committee meetings	Fringe benefits	Total (gross) (1 to 3)	Total (net)	Travel expenses
		1	2				
SŽ-Železniška tiskarna Ljubljana, d.d.							
Boštjan Koren	Chair of the Supervisory Board	0	409	116	525	266	0
Daniel Vasiljević	Member of the Supervisory Board	0	307	116	423	192	0
Miran Parkelj	Member of the Supervisory Board (employee representative)	0	307	116	423	192	0
Total		0	1,023	348	1,371	650	0
SŽ EP Logistika, d.o.o.							
Dušan Mes	Member and Chair of the Supervisory Board (13 January to 31 December 2022)	21,992	770	106	22,868	16,526	0
Tomaž Krašković	Member of the Supervisory Board (13 January to 31 December 2022)	14,661	550	106	15,317	11,034	0
Milan Jelenc	Member and Deputy Chair of the Supervisory Board, member of the AC, Chair of the IDC (13 January to 31 December 2022)	22,725	1,210	106	24,041	17,379	0
Michal Antonin	Member of the Supervisory Board, Chair of the AC, member of the IDC (13 January to 31 December 2022)	21,259	1,210	106	22,575	17,389	0
Miodrag Maksimović	Member of the Supervisory Board (13 January to 31 December 2022)	14,661	770	106	15,537	11,935	0
Silvo Berdajs	Member of the Supervisory Board, member of the AC, member of the IDC (13 January to 31 December 2022)	19,060	1,210	106	20,376	14,713	0
Petra Finžgar	External member of the AC (8 March to 31 December 2022)	3,665	220	0	3,885	2,826	0
Total		118,023	5,940	636	124,599	91,802	0
SŽ-Tovorni promet, d.o.o.							
Dušan Mes	Member and Chair of the Supervisory Board (1 to 12 January 2022)	169	0	4	173	122	0
Bernarda Babič	Member and Deputy Chair of the Supervisory Board (1 to 12 January 2022)	169	0	4	173	122	0
Silvo Berdajs	Member of the Supervisory Board (employee representative), member of the AC (1 to 12 January 2022)	169	0	4	173	122	0
Petra Finžgar	External member of the AC (1 to 12 January 2022)	135	0	0	135	98	0
Total		642	0	12	654	464	0
SŽ-Potniški promet, d.o.o.							
Tomaž Krašković	Member and Chair of the Supervisory Board	5,250	552	116	5,918	4,188	0
Bernarda Babič	Member and Deputy Chair of the Supervisory Board	5,250	1,214	116	6,580	4,670	0
Leon Didič	Member of the Supervisory Board (employee representative), member of the AC	5,250	1,214	116	6,580	4,670	0
Simona Korošec Lavrič	External member of the AC	4,200	552	0	4,752	3,456	0
Total		19,950	3,532	348	23,830	16,984	0

Name/company	Function	Gross annual remuneration for performance of function	Gross annual attendance fees for Supervisory Board and committee meetings	Fringe benefits	Total (gross) (1 to 3)	Total (net)	Travel expenses
		1	2				
SŽ-Vleka in tehnika, d.o.o.							
Jožef Petrovič	Member and Chair of the Supervisory Board	5,250	552	116	5,918	4,188	0
Jana Končar	Member and Deputy Chair of the Supervisory Board	5,250	1,214	116	6,580	4,670	0
Zdenko Lorber	Member of the Supervisory Board (employee representative), member of the AC	5,250	1,214	116	6,580	4,670	0
Petra Finžgar	External member of the AC	4,200	662	0	4,862	3,536	0
Total		19,950	3,642	348	23,940	17,064	0
SŽ-ŽIP, storitve, d.o.o.							
Miha Butara	Member and Chair of the Supervisory Board	5,250	552	116	5,918	4,188	0
Andreja Košir	Member and Deputy Chair of the Supervisory Board	5,250	1,192	116	6,558	4,654	0
Jože Pavšek	Member of the Supervisory Board (employee representative), member of the AC	5,250	1,192	116	6,558	4,654	0
Simona Korošec Lavrič	External member of the AC	4,200	640	0	4,840	3,520	0
Total		19,950	3,576	348	23,874	17,016	0
Fersped, d.o.o.							
Tomaz Kraškovic	Member and Chair of the Supervisory Board (1 to 12 January 2022)	169	0	4	173	122	0
Gašper Marc	Member and Deputy Chair of the Supervisory Board (1 to 12 January 2022)	169		4	173	122	0
Darja Koleto	Member of the Supervisory Board (employee representative), member of the AC (1 to 12 January 2022)	169	0	4	173	122	0
Petra Finžgar	External member of the AC (1 to 12 January 2022)	135	0	0	135	98	0
Total		642	0	12	654	464	0
Kamolom Verd, d.o.o.							
Anton Žagar	Member and Chair of the Supervisory Board	6,300	690	116	7,106	5,052	0
Sergij Grmek	Member and Deputy Chair of the Supervisory Board (1 January to 28 February 2022)	770	300	19	1,089	773	0
Gašper Marc	Member of the Supervisory Board (17 February to 31 December 2022)	3,650	390	101	4,141	2,911	0
Pavel Piškur	Member of the Supervisory Board (employee representative)	4,200	690	116	5,006	3,525	0
Total		14,920	2,070	352	17,342	12,261	0
Grand total		457,869	111,718	4,376	573,963	414,888	0

Name/company	Function	Gross annual remuneration for performance of function	Gross annual attendance fees for Supervisory Board and committee meetings	Fringe benefits	Total (gross) (1 to 3)	Total (net)	Travel expenses
		1	2				
Slovenske železnice, d.o.o.							
Aleksander Mervar	Member and Chair of the Supervisory Board	15,450	3,960	151	19,561	14,076	0
Franci Matoz	Member and Deputy Chair of the Supervisory Board, member and Chair of the HRC	15,192	4,840	151	20,183	14,529	0
Aleksander Nagode	Member of the Supervisory Board, member of the AC, member of the SIC	15,450	6,435	151	22,036	15,876	0
Melita Malgaj	Member of the Supervisory Board, member and Chair of the AC	14,162	6,380	151	20,693	14,899	0
Gabrijel Škof	Member of the Supervisory Board, member of the HRC, member of the SIC	15,450	6,435	151	22,036	15,876	0
Boris Markočič	Member of the Supervisory Board, member and Chair of the SIC, member of the AC	15,450	6,435	151	22,036	15,876	0
Silvo Berdajs	Member of the Supervisory Board (employee representative), member of the AC, member of the SIC	15,450	6,435	151	22,036	15,876	0
Zlatko Ratej	Member of the Supervisory Board (employee representative), member of the HRC	12,875	5,115	151	18,141	13,043	0
Jože Pavšek	Member of the Supervisory Board (employee representative)	10,300	3,960	151	14,411	10,330	0
Barbara Nose	External member of the AC	8,240	2,376	0	10,616	7,721	0
Total		138,019	52,371	1,359	191,749	138,102	0
SŽ-Infrastruktura, d.o.o.							
Urška Grmek	Member and Chair of the Supervisory Board	15,450	4,565	151	20,166	14,516	0
Matjaž Trontelj	Member and Deputy Chair of the Supervisory Board, member and Chair of the AC	11,942	4,785	151	16,878	12,124	0
Milorad Šljivić	Member of the Supervisory Board (employee representative), member of the AC	10,708	4,785	151	15,644	11,227	0
Barbara Nose	External member of the AC	1,305	220	0	1,525	1,109	0
Total		39,405	14,355	453	54,213	38,976	0
SŽ-ŽGP Ljubljana, d.d.							
Gorazd Podbevšek	Chair of the Supervisory Board, member of the AC	18,025	1,760	151	19,936	14,349	0
Dušan Mes	Member and Deputy Chair of the Supervisory Board, member of the AC	5,885	990	151	7,026	4,978	0
Nina Marin	Member of the Supervisory Board, member and Chair of the AC	13,893	1,980	151	16,024	11,503	0
Silvo Berdajs	Member of the Supervisory Board (employee representative), member of the AC	12,875	2,200	151	15,226	10,923	0
Stanislav Debeljak	Member of the Supervisory Board, member of the AC (14 October to 31 December 2022)	2,769	495	29	3,293	2,366	0
Marjeta Mlinar	External member of the AC (1 January to 16 March 2022)	1,094	0	0	1,094	795	0
Barbara Nose	External member of the AC (17 March to 31 December 2022)	4,070	440	0	4,510	3,280	0
Total		58,611	7,865	633	67,109	48,194	0

Name/company	Function	Gross annual remuneration for performance of function	Gross annual attendance fees for Supervisory Board and committee meetings	Fringe benefits	Total (gross) (1 to 3)	Total (net)	Travel expenses
		1	2				
SŽ-Železniška tiskarna Ljubljana, d.d.							
Boštjan Koren	Chair of the Supervisory Board	0	323	151	474	224	0
Martina Resnik	Member and Deputy Chair of the Supervisory Board (1 January to 24 August 2022)	0	81	81	162	55	0
Daniel Vasiljevič	Member of the Supervisory Board (24 August – 31 December 2022)	0	81	70	151	55	0
Miran Parkelj	Member of the Supervisory Board (employee representative)	0	242	151	393	165	0
Total		0	727	453	1,180	499	0
SŽ-Tovorni promet, d.o.o.							
Dušan Mes	Member and Chair of the Supervisory Board (28 September to 31 December 2022)	1,356	276	29	1,661	1,179	0
Bernarda Babič	Member and Deputy Chair of the Supervisory Board (28 September to 31 December 2022)	1,356	386	29	1,771	1,259	0
Silvo Berdajs	Member of the Supervisory Board (employee representative), member of the AC (11 August to 31 December 2022)	1,356	386	29	1,771	1,259	0
Petra Finžgar	External member of the AC	583	110	0	693	505	0
Total		4,651	1,158	87	5,896	4,202	0
SŽ-Potniški promet, d.o.o.							
Tomaž Kraškovic	Member and Chair of the Supervisory Board (28 September to 31 December 2022)	1,356	276	29	1,661	1,179	0
Bernarda Babič	Member and Deputy Chair of the Supervisory Board (28 September to 31 December 2022)	1,356	386	29	1,771	1,259	0
Leon Didič	Member of the Supervisory Board (employee representative), member of the AC (11 August to 31 December 2022)	1,356	386	29	1,771	1,259	0
Simona Korošec Lavrič	External member of the AC	583	110	0	693	505	0
Total		4,651	1,158	87	5,896	4,202	0
SŽ-Vleka in tehnika, d.o.o.							
Jožef Petrovič	Member and Chair of the Supervisory Board (28 September to 31 December 2022)	1,356	276	29	1,661	1,179	0
Jana Končar	Member and Deputy Chair of the Supervisory Board (28 September to 31 December 2022)	1,356	386	29	1,771	1,259	0
Zdenko Lorber	Member of the Supervisory Board (employee representative), member of the AC (18 August to 31 December 2022)	1,356	386	29	1,771	1,259	0
Petra Finžgar	External member of the AC	583	110	0	693	505	0
Total		4,651	1,158	87	5,896	4,202	0
SŽ-ŽIP, storitve, d.o.o.							
Miha Butara	Member and Chair of the Supervisory Board (28 September to 31 December 2022)	1,356	276	29	1,661	1,179	0
Andreja Košir	Member and Deputy Chair of the Supervisory Board (28 September to 31 December 2022)	1,356	386	29	1,771	1,259	0
Jože Pavšek	Member of the Supervisory Board (employee representative), member of the AC (11 August to 31 December 2022)	1,356	386	29	1,771	1,259	0
Simona Korošec Lavrič	External member of the AC	583	110	0	693	505	0
Total		4,651	1,158	87	5,896	4,202	0

Name/company	Function	Gross annual remuneration for performance of function	Gross annual attendance fees for Supervisory Board and committee meetings	Fringe benefits	Total (gross) (1 to 3)	Total (net)	Travel expenses
		1	2				
Fersped, d.o.o.							
Tomaž Kraškovic	Member and Chair of the Supervisory Board (28 September to 31 December 2022)	1,356	276	29	1,661	1,179	0
Gašper Marc	Member and Deputy Chair of the Supervisory Board (28 September to 31 December 2022)	1,356	386	29	1,771	1,259	0
Darja Koleto	Member of the Supervisory Board (employee representative), member of the AC (11 August to 31 December 2022)	1,356	386	29	1,771	1,259	0
Petra Finžgar	External member of the AC	583	110	0	693	505	0
Total		4,651	1,158	87	5,896	4,202	0
Kamnolom Verd, d.o.o.							
Anton Žagar	Member and Chair of the Supervisory Board (18 February to 31 December 2022)	5,182	840	124	6,146	3,880	0
Sergij Grmek	Member and Deputy Chair of the Supervisory Board (18 February to 31 December 2022)	3,744	840	124	4,708	2,936	0
Pavel Piškur	Member of the Supervisory Board (employee representative)	3,252	690	114	4,056	2,496	0
Total		12,178	2,370	362	14,910	9,312	0
Grand total		271,468	83,478	3,695	358,641	256,093	0

Companies of the Slovenske železnice Group

Transactions with subsidiaries are excluded from the financial statements of the Slovenske železnice Group during consolidation. Transactions with associates are presented below:

in EUR	Sales	Purchases
2022		
Adria kombi, d.o.o., Ljubljana	17,893,905	268,871
Terme Olimia, d.d.	254	96,495
NOMAGO, d.o.o.	19,844	70,773
CKTZ d.d., Zagreb	28,505	5,369
Total	17,942,508	441,508
2021		
Adria kombi d.o.o., Ljubljana	16,333,189	257,843
Terme Olimia, d.d.	0	47,739
CKTZ, d.d., Zagreb	22,645	80,886
Total	16,355,834	386,468

Sales transactions with the associates Adria Kombi, d.o.o., Ljubljana and CKTZ, d.d., Zagreb relate to freight rail transport services. Transactions with NOMAGO, d.o.o. are shown for the November–December 2022 period because the company became an associate in October 2022.

in EUR	Customers	Suppliers
Balance as at 31 December 2022		
Adria kombi d.o.o., Ljubljana	3,388,597	34,109
Terme Olimia, d.d.	0	14,936
NOMAGO, d.o.o.	18,921	37,323
CKTZ, d.d., Zagreb	55	0
Total	3,407,573	86,368
Balance as at 31 December 2021		
Adria kombi d.o.o., Ljubljana	578,516	19,669
Terme Olimia, d.d.	0	47,158
CKTZ, d.d., Zagreb	1,314	13,306
Total	579,830	80,133

Transactions with the government

Slovenske železnice, d.o.o. is 100% owned by the Republic of Slovenia. The company did not transact directly with the Slovenian government in 2022 and 2021, except in connection with ordinary transactions that are not disclosed separately. These include the payment of all taxes. The same applies to other Group companies.

Only the following companies of the Slovenske železnice Group transacted directly with the government:

- SŽ-Infrastruktura, d.o.o.;
- SŽ-Potniški promet, d.o.o.; and
- SŽ-Železniško gradbeno podjetje Ljubljana d.d.

An explanation is given below.

Revenues from transactions between the government and the subsidiary SŽ-Infrastruktura, d.o.o.

in EUR	2022	2021
Public service obligation of PRI maintenance	112,911,777	93,612,140
Public service obligation of traffic control	37,823,804	36,925,720
Performance of tasks as the PRI manager	2,513,156	2,078,031
Operation, management and maintenance of housing and buildings that are not part of PRI	804,884	684,980
Total	154,053,621	133,300,871

Transactions are executed on the basis of the Agreement on the provision of services by the public railway infrastructure manager for the period 2022–2030 and Addenda 4 and 6 to that agreement for the period from 1 January to 31 December 2022.

Revenues from transactions between the government and the subsidiary SŽ-Potniški promet, d.o.o.

in EUR	2022	2021
Revenues from the performance of the PSO of passenger transport provision	84,356,591	79,353,399
Total	84,356,591	79,353,399

Based on the Agreement on the performance of the public service obligation in the inland and cross-border regional transport of passengers by rail for the period 2017–2031, Addenda 6 and 7 to that agreement for the period 1 January to 31 December 2022 and amendments to the aforementioned agreement concluded with the Slovenian government, the company received net compensation of EUR 73,311,966 for services rendered in 2022 in connection with train

kilometres travelled to cover a portion of the costs associated with the performance of the PSO in accordance with the applicable timetable and obligations under the tariff, as well as other compensation in the amount of EUR 11,044,625 for performance of the PSO. That compensation entails a subsidy linked to the price of services, which includes value-added tax of 9.5%. Revenues are therefore disclosed as the net amount of compensation.

Revenues from transactions between the government and the subsidiary SŽ-ŽGP Ljubljana, d.o.o.

in EUR	2022	2021
Provision of construction services for:		
• Ministry of Infrastructure of the Republic of Slovenia	4,326,612	19,989,703
Total	4,326,612	19,989,703

Transactions with associates of the owner

in EUR	31 December 2022	31 December 2021
Balance of current trade and other operating receivables	2,778,832	2,241,702
Balance of current trade payables and other operating liabilities	2,889,130	2,615,651

in EUR	2022	2021
Revenues	13,846,002	10,964,779
Expenses (costs)	26,925,183	28,134,004

The disclosure of transactions with associates of the owner includes companies in the portfolio of SDH, d.d. in which the participating interest of the Slovenian government and SDH, d.d. is greater than 20%.

2.3.4 Events after the end of the accounting period

On 17 May 2023, Slovenski državni holding d.d. gave its consent to the conclusion of a contract to purchase 20 new items of rolling stock.

In April 2023, SŽ Infrastruktura, d.o.o. concluded Addendum 7 to the Agreement on the provision of services by the public railway infrastructure manager for the period 2021–2030 with the Slovenian government. The addendum specifies the approximate contract value, the scope of services to be provided by the manager in 2023, and the projected composition of funds for financing in this period. Pursuant to Article 14 of that multi-annual agreement and the investment documentation drawn up, the first announcements of the public contracts for the purchase of new machinery for performance of the PSO of PRI maintenance are currently being made.

In 2022 Kamnolom Verd, d.o.o. was engaged in active efforts to secure approval for expansion of the quarry. The current concession contract for the mining of mineral reserves is valid until 10 June 2023. The company filed a new application for a concession for the VERD-2 mining area; this will enable it to acquire stocks for the transitional period until the OPPN (detailed municipal spatial plan) is adopted. In relation to this, in February 2023 the company drafted and coordinated with the municipality the initiative to prepare the OPPN, as required by the new Spatial Planning Act (ZUreP-3). In accordance with the legislation and the protocol, the municipality forwarded the material to the Ministry of the Environment, Climate and Energy for a comprehensive environmental impact assessment and to the Institute of the Republic of Slovenia for Nature Conservation for an assessment of impact on Natura 2000.

There were no business events in the other Slovenske železnice Group companies after the end of the 2022 accounting period that would have a material impact on the financial statements or require further explanation.

3. FINANCIAL RISKS WITHIN THE SLOVENSKE ŽELEZNICE GROUP

The financial risks to which the SŽ Group is exposed include interest rate risk, currency risk, liquidity risk and credit risk. Exposure to financial risks is monitored monthly, while measures to manage those risks are adopted as the need arises.

Interest rate risk

The Slovenske železnice Group manages interest rate risk in accordance with the Policy on the Comprehensive Management of Risks within the Slovenske železnice Group. The Slovenske železnice Group's entire loan portfolio comprises loans raised with a fixed interest rate based on an underlying agreement. Its exposure to interest-rate risk is therefore minimal.

Financial instruments

in EUR	Balance as at 31 December 2022	Balance as at 31 December 2021
Financial receivables	169,733,661	3,000,064
Financial liabilities	134,921,840	145,000,321
Net financial instruments	34,811,821	-142,000,257

The following instruments are used to hedge exposure to interest rate risk:

- primarily loans with a fixed interest rate; and
- in part through current operations, by linking the interest rates on the SŽ Group's operating receivables to changes in the Euribor.

Balance of financial liabilities with a fixed interest rate:

in EUR	Balance as at 31 December 2022	Balance as at 31 December 2021
Total loans (principal)	106,934,967	130,163,570
Other financial liabilities	24,308,566	10,242,988
Total financial liabilities with a fixed interest rate	131,243,533	140,406,559

Balance of financial liabilities with a variable interest rate:

in EUR	Balance as at 31 December 2022	Balance as at 31 December 2021
Liabilities from finance leases	3,678,307	4,593,773
Total	3.678.307	4.593.773

The annual impact on pre-tax profit of a one percentage point change in the reference interest rate would be positive or negative in the amount of EUR 37 thousand.

Currency risk

The SŽ Group likewise manages currency risk in accordance with the Policy on the Comprehensive Management of Risks within the Slovenske železnice Group. As the majority of its transactions are in euros and the number of transactions in other currencies is relatively small and linked exclusively to transactions with subsidiaries in the territory of the former Yugoslavia, the SŽ Group is less exposed to currency risk. We estimate that the SŽ Group is not exposed to major risks in this regard, as the volatility of local currencies

is relatively low, as shown in the table below. We manage the majority of such risks using hedges. An unfavourable change in any currency pairing of 10% would therefore not have a significant impact on the Group's operating profit (operating profit would have been reduced by no more than EUR 32,632 in 2022 and EUR 236,947 in 2021). On 1 January 2023 Croatia became a member of the eurozone. There are therefore no longer any currency risks related to the Croatian kuna.

for EUR 1	31 December 2022	31 December 2021
HRK	7.5365	7.5156
RSD	117.29	117.44
USD	1.0666	1.0916

31 December 2022					
in EUR	EUR	MKD	RSD	USD	Total
Cash and cash equivalents	118,106,425	2,663	66,472	117,556	118,293,116
Current operating receivables (excluding receivables from the government)	54,083,120		148,376	16,711	54,248,207
Non-current operating receivables	5,799,902				5,799,902
Current financial receivables	130,702,160				130,702,160
Non-current financial receivables	39,031,501				39,031,501
Non-current operating liabilities (excluding other liabilities)	93,625,318				93,625,318
Current operating liabilities (excluding liabilities to the government and employees, and liabilities from advances)	43,782,639		4,912	20,550	43,808,101
Non-current financial liabilities	89,080,184				89,080,184
Current financial liabilities	45,841,656				45,841,656
Exposure in the statement of financial position	75,393,311	2,663	209,936	113,717	75,719,627

31 December 2021					
in EUR	EUR	HRK	RSD	USD	Total
Cash and cash equivalents	125,797,153	1,112,943	209,286	74,304	127,193,686
Current operating receivables (excluding receivables from the government)	52,844,019	1,448,858	348,720	45,701	54,687,298
Non-current operating receivables	4,082,179				4,082,179
Current financial receivables	2,238				2,238
Non-current financial receivables	2,997,826				2,997,826
Non-current operating liabilities (excluding other liabilities)	106,437,565				106,437,565
Current operating liabilities (excluding liabilities to the government and employees, and liabilities from advances)	38,780,341	831,552	9,473	29,315	39,650,681
Non-current financial liabilities	115,584,685				115,584,685
Current financial liabilities	29,415,636				29,415,636
Exposure in the statement of financial position	-104,494,812	1,730,249	548,533	90,690	-102,125,340

The Slovenske železnice Group's entire credit portfolio is in euros. Its credit obligations are therefore not exposed to currency risk.

Liquidity risk

With the aim of managing liquidity risk, the Slovenske železnice Group implemented a policy on the regular management of its liquidity and solvency in 2022. It used that policy for the daily, monthly and annual monitoring of the liquidity position of the Group as a whole and of the companies in the Group.

Liquidity risk management requires the management of such liquidity risk by individual category:

- the management of liquidity risk from operations, which is closely linked to credit risk; and
- the management of liquidity risk from financing, which constitutes a risk linked to the securing of sufficient financial resources for the Group's operations and investments.

Liquidity risk management is centralised at the controlling company for all Group companies. The continuous monitoring of cash flows, the implementation of the SŽ Group's cash management policy (Group companies have signed a cash-pooling agreement for the purpose of managing and balancing liquidity within the Group), and the availability and securing of the necessary short-term revolving credit lines in the amount of EUR 60 million ensured that the liquidity of the SŽ Group was controlled and secured in 2022, and that liquidity risk was well-managed. Current credit lines are regularly rolled over.

Maturity distribution of liabilities:

in EUR	Carrying amount of liabilities	Contractual cash flows				
		Total contractual obligations	From 0 to 6 months	From 6 to 12 months	From 1 to 3 years	Over 3 years
Non-current borrowings received	81,699,606	85,631,175			22,568,583	63,062,592
Non-current lease liabilities	7,380,578	8,051,118			5,848,904	2,202,214
Other non-current operating liabilities	93,625,318	93,625,318			38,417,076	55,208,242
Current borrowings received	25,235,360	26,361,587	15,214,635	11,146,952		
Current lease liabilities	9,885,394	10,081,164	5,616,280	4,464,884		
Other current financial liabilities	10,720,902	10,720,902	10,720,902			
Current operating liabilities (excluding liabilities to the government and employees, and liabilities from advances)	43,808,101	43,808,101	43,808,101			
Balance as at 31 December 2022	272,355,259	278,279,365	75,359,918	15,611,836	66,834,563	120,473,048

in EUR	Carrying amount of liabilities	Contractual cash flows				
		Total contractual obligations	From 0 to 6 months	From 6 to 12 months	From 1 to 3 years	Over 3 years
Non-current borrowings received	106,934,966	111,977,395			40,075,832	71,901,563
Non-current lease liabilities	8,649,719	10,336,194			7,245,142	3,091,052
Other non-current operating liabilities	106,437,565	106,437,565			38,329,776	68,107,789
Current borrowings received	23,228,603	25,820,432	12,554,322	13,266,110		
Current lease liabilities	6,086,420	6,189,861	3,327,433	2,862,428		
Other current financial liabilities	100,613	100,613	100,613			
Current operating liabilities (excluding liabilities to the government and employees, and liabilities from advances)	39,650,681	39,650,681	39,650,681			
Balance as at 31 December 2021	291,088,567	300,512,741	55,633,049	16,128,538	85,650,750	143,100,404

Credit risk

Data regarding the operations of the banks with which the Group cooperates is monitored as part of the credit risk management process. Risk is further managed by diversifying the placement of cash at individual banks and by investing cash for current operations over the short term.

The deteriorating liquidity of partners on the market requires additional attention when monitoring their credit ratings and therefore the provision of the appropriate collateral. Investments in the system for monitoring the credit ratings of the Group's partners will reduce credit risk, which will be reflected in the reduced value of past-due receivables and more secure operations. The adverse economic conditions and the associated increased probability of failure to fulfil contractually defined obligations by partners require the company to pay special attention to the management of credit risks. For this reason, several departments are actively involved in the credit risk management process.

Credit risks were appropriately managed in 2022, and there were no material credit-related events that had a significant impact on operations. A great deal of attention is paid to the monitoring of business partners with the help of a rating agency and on the basis of publicly available information and internal experiences in operations with those partners (introduction of the credit management process in the SŽ Group).

The Group conducted checks of domestic and foreign customers in 2022 with the help of a rating agency and publicly available information. The operations and financial position of specific customers were monitored regularly, as was the Group's exposure to those customers. Risk management measures were adopted as required. Value adjustments are created for older receivables (see note 2.3.1.12).

Maturity of trade receivables (gross amount):

in EUR	Maturity					Total	Value adjustments to receivables	Net value of receivables
	Non-past-due	Past-due						
As at		up to 30 days	31 to 90 days	91 to 365 days	more than 365 days			
31 December 2022	48,120,080	4,791,127	707,277	339,092	5,528,738	59,486,314	5,238,107	54,248,207
31 December 2021	50,024,781	2,866,661	1,320,876	872,805	5,823,366	60,908,489	6,221,191	54,687,298

4. CAPITAL ADEQUACY MANAGEMENT

The underlying purpose of capital management is to ensure capital adequacy, the highest possible level of financial stability, long-term solvency and the maximisation of value for the Group's owners.

in EUR	2022	2021
Non-current financial liabilities	89,080,184	115,584,685
Current financial liabilities	45,841,656	29,415,636
Total financial liabilities	134,921,840	145,000,322
Total equity	834,109,083	576,332,485
Debt/equity	0.16	0.25
Cash and cash equivalents	118,293,116	127,193,686
Net financial liabilities	16,628,724	17,806,636
Net debt/equity	0.02	0.03

5. CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The table contains data on the classification into fair value hierarchy levels only for assets and financial liabilities measured at fair value and for which fair value is disclosed.

in EUR	31 December 2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and participating interests measured at fair value through profit or loss that are not quoted on a regulated market	2,144,340	2,144,340			2,144,340
Long-term deposits at banks	591,409	591,409			591,409
Other non-current financial assets	38,440,092	38,440,092			38,440,092
Current financial assets					
Trade receivables	54,248,207	54,248,207			54,248,207
Other current assets	130,702,160	130,702,160			130,702,160
Cash and cash equivalents	118,293,116	118,293,116	118,293,116		
Non-current financial liabilities					
Loans received	81,699,606	91,962,899			91,962,899
Lease liabilities	7,380,578	7,380,578			7,380,578
Current financial liabilities					
Loans received	25,235,360	26,924,387			26,924,387
Other financial liabilities	10,720,902	10,720,902			10,720,902
Lease liabilities	9,885,394	9,885,394			9,885,394
Trade payables	43,808,101	43,808,101			43,808,101

in EUR	31 December 2021				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and participating interests measured at fair value through profit or loss that are not quoted on a regulated market	2,143,755	2,143,755			2,143,755
Long-term deposits at banks	586,731	586,731			586,731
Other non-current financial assets	2,411,096	2,411,096			2,411,096
Current financial assets					
Trade receivables	54,687,297	54,687,297			54,687,297
Other current assets	2,238	2,238			2,238
Cash and cash equivalents	127,193,686	127,193,686	127,193,686		
Non-current financial liabilities					
Loans received	106,934,966	106,934,966			106,934,966
Lease liabilities	8,649,719	8,649,719			8,649,719
Current financial liabilities					
Loans received	23,228,604	23,228,604			23,228,604
Lease liabilities	6,086,420	6,086,420			6,086,420
Other financial liabilities	100,613	100,613			100,613
Trade payables	39,650,681	39,650,681			39,650,681

The SŽ Group did not record any transitions between fair value levels in 2022.

6. SEPARATE FINANCIAL STATEMENTS OF THE COMPANY SLOVENSKE ŽELEZNICE, d.o.o.

6.1 Separate statement of financial position

in EUR	Note	Balance as at	
		31 December 2022	31 December 2021
ASSETS		892,592,605	724,682,411
A. Non-current assets		704,089,434	590,974,168
Intangible assets	6.6.1.1	20,690,601	19,449,767
Right-of-use lease assets	6.6.1.2	251,632	327,810
Property, plant and equipment	6.6.1.3	16,556,472	13,463,316
Investment property	6.6.1.4	43,152,541	43,385,180
Investments in subsidiaries	6.6.1.5	583,392,416	433,392,416
Investments in associates	6.6.1.5	31,515,451	3,079,623
Other financial assets	6.6.1.5	2,140,782	2,140,782
Financial receivables	6.6.1.6	0	71,203,073
Operating receivables	6.6.1.7	5,376,065	3,473,819
Deferred tax assets	6.6.1.8	608,696	325,478
Other non-current assets	6.6.1.9	404,778	732,904
B. Current assets		188,503,171	133,708,243
Assets held for sale	6.6.1.10	5,798,931	51,947
Financial receivables	6.6.1.6	103,486,510	31,084,710
Trade receivables	6.6.1.11	41,336,611	10,709,626
Other operating receivables	6.6.1.12	1,911,574	24,879,387
Cash and cash equivalents	6.6.1.13	35,969,545	66,982,573
EQUITY AND LIABILITIES		892,592,605	724,682,411
A. Equity		617,942,764	462,782,033
Called-up capital		509,529,921	359,529,921
Share premium account		45,002,140	45,002,140
Legal reserves		4,066,110	3,849,575
Other profit reserves		49,185,127	47,128,047
Fair value reserves		216,027	-615,759

in EUR	Note	Balance as at	
		31 December 2022	31 December 2021
Retained profit		9,943,439	7,888,109
1. Net profit brought forward		7,886,359	7,208,227
2. Undistributed net profit for the financial year		2,057,080	679,882
B. Non-current liabilities		43,810,025	86,786,774
Provisions for jubilee benefits and termination benefits	6.6.1.15	1,733,240	2,310,914
Other provisions	6.6.1.15	58,500	0
Non-current deferred income	6.6.1.15	2,579	1,639
Financial liabilities	6.6.1.16	41,792,510	82,718,750
Lease liabilities	6.6.1.17	208,971	283,187
Operating liabilities	6.6.1.18	14,225	1,472,284
C. Current liabilities		230,839,816	175,113,604
Financial liabilities	6.6.1.16	218,058,170	168,913,517
Lease liabilities	6.6.1.17	51,053	56,401
Trade payables	6.6.1.19	9,427,405	3,498,181
Other operating liabilities	6.6.1.18	3,137,270	2,645,505
Liabilities for corporate income tax	6.6.1.20	165,918	0

The accounting policies and notes are a constituent part of the financial statements and must be read in conjunction with them.

6.2 Separate income statement

in EUR	Note	2022	2021
1. Revenues from contracts with customers	6.6.2.1	31,238,059	21,180,117
4. Other operating revenues (including revaluation operating revenues)	6.6.2.2	5,210,848	1,867,399
5. Costs of goods, materials and services	6.6.2.3	10,494,565	8,132,541
6. Labour costs	6.6.2.4	16,884,357	15,513,311
7. Write-downs	6.6.2.5	3,107,664	3,030,313
8. Other operating expenses	6.6.2.6	4,905,230	1,454,558
9. Operating profit (1 ± 2 + 3 + 4 - 5 - 6 - 7 - 8)		1,057,091	-5,083,207
10. Finance income	6.6.2.7	4,557,735	12,434,541
11. Finance expenses	6.6.2.8	1,401,431	5,908,190
12. Net finance income/costs (11 - 12)		3,156,304	6,526,351
13. Pre-tax profit (9 + 12)		4,213,395	1,443,144
14. Current tax		165,918	0
15. Deferred taxes	6.6.1.8	-283,218	11,813
16. Corporate income tax	6.6.2.9	-117,300	11,813
17. Net profit for the accounting period		4,330,695	1,431,331

The accounting policies and notes are a constituent part of the financial statements and must be read in conjunction with them.

6.3 Separate statement of comprehensive income

in EUR	Note	2022	2021
Net profit for the accounting period	6.2	4,330,695	1,431,331
Items that will not be reclassified subsequently to profit or loss		830,036	-82,042
Actuarial gains/losses		830,036	-82,042
Other comprehensive income for financial year		830,036	-82,042
Total comprehensive income for the accounting period		5,160,731	1,349,289

The accounting policies and notes are a constituent part of the financial statements and must be read in conjunction with them.

6.4 Separate cash flow statement

in EUR	Note	2022	2021
A. CASH FLOWS FROM OPERATING ACTIVITIES			
a) Net profit	6.2	4,330,695	1,431,331
Pre-tax profit		4,213,395	1,443,144
Corporate income tax and other taxes not included in operating expenses		-117,300	11,813
b) Adjustments by		-4,924,977	-3,807,753
Amortisation/depreciation (+)	6.6.2.5	2,893,912	2,817,027
Revaluation operating revenues (-)		-4,984,724	-1,680,647
Revaluation operating expenses (+)	6.6.2.5	213,752	213,286
Finance income, excluding finance income from operating receivables (-)	6.6.2.7	-4,548,752	-12,432,179
Finance expenses, excluding finance expenses from operating liabilities (+)	6.6.2.8	1,387,067	5,877,532
Revenues from the acquisition of property, plant and equipment and investment property free of charge		0	-11,479
Actuarial calculation of provisions for employee benefits		180,606	166,947
Tax expenses		-117,299	1,246,881
Calculation of other provisions		58,500	0
Revenues from the reversal of accrued audit expenses and unused annual leave		-1,000	-4,439
Other adjustments to revenues and expenses		-7,039	-682
c) Change in net working capital (and provisions and deferred tax assets and liabilities) from balance sheet operating items		-4,728,412	-17,589,053
Opening less closing operating receivables		-9,264,535	92,461
Closing less opening operating liabilities		4,551,393	-17,646,675
Closing less opening provisions		-15,270	-34,839
d) Net cash flows from operating activities (a + b + c + d + e)		-5,322,694	-19,965,475
B. CASH FLOWS FROM INVESTING ACTIVITIES			
a) Receipts from investing activities		114,942,507	305,812,134
Inflows from interest received and shares in the profit of others		4,547,972	5,818,148
Inflows from the disposal of property, plant and equipment	6.6.1.3	5,266,572	1,623,351
Inflows from disposal of investment property	6.6.1.4	104,028	1,503,258
Inflows from the disposal of financial assets		105,023,935	296,867,377
b) Outflows from investing activities		-359,971,401	-253,692,751
Outflows for the acquisition of intangible assets	6.6.1.1	-2,711,455	-2,704,611
Outflows for the acquisition of property, plant and equipment	6.6.1.3	-4,548,392	-941,419
Outflows for the acquisition of investment property	6.6.1.4	-118,931	-45,151

in EUR	Note	2022	2021
Outflows for the acquisition of financial assets – company foundation SŽ EP Logistika, d.o.o.	6.6.1.5	0	-7,500
Outflows for the acquisition of financial assets – capital increase of SŽ-Potniški promet, d.o.o.		-150,000,000	0
Outflows for the acquisition of a stake in the associate NOMAGO, d.o.o.		-20,843,957	0
Outflows for the acquisition of financial assets		-181,748,666	-249,994,070
c) Net cash flows from investing activities (a + b)		-245,028,894	52,119,383
C. CASH FLOWS FROM FINANCING ACTIVITIES			
a) Inflows from financing activities		551,562,000	725,953,000
Inflows from paid-up capital		150,000,000	0
Inflows from the increase in financial liabilities	6.6.1.17	401,562,000	725,953,000
b) Outflows from financing activities		-332,223,440	-709,035,196
Outflows for interest paid on leases		-7,183	-9,076
Outflows for other interest paid		-732,464	-5,861,582
Outflows for the repayment of financial liabilities	6.6.1.17	-331,434,083	-703,109,003
Outflows for the repayment of lease liabilities	6.6.1.17	-49,710	-55,535
c) Net cash flow from financing activities (a + b)		219,338,560	16,917,804
D. Closing balance of cash	6.6.1.13	35,969,545	66,982,573
x) Net cash flow for the period (sum of Ač, Bc and Cc)		-31,013,028	49,071,712
+/- Calculated exchange rate differences in foreign currency assets		0	10
y) Opening balance of cash	6.6.1.13	66,982,573	17,910,851

The accounting policies and notes are a constituent part of the financial statements and must be read in conjunction with them.

6.5 Separate statement of changes in equity

From 1 January to 31 December 2022

in EUR	Share capital	Share premium account	Legal reserves	Other profit reserves	Fair value reserves	Retained earnings		Total
						Net profit brought forward	Undistributed net profit for the financial year	
Opening balance for the reporting period	359,529,921	45,002,140	3,849,575	47,128,047	-615,759	7,208,227	679,882	462,782,033
Changes in equity items (transactions with owners)	150,000,000	0	0	0	0	0	0	150,000,000
Additional paid-up capital	150,000,000							150,000,000
Changes in total comprehensive income for the reporting period	0	0	0	0	831,786	-1,750	4,330,695	5,160,731
Entry of net profit or loss for the reporting period							4,330,695	4,330,695
Actuarial gains/losses					831,786	-1,750		830,036
Changes in equity			216,535	2,057,080	0	679,882	-2,953,497	0
Allocation of remaining portion of net profit for the comparable reporting period to other components of equity						679,882	-679,882	0
Allocation of a portion of net profit from the reporting period to other components of equity pursuant to a resolution of management and supervisory bodies			216,535	2,057,080			-2,273,615	0
Closing balance for the reporting period	509,529,921	45,002,140	4,066,110	49,185,127	216,027	7,886,359	2,057,080	617,942,764

From 1 January to 31 December 2021

in EUR	Share capital	Share premium account	Legal reserves	Other profit reserves	Fair value reserves	Retained earnings		Total
						Net profit brought forward	Undistributed net profit for the financial year	
Opening balance for the reporting period	359,529,921	45,002,140	3,778,009	46,448,165	-535,727	7,210,236	0	461,432,744
Changes in total comprehensive income for the reporting period	0	0	0	0	-80,032	-2,009	1,431,330	1,349,289
Entry of net profit or loss for the reporting period							1,431,330	1,431,330
Actuarial gains/losses					-80,032	-2,009		-82,041
Changes in equity	0	0	71,566	679,882	0	0	-751,448	0
Allocation of a portion of net profit from the reporting period to other components of equity pursuant to a resolution of management and supervisory bodies			71,566	679,882			-751,448	0
Closing balance for the reporting period	359,529,921	45,002,140	3,849,575	47,128,047	-615,759	7,208,227	679,882	462,782,033

The accounting policies and notes are a constituent part of the financial statements and must be read in conjunction with them.

Distributable profit

in EUR	31 December 2022	31 December 2021
Mandatory use of net profit		
Net profit	4,330,695	1,431,330
Creation of legal reserves	-216,535	-71,566
Net profit following mandatory use	4,114,160	1,359,764
Creation of other profit reserves	-2,057,080	-679,882
Determination of distributable profit		
Net profit	2,057,080	679,882
Net profit brought forward	7,886,359	7,208,227
Distributable profit	9,943,439	7,888,109

6.6 Notes to the separate financial statements

6.6.1 Notes to the separate statement of financial position

6.6.1.1 Intangible assets

in EUR	31 December 2022	31 December 2021
Long-term property rights	20,690,601	19,449,767
Total	20,690,601	19,449,767

Intangible assets comprise licences and software.

Changes to intangible assets

in EUR	Long-term property rights	Other intangible assets in acquisition	Non-current deferred development costs	Total
Historical cost				
Balance as at 1 January 2021	21,095,982	1,807,361	129,683	23,033,025
Acquisitions	999,840	1,827,729	0	2,827,569
Write-downs	-427,447	0	0	-427,447
Balance as at 31 December 2021	21,668,374	3,635,090	129,683	25,433,147
Balance as at 1 January 2022	21,668,374	3,635,090	129,683	25,433,147
Acquisitions	473,265	2,352,553	0	2,825,818
Write-downs	-1,149,117	0	0	-1,149,117
Balance as at 31 December 2022	20,992,522	5,987,643	129,683	27,109,848
Value adjustments				
Balance as at 1 January 2021	4,680,987	0	129,683	4,810,670
Write-downs	-427,447	0	0	-427,447
Amortisation	1,600,157	0	0	1,600,157
Balance as at 31 December 2021	5,853,697	0	129,683	5,983,380
Balance as at 1 January 2022	5,853,697	0	129,683	5,983,380
Write-downs	-1,149,117	0	0	-1,149,117
Amortisation	1,584,984	0	0	1,584,984
Balance as at 31 December 2022	6,289,564	0	129,683	6,419,247
Carrying amount				
Book value as at 1 January 2021	16,414,995	1,807,361	0	18,222,356
Book value as at 31 December 2021	15,814,677	3,635,090	0	19,449,767
Book value as at 1 January 2022	15,814,677	3,635,090	0	19,449,767
Book value as at 31 December 2022	14,702,958	5,987,643	0	20,690,601

SŽ, d.o.o. had commitments for the purchase of intangible assets in the amount of EUR 711,200 as at 31 December 2022 (EUR 559,422 as at 31 December 2021). SŽ, d.o.o. has not pledged any intangible assets as collateral.

A total of 13.7% of all intangible assets in use as at 31 December 2022 has been amortised in full (that proportion stood at 16.0% as at 31 December 2021). That proportion is calculated by taking into account the historical cost of intangible assets.

6.6.1.2 Right-of-use lease assets

in EUR	31 December 2022	31 December 2021
Right-of-use assets (buildings)	250,844	327,040
Right-of-use assets (equipment)	788	770
Total	251,632	327,810

Changes in right-of-use assets

in EUR	Right-of-use assets (buildings)	Right-of-use assets (equipment)	Total
Historical cost			
Balance as at 1 January 2021	488,580	54,753	543,333
Increases	21,467	0	21,467
Decreases	-42,279	0	-42,279
Balance as at 31 December 2021	467,767	54,753	522,520
Balance as at 1 January 2022	467,767	54,753	522,520
Increases	121,371	4,736	126,107
Decreases	-208,919	0	-208,919
Balance as at 31 December 2022	380,219	59,489	439,708
Value adjustments			
Balance as at 1 January 2021	91,989	45,443	137,432
Decreases	-880	0	-880
Depreciation	49,619	8,540	58,158
Balance as at 31 December 2021	140,727	53,983	194,710
Balance as at 1 January 2022	140,727	53,983	194,710
Decreases	-57,274	0	-57,274
Depreciation	45,922	4,718	50,639
Balance as at 31 December 2022	129,375	58,701	188,076
Carrying amount			
Balance as at 1 January 2021	396,591	9,310	405,900
Balance as at 31 December 2021	327,040	770	327,810
Balance as at 1 January 2022	327,040	770	327,810
Balance as at 31 December 2022	250,844	788	251,632

The company had liabilities from right-of-use lease assets in the amount of EUR 260,024 as at 31 December 2022 (EUR 339,588 as at 31 December 2021).

6.6.1.3 Property, plant and equipment

in EUR	31 December 2022	31 December 2021
Land	3,908,886	4,201,105
Buildings	8,644,338	5,992,791
Equipment	2,708,671	2,335,521
Property, plant and equipment in acquisition	1,294,577	933,899
Total	16,556,472	13,463,316

Changes in property, plant and equipment

in EUR	Land	Buildings	Plant and equipment	Property, plant and equipment in acquisition	Total Property, plant and equipment
Historical cost					
Balance as at 1 January 2021	4,318,915	18,465,968	10,513,025	645,143	33,943,051
Acquisitions	0	11,479	696,176	294,005	1,001,660
Disposals	-117,810	-188,780	-2,818,807	0	-3,125,397
Write-downs	0	0	0	-5,250	-5,250
Balance as at 31 December 2021	4,201,105	18,288,667	8,390,395	933,899	31,814,066
Balance as at 1 January 2022	4,201,105	18,288,667	8,390,395	933,899	31,814,066
Acquisitions	0	3,438,964	1,053,573	360,678	4,853,215
Disposals	-292,219	-1,096,168	-605,822	0	-1,994,209
Transfers of investments in foreign fixed assets	0	38,925	-38,925	0	0
Balance as at 31 December 2022	3,908,886	20,670,388	8,799,221	1,294,577	34,673,072
Value adjustments					
Balance as at 1 January 2021	0	12,100,750	8,208,898	0	20,309,648
Decreases	0	-78,051	-2,778,521	0	-2,856,572
Depreciation	0	273,178	624,495	0	897,673
Balance as at 31 December 2021	0	12,295,877	6,054,872	0	18,350,749
Balance as at 1 January 2022	0	12,295,877	6,054,872	0	18,350,749
Decreases	0	-634,785	-601,986	0	-1,236,771
Depreciation	0	326,033	676,589	0	1,002,622
Transfers of investments in foreign fixed assets	0	38,925	-38,925	0	0
Balance as at 31 December 2022	0	12,026,050	6,090,550	0	18,116,600
Carrying amount					
Balance as at 1 January 2021	4,318,915	6,365,219	2,304,127	645,143	13,633,404
Balance as at 31 December 2021	4,201,105	5,992,791	2,335,522	933,898	13,463,316
Balance as at 1 January 2022	4,201,105	5,992,791	2,335,522	933,898	13,463,316
Balance as at 31 December 2022	3,908,886	8,644,338	2,708,671	1,294,577	16,556,472

The company's moveable property and real estate were not pledged as guarantees for long-term loans as at 31 December 2022, nor as at 31 December 2021.

The company had commitments for the purchase of property, plant and equipment in the amount of EUR 691,994 as at 31 December 2022 (EUR 344,201 as at 31 December 2021).

A total of 28.5% of all property, plant and equipment in use as at 31 December 2022 has been depreciated in full (33.1% as at 31 December 2021). That proportion is calculated by taking into account the historical cost of property, plant and equipment.

6.6.1.4 Investment property

in EUR	31 December 2022	31 December 2021
Investment property	43,152,541	43,385,180
Total	43,152,541	43,385,180

Investment property comprises warehouses, commercial buildings and land that the company leases to others.

Changes in investment property

in EUR	Land	Buildings	Total
Historical cost			
Balance as at 1 January 2021	36,489,923	17,275,973	53,765,896
Acquisitions	18,564	48,192	66,756
Disposals	-1,350,336	0	-1,350,336
Balance as at 31 December 2021	35,158,152	17,324,165	52,482,317
Balance as at 1 January 2022	35,158,152	17,324,165	52,482,317
Acquisitions	0	112,280	112,280
Disposals	-89,263	-61,648	-150,901
Balance as at 31 December 2022	35,068,899	17,374,797	52,443,696
Value adjustments			
Balance as at 1 January 2021	0	8,836,099	8,836,099
Depreciation	0	261,039	261,039
Balance as at 31 December 2021	0	9,097,137	9,097,137
Balance as at 1 January 2022	0	9,097,137	9,097,137
Depreciation	0	255,667	255,667
Disposals	0	-61,648	-61,648
Balance as at 31 December 2022	0	9,291,156	9,291,156
Carrying amount			
Balance as at 1 January 2021	36,489,923	8,439,875	44,929,798
Balance as at 31 December 2021	35,158,152	8,227,028	43,385,180
Balance as at 1 January 2022	35,158,152	8,227,028	43,385,180
Balance as at 31 December 2022	35,068,899	8,083,642	43,152,541

The company has not pledged any investment property as collateral.

Slovenske železnice, d.o.o. generated rental income of EUR 1,841,224 in 2022 (EUR 1,707,308 in 2021).

A total of 22.2% of all investment property in use as at 31 December 2022 has been depreciated in full (22.3% as at 31 December 2021). That proportion is calculated by taking into account the historical cost of investment property.

The fair value of investment property was determined with the help of certified real estate valuers and amounted to EUR 89,421,797 as at 31 December 2022 (EUR 89,189,941 as at 31 December 2021).

6.6.1.5 Non-current financial assets

in EUR	31 December 2022	31 December 2021
Investments in subsidiaries	583,392,416	433,392,416
Investments in associates	31,515,451	3,079,623
Other financial assets	2,140,782	2,140,782
Total	617,048,649	438,612,821

The company's non-current financial assets were not pledged as guarantees for long-term loans as at 31 December 2022, nor as at 31 December 2021.

Changes to non-current financial assets

in EUR	Investments in subsidiaries	Investments in associates	Other financial assets
Historical cost			
Balance as at 1 January 2021	427,010,279	5,609,252	2,109,969
Elimination of investments in Tovorni promet, d.o.o. and Fersped, d.o.o.	-70,755,487	0	0
Establishment of SŽ EP, d.o.o.	7,500	0	0
Non-cash contribution in SŽ EP Logistika, d.o.o.	77,130,124	0	0
Valuation of investment in EUROFIMA	0	0	50,291
Balance as at 31 December 2021	433,392,416	5,609,252	2,160,260
Balance as at 1 January 2022	433,392,416	5,609,252	2,160,260
Purchase price for Nomago, d.o.o.	0	20,843,957	0
Accrued variable portion of the purchase price for Nomago, d.o.o.	0	10,656,043	0
Transfer of participating interest in Terme Olimia to assets held for sale	0	-5,593,801	0
Capital increase of SŽ-PP	150,000,000	0	0
Balance as at 31 December 2022	583,392,416	31,515,451	2,160,260

in EUR	Investments in subsidiaries	Investments in associates	Other financial assets
Value adjustments			
Balance as at 1 January 2021	199,946	2,529,629	19,478
Elimination of investment in Fersped, d.o.o.	-199,946	0	0
Balance as at 31 December 2021	0	2,529,629	19,478
Balance as at 1 January 2022	0	2,529,629	19,478
Transfer of participating interest in Terme Olimia to assets held for sale	0	-2,529,629	0
Balance as at 31 December 2022	0	0	19,478
Carrying amount			
Balance as at 1 January 2021	426,810,333	3,079,623	2,090,491
Balance as at 31 December 2021	433,392,416	3,079,623	2,140,782
Balance as at 1 January 2022	433,392,416	3,079,623	2,140,782
Balance as at 31 December 2022	583,392,416	31,515,451	2,140,782

Participating interests in subsidiaries

in EUR	Participating interest* 31 December 2022	Share capital* 31 December 2022	Total equity 31 December 2022	Carrying amount of participating interest		Profit or loss for the year	
				31 December 2022	31 December 2021	2022	2021
SŽ EP Logistika, d.o.o.	51%	10,000,000	136,150,900	77,137,624	77,137,624	-417,166	-54
SŽ-Potniški promet, d.o.o.	100%	435,939,661	487,417,727	438,087,658	288,087,658	5,298,050	12,132,095
SŽ-Infrastruktura, d.o.o.	100%	15,828,186	37,730,473	17,411,005	17,411,005	5,530,115	6,733,039
SŽ-Vlekain tehnika, d.o.o.	100%	26,068,145	39,796,082	41,718,205	41,718,205	1,235,796	2,936,457
Prometni institut Ljubljana, d.o.o.	100%	162,328	772,508	338,846	338,846	30,987	113,253
SŽ-ŽIP, storitve, d.o.o.	100%	6,072,597	7,493,872	4,782,426	4,782,426	-50,856	-7,522
SŽ-ŽGP Ljubljana, d.d.	79.82%	3,152,412	29,239,508	3,388,034	3,388,034	3,470,410	3,566,638
SŽ-Železniška tiskarna Ljubljana, d.d.	64.28%	265,160	513,947	528,618	528,618	-119,405	-105,820
Total		497,488,489	739,115,017	583,392,416	433,392,416	14,977,931	25,368,086

Information regarding associates as at 31 December 2022

Business name of associate	Business address of associate	Activity	Ownership as at 31 December 2022	Ownership as at 31 December 2021
Terme Olimia, d.d.*	Zdraviliška cesta 24, Podčetrtek	Activities of hotels, campgrounds, catering, sports facilities and health care	23.87%	23.87%
Adria Kombi, d.o.o., Ljubljana	Tivolska cesta 50, Ljubljana	Freight rail transport	33.72%	33.72%
Nomago, d.o.o.	Vošnjakova ulica 3, Ljubljana	Road passenger transport and travel organisation	50%	0%

in EUR	Total equity		Profit or loss for the year	
	31 December 2022	31 December 2021	2022	2021
Terme Olimia, d.d.*	46,271,221	42,928,766	2,621,675	3,890,599
Adria Kombi, d.o.o., Ljubljana	12,490,135	12,620,474	1,689,607	1,802,421
NOMAGO, d.o.o., Ljubljana	21,786,771	0	5,758,957	0
Total investments in associates	58,761,356	55,549,240	4,311,282	5,693,020

* The investment in Terme Olimia, d.d. was transferred to non-current assets held for sale on 31 December 2022. SDH intends to adopt a resolution of the founder on the payment of a material dividend, part of which is an investment in Terme Olimia, d.d.

On 7 April 2022, Slovenske železnice, d.o.o. (the buyer) and Adventura Investments, upravljanje družb, d.o.o. (the seller) concluded a sale and purchase agreement for a 50% participating interest in NOMAGO, storitve mobilnosti in potovanj, d.o.o. (hereinafter: NOMAGO d.o.o.).

In October 2022 the two companies agreed on the calculation of the fixed part and the first instalment of the variable part of the purchase price in the amount of EUR 20,843,957. This was paid on 25 October 2022. For the difference to the full purchase price under the agreement (EUR 10,656,043), non-current financial investments and other current financial liabilities are recognised in the Slovenske železnice, d.o.o. statements for 2022 (note 6.6.1.16). The second and third instalments of the purchase price for a 50% participating interest will be paid in 2023 and 2024.

The shareholders' agreement between Adventura Investments, upravljanje družb, d.o.o. and Slovenske železnice, d.o.o. in relation to the management of NOMAGO, d.o.o. following the purchase of a 50% stake sets out the following options regarding the purchase or sale of the remaining 50% stake in NOMAGO d.o.o.:

- a call option for Slovenske železnice, d.o.o. as the right (but not the obligation) to purchase the entire participating interest in NOMAGO, d.o.o. from Adventura Investments, which Slovenske železnice d.o.o. may exercise at any time between 1 January and 31 December 2024;
- a put option for Slovenske železnice, d.o.o. as the right (but not the obligation) to sell its entire participating interest in NOMAGO, d.o.o. to Adventura Investments d.o.o. at any time after conclusion of the sale and purchase agreement if changes arise in the control of ownership of Adventura Investments, d.o.o. to the benefit of a competitor of Slovenske železnice, d.o.o. or to the benefit of a competitor of NOMAGO, d.o.o.;
- if the call or put options are not exercised by 1 January 2025, either partner shall be entitled to commence a procedure for the joint sale of their participating interests in NOMAGO, d.o.o., with the other NOMAGO partner being obliged to participate.

As the exercise price of the above-mentioned options is linked to the fair value of the stake in NOMAGO, d.o.o. upon exercise of the option, the Slovenske železnice, d.o.o. Management Board estimates that the fair value of the options as at 31 December 2022 is close to EUR 0. These options are therefore not recognised in the SŽ, d.o.o. financial statements. In the 2023–2025 business plan, Slovenske železnice, d.o.o. states that it envisages making use of the call option in 2024 and therefore acquire a 100% participating interest in NOMAGO, d.o.o.

Balance of investments in associates

in EUR	31 December 2022	31 December 2021
Terme Olimia, d.d.	0	3,064,172
Adria Kombi, d.o.o., Ljubljana	15,451	15,451
NOMAGO, d.o.o.	31,500,000	0
Total investments in associates	31,515,451	3,079,623

Other financial assets

in EUR	Participating interest 31 December 2022	Value of investment	
		31 December 2022	31 December 2021
EUROFIMA	0.42%	2,084,000	2,084,000
HIT RAIL		54,439	54,439
Other shares and participating interests		2,343	2,343
Total		2,140,782	2,140,782

All other investments in shares and participating interests are classed as financial assets measured at fair value through profit or loss. None of the shares and participating interests

held by SŽ, d.o.o. at the end of 2022 are quoted on a regulated securities market. Other financial assets are not used as collateral and are free from encumbrances.

6.6.1.6 Financial receivables

in EUR	31 December 2022	31 December 2021
Financial receivables from Group companies	0	68,802,070
Other financial receivables from SŽ-Železniški zdravstveni dom	0	2,401,003
Total non-current financial receivables	0	71,203,073
Financial receivables from Group companies	23,486,320	31,084,673
Financial receivables from others	80,000,190	37
Total current financial receivables	103,486,510	31,084,710
Total	103,486,510	102,287,783

Non-current financial receivables from Group companies, the majority of which, as at 31 December 2021 (EUR 66,468,750), related to SŽ, d.o.o. receivables from the subsidiary SŽ-Tovorni promet, d.o.o. on account of non-current SŽ, d.o.o. liabilities to banks, for which SŽ, d.o.o. at the same time disclosed a non-current financial receivable from the subsidiary, were transferred in their entirety directly to SŽ-Tovorni promet, d.o.o. in 2022.

On 31 December 2022 a non-current financial receivable from SŽ-Železniški zdravstveni dom was transferred in its entirety to non-current assets held for sale because SDH, d.d. intends to adopt a resolution on the payment of a material dividend, part of which is an investment in SŽ-Železniški zdravstveni dom.

Changes in non-current financial receivables

in EUR	2022	2021
Balance as at 1 January	71,203,073	80,744,746
• Transfer to current portion	-2,333,320	-9,541,673
• Reduction in financial receivables resulting from the transfer of liabilities directly to SŽ-Tovorni promet, d.o.o.	-66,468,750	0
• Transfer to current assets held for sale	-2,401,003	0
Balance as at 31 December	0	71,203,073

Changes in current financial receivables

in EUR	2022	2021
Balance as at 1 January	31,084,710	68,416,343
• Loans granted	181,748,666	249,994,071
• Transfer from non-current financial receivables	2,333,320	9,541,673
• Loan repayments received	-105,023,935	-296,867,377
• Reduction in financial receivables resulting from the transfer of liabilities directly to SŽ-Tovorni promet, d.o.o.	-6,656,251	0
Balance as at 31 December	103,486,510	31,084,710

Current financial receivables from subsidiaries mainly comprise receivables that arose on the basis of cash-pooling agreements and from current credit lines granted to SŽ Group companies in the amount of EUR 21,153,000 (EUR 21,543,000 as at 31 December 2021). The company is disclosing a further EUR 2,333,320 (EUR 2,333,340 in 2021) in receivables from SŽ-VIT, d.o.o. and SŽ-ŽIP, storitve, d.o.o. on the basis of the short-term portion of the loan for the financing

of the implementation of measures to optimise business processes.

Current financial receivables from others mainly comprises current assets held at a bank in the rest of the world in the amount of EUR 80,000,000 (EUR 0 in 2021).

Interest is charged between SŽ Group companies at the tax-deductible interest rate applicable for related parties.

6.6.1.7 Non-current operating receivables

in EUR	31 December 2022	31 December 2021
Non-current operating receivables from Group companies	216,007	222,250
Credits for the purchase of property	5,160,058	3,251,569
Total	5,376,065	3,473,819

The company believes that long-term loans for the purchase of property secured by a mortgage are not exposed to risks.

The balance of non-current operating receivables as at 31 December 2022 was higher than the

balance as at the end of the year before mainly as a result of the sale of land. The buyer will settle the last instalment of EUR 1,950,000 in 2024.

The company is not disclosing any receivables from members of management or supervisory bodies.

6.6.1.8 Deferred tax assets

in EUR	31 December 2022	31 December 2021
Deferred tax assets	608,696	325,478
Total	608,696	325,478

in EUR	Unclaimed tax allowances for investments	Provisions	Value adjustments to receivables	Total
Balance as at 1 January 2021	0	288,280	49,011	337,291
Debited/credited to profit or loss	0	21,349	-33,162	-11,813
Balance as at 31 December 2021	0	309,629	15,849	325,478
Balance as at 1 January 2022	0	309,629	15,849	325,478
Credited/debited to operating results	449,027	-165,015	-794	283,218
Balance as at 31 December 2022	449,027	144,614	15,055	608,696

Given the projected results of operations over the next five years, we have not recognised deferred tax assets for tax losses in 2022. In the calculation of taxes, the company regularly applies a tax deduction for provisions created for jubilee benefits and termination benefits, tax allowances for investments and value adjustments to receivables, and therefore recognised deferred tax assets for that purpose.

The tax loss amounts to EUR 16,826,318 (EUR 16,826,318 in 2021) and represents the unrecognised basis for deferred tax assets. In 2021 the unrecognised basis for deferred tax assets included tax allowances for investments in addition to tax losses (EUR 19,213,858 in 2021).

Total sources for the creation of deferred tax assets are as follows:

in EUR	Unclaimed tax allowances for investments	Provisions	Value adjustments to receivables	Total
Balance as at 31 December 2021	0	1,629,627	83,417	1,713,044
Balance as at 31 December 2022	2,363,303	761,127	79,236	3,203,666

6.6.1.9 Other non-current assets

in EUR	31 December 2022	31 December 2021
Other non-current assets	404,778	732,904
Total	404,778	732,904

6.6.1.10 Assets held for sale

in EUR	31 December 2022	31 December 2021
Fixed assets held for sale	333,756	51,947
Non-current assets held for sale	5,465,175	0
Total	5,798,931	51,947

Non-current assets held for sale comprise an investment in Terme Olimia, d.d. of EUR 3,064,172 and a non-current financial receivable from SŽ-Železniški zdravstveni dom of EUR 2,401,003; these will be the subject of a material dividend following a resolution of the SŽ, d.o.o. founder. The fair value of the assets held for sale amounts to EUR 15,370,690.

6.6.1.11 Trade receivables

in EUR	31 December 2022	31 December 2021
Current receivables from Group companies	40,418,380	10,341,410
Current trade receivables from domestic customers	908,615	359,597
Current trade receivables from customers in the rest of the world	9,616	8,619
Total	41,336,611	10,709,626

The balance of receivables from Group companies as at 31 December 2022 was higher than at the end of 2021 mainly due to receivables owed by SŽ-Potniški promet, d.o.o., arising from the additional benefit in the purchase of new rolling stock based on the agreement on the transfer of the benefits of negotiations (note 6.6.1.12).

in EUR	Gross value as at 31 December 2022	Value adjustment 31 December 2022	Net value as at 31 December 2022	Net value as at 31 December 2021
Current receivables from Group companies	40,418,380	0	40,418,380	10,341,410
Current trade receivables from domestic customers	975,635	67,020	908,615	359,598
Current trade receivables from customers in the rest of the world	9,616	0	9,616	8,618
Total	41,403,631	67,020	41,336,611	10,709,626

Net value adjustments to current trade receivables were created as follows:

in EUR	2022	2021
Balance as at 1 January	56,475	56,972
Reduction for written-off receivables	-4,065	-2,006
Reversal of value adjustments	-59	-5,760
Creation of value adjustments	14,669	7,269
Balance as at 31 December	67,020	56,475

Table of distribution of receivables:

in EUR	31 December 2022	31 December 2021
Non-past-due receivables	41,199,201	10,421,581
Past-due receivables	204,430	344,520
- up to 30 days	94,799	244,360
- 31 to 90 days	56,906	46,597
- 91 to 365 days	12,375	5,218
- over 365 days	40,350	48,345
Total	41,403,631	10,766,101

6.6.1.12 Other current operating receivables

in EUR	31 December 2022	31 December 2021
Receivables from government and other institutions	726,376	296,630
Receivables from employees	125,488	145,526
Receivables from others associated with finance income	76,043	23,120
Current operating receivables based on advances	1,509	1,010
Other current operating receivables from others	2,579	11,392
Receivables based on an agreement on the transfer of the benefits of negotiations in connection with the purchase of new rolling stock	0	23,769,200
Deferred costs	909,652	625,193
Accrued revenues	69,894	7,316
Securities and other current deferred costs and accrued income	33	0
Total	1,911,574	24,879,387

Receivables in the amount of EUR 23,769,200 are the result of additional benefits in connection with the purchase of rolling stock at SŽ-Potniški promet, d.o.o. (operator/contracting authority/buyer of new rolling stock) that were, independent of the public contract procedure and of the agreements on the purchase of rolling stock concluded between the contracting authority/buyer and the selected supplier, solely the result of the additional activities, agreements and successful efforts on the part of the controlling company SŽ, d.o.o. to achieve additional benefits. Receivables were charged in their entirety to SŽ-Potniški promet, d.o.o. in 2022; they are therefore disclosed as trade receivables within the Group.

Write-downs and impairments of current operating receivables in 2022 are disclosed under operating expenses in the amount of EUR 32,541 (EUR 114,734 in 2021).

6.6.1.13 Cash and cash equivalents

in EUR	31 December 2022	31 December 2021
Cash on hand	1,074	500
Cash on bank accounts	35,968,471	66,982,073
Total	35,969,545	66,982,573

6.6.1.14 Equity

in EUR	31 December 2022	31 December 2021
Called-up capital	509,529,921	359,529,921
Share premium account	45,002,140	45,002,140
Legal reserves	4,066,110	3,849,575
Other profit reserves	49,185,127	47,128,047
Fair value reserves	216,027	-615,759
Net profit brought forward	7,886,359	7,208,227
Undistributed net profit for the financial year	2,057,080	679,882
Total	617,942,764	462,782,033

Changes in equity

in EUR	
Balance as at 1 January 2021	461,432,745
Net loss for the financial year	1,431,330
Actuarial gains and losses	-82,042
Balance as at 31 December 2021	462,782,033
Balance as at 1 January 2022	462,782,033
Capital increase/additional paid-in capital	150,000,000
Net profit for the financial year	4,330,695
Actuarial gains and losses	830,036
Balance as at 31 December 2022	617,942,764

Pursuant to the resolution of the Slovenske železnice, d.o.o.'s Management Board of 21 April 2023, a portion of the company's net profit for 2022 in the amount of EUR 216,534.76 was used for the creation of legal reserves, while a portion in the amount of EUR 2,057,080.19 was used for the

creation of other profit reserves. A portion of net profit in the amount of EUR 2,057,080.18 remains undistributed. The Management Board of SŽ, d.o.o. proposed that the distributable profit, which stood at EUR 9,943,438.89 as at 31 December 2022, remain undistributed.

6.6.1.15 Provisions and non-current deferred income

in EUR	31 December 2022	31 December 2021
Provisions for jubilee benefits and termination benefits	1,733,240	2,310,914
Other provisions	58,500	0
Non-current deferred income	2,579	1,639
Total	1,794,319	2,312,553

A total of 14 legal proceedings in the total amount of EUR 591,595 (labour, civil and economic disputes) were under way against Slovenske železnice, d.o.o. in 2022. Two disputes were concluded in 2022, and provisions were recognised at SŽ-Potniški promet, d.o.o. for two disputes in accordance with the demerger plan from 2011 and at SŽ-Infrastruktura, d.o.o. for one dispute. Provisions of EUR 58,500 had been created for the five disputes as at 31 December 2022.

In accordance with assessments of the possible outcomes of another four disputes, drawn up on the bases of reports prepared by law firms, it was assessed that there was a more than 50% probability that the claim would be rejected. Provisions were therefore not recognised.

Claims for which provisions have not been created are shown as potential liabilities.

Changes in provisions for jubilee benefits and termination benefits

in EUR	Termination benefits	Jubilee benefits	Total
Balance as at 1 January 2021	1,890,593	188,437	2,079,030
Used	-7,159	-27,061	-34,220
Current employment costs	118,363	48,584	166,947
Interest (expenses)	15,662	1,452	17,114
Actuarial gains/losses	82,042	0	82,042
Balance as at 31 December 2021	2,099,502	211,412	2,310,914
Balance as at 1 January 2022	2,099,502	211,412	2,310,914
Used	-6,007	-10,204	-16,211
Current employment costs	207,969	27,348	235,317
Interest (expenses)	80,086	7,881	87,967
Reversal of provisions (closure, rights) (revenues)	0	-54,711	-54,711
Actuarial gains/losses	-830,036	0	-830,036
Balance as at 31 December 2022	1,551,514	181,726	1,733,240

The following material assumptions were taken into account in the calculation of provisions for retirement benefits and jubilee benefits:

	2022	2021
Average monthly gross wage in Slovenia	EUR 2,030	EUR 1,990
Discount rate	3.821%	0.834%
Overall wage growth	1.0%	1.0%
Retirement conditions (age)		
• men (transitional period)	-	60
• women (transitional period)	-	60
• men	65	65
• women	65	65

The annual discount rate is determined on the basis of the yield for 15-year EU COMPOSITE AAA corporate bonds according to Bloomberg as at 31 December 2022.

6.6.1.16 Financial liabilities

in EUR	31 December 2022	31 December 2021
Non-current financial liabilities to Group companies	40,542,510	0
Non-current financial liabilities to domestic banks	916,667	78,385,417
Non-current financial liabilities to banks in the rest of the world	333,333	4,333,333
Total non-current financial liabilities	41,792,510	82,718,750
Current financial liabilities to Group companies	192,396,059	147,930,892
Current financial liabilities to domestic banks	11,000,000	17,291,667
Current financial liabilities to banks in the rest of the world	4,000,000	3,666,666
Other current financial liabilities to domestic entities	10,662,111	24,292
Total current financial liabilities	218,058,170	168,913,517
Total	259,850,680	251,632,267

Changes in financial liabilities

in EUR	2022	2021
Non-current financial liabilities to Group companies		
Balance as at 1 January	0	0
• reprogramming of short-term loan to long-term loan to SŽ-Tovorni promet, d.o.o.	40.000.000	0
• accrued interest	542.510	0
Balance as at 31 December	40.542.510	0
Non-current financial liabilities to banks and others		
Balance as at 1 January	82.718.750	103.677.083
• transfer of bank loans from SŽ, d.o.o. to SŽ-Tovorni promet, d.o.o.	-66.468.750	0
• transfer to current portion	-15.000.000	-20.958.333
Balance as at 31 December	1.250.000	82.718.750
Total non-current financial liabilities	41.792.510	82.718.750
Current financial liabilities to Group companies		
Balance as at 1 January	147.930.893	102.883.754
• reprogramming of short-term loan to long-term loan to SŽ-Tovorni promet, d.o.o.	-40.000.000	0
• payment of interest	-466.834	-364.768
• repayment of the loan	-252.432.000	-428.900.670
• loan received	336.862.000	473.953.000
• calculation of interest	502.000	359.577
Balance as at 31 December	192.396.059	147.930.893
Current financial liabilities to banks and others		
Balance as at 1 January	20.982.625	22.237.674
• transfer to current portion	15.000.000	20.958.333
• transfer of bank loans from SŽ, d.o.o. to SŽ-Tovorni promet, d.o.o.	-6.656.250	0
• payment of interest	-411.006	-1.508.100
• repayment of the loan	-79.002.083	-274.208.333
• calculation of interest	392.782	1.503.051
• drawing of the loan (loan received)	64.700.000	252.000.000
• liabilities for the variable part of the purchase price for the purchase of a stake in an associate	10.656.043	0
Balance as at 31 December	25.662.111	20.982.625
Total current financial liabilities	218.058.170	168.913.518
Total	259.850.680	251.632.268

Non-current financial liabilities

in EUR	Date of agreement or addendum	Payment due date	Status 31 December 2022	Insurance
Financing of operating expenditure	31 December 2021	5 September 2029	40,542,510	Bills of exchange
Financing of measures to optimise business processes	23 December 2019	3 January 2024	1,250,000	Bills of exchange
Total			41,792,510	

Current financial liabilities to Group companies comprise liabilities to Group companies under cash-pooling agreements in the amount of EUR 192,331,000 as at 31 December 2022 (EUR 147,901,000 at the end of 2021). At the beginning of January 2022, the controlling company Slovenske železnice, d.o.o. converted its current liability to SŽ-Tovorni promet, d.o.o. under the cash-pooling agreement in the amount of EUR 40 million into a long-term loan.

The short-term portion of long-term loans for the financing of measures to optimise business processes represent the current financial liabilities to banks of EUR 15,000,000 (EUR 13,750,000 as at 31 December 2021).

Current financial liabilities to domestic entities mainly comprise liabilities from the variable part of the purchase price in the acquisition of a participating interest in Nomago, d.o.o. in the amount of EUR 10,656,043.

6.6.1.17 Lease liabilities

in EUR	31 December 2022	31 December 2021
Non-current lease liabilities	208,971	283,187
<i>Of which within the Group</i>	<i>82,666</i>	<i>102,344</i>
Current lease liabilities	51,053	56,401
<i>Of which within the Group</i>	<i>23,452</i>	<i>23,090</i>
Total	260,024	339,588

Changes in lease liabilities

in EUR	2022	2021
Balance as at 1 January	339,588	415,068
increase	126,107	21,467
decrease	-155,961	-41,412
payments	-56,893	-64,611
interest	7,183	9,076
Balance as at 31 December	260,024	339,588

In accordance with the relevant agreements, the company discloses liabilities for assets under lease, calculated in accordance with IFRS 16, in

this item. It is primarily commercial premises (lease term of five to ten years) and equipment (lease term of two to three years) that are under lease.

Changes in financial liabilities and lease liabilities (cash flow)

in EUR	2022	2021
Balance as at 1 January	251,971,855	229,213,579
Inflows from loans raised	401,562,000	725,953,000
Outflows from loans raised	-331,434,083	-703,109,003
Outflows for the repayment of lease liabilities	-49,710	-55,535
Transfer of bank loans from SŽ, d.o.o. to SŽ-Tovorni promet, d.o.o.	-73,125,000	0
Liabilities for the purchase price under the contract for NOMAGO, d.o.o.	10,656,043	0
Accrued interest	542,510	0
Changes in lease liabilities	-29,854	-19,945
Changes in liabilities for interest	16,943	-10,241
Balance as at 31 December	260,110,704	251,971,855

6.6.1.18 Operating liabilities

in EUR	31 December 2022	31 December 2021
Non-current liabilities	14,225	1,472,284
Liabilities to Group companies	14,225	1,472,284
Current liabilities	3,137,270	2,645,505
Liabilities for advances received	287,683	225,943
Liabilities to employees	1,218,879	1,201,629
Liabilities to the government and government institutions	682,760	328,108
Liabilities to others	332,082	330,846
Deferred income	87,892	144,289
Accrued costs and expenses	527,974	414,690
Total	3,151,495	4,117,789

Non-current operating liabilities

Non-current liabilities to Group companies were reduced by EUR 1,458,059 in 2022 as a result of the transfer of the final instalment of the liability to SŽ-Tovorni promet, d.o.o. (EUR 1,288,852) and SŽ-Potniški promet, d.o.o. (EUR 169,207). The liabilities to both companies derive from the demerger balance sheet in 2011, the final instalment falls due for payment in May 2023, and the current liability is disclosed under current operating liabilities (note 6.6.1.19).

Current operating liabilities

Accrued costs and expenses primarily comprise the accrued costs of unused annual leave in the amount of EUR 492,340 (EUR 389,664 as at 31 December 2021).

6.6.1.19 Trade payables

in EUR	31 December 2022	31 December 2021
Liabilities to Group companies	5,592,792	2,123,327
Trade payables to domestic suppliers	3,668,248	1,238,217
Trade payables to suppliers in the rest of the world	166,365	136,637
Total	9,427,405	3,498,181

The higher balance of liabilities to Group companies as at 31 December 2022 in comparison with the end of 2021 is primarily the result of liabilities from the coverage of loss in accordance with Article 542 of the Companies Act (ZGD-1) and liabilities for the coverage of the costs of making performance-related payments to employees for 2022 pursuant to Management Board resolutions (EUR 3,230,069).

in EUR	31 December 2022	31 December 2021
Non-past-due liabilities	9,412,218	3,421,246
Past-due liabilities	15,187	76,935
• up to 30 days	15,187	73,654
• 31 to 90 days	0	0
• 91 to 365 days	0	884
• over 365 days	0	2,397
Total	9,427,405	3,498,181

6.6.1.20 Corporate income tax

in EUR	31 December 2022	31 December 2021
Liabilities for corporate income tax	165,918	0
Total	165,918	0

Contingent receivables and contingent liabilities

in EUR	31 December 2022	31 December 2021
Mortgages and liens received	2,933,298	3,166,559
Bank guarantees received	946,211	585,040
Merchandise on consignment	205	205
Total contingent receivables	3,879,714	3,751,804
Liabilities for merchandise on consignment	205	205
Contingent liabilities for lawsuits	325,520	345,918
Bank guarantees issued	619,418	739,418
Total contingent liabilities	945,143	1,085,541

The disclosures relating to contingent liabilities for lawsuits that do not meet the conditions for the creation of provisions are explained in note 6.6.1.15.

6.6.2 Notes to the separate income statement

6.6.2.1 Revenues from contracts with customers

in EUR	2022	2021
Revenues on the domestic market	31,147,539	21,100,505
Services and products	31,147,539	21,100,505
• services and products in connection with Group companies	28,424,137	19,685,242
• services and products in connection with others	2,723,402	1,415,263
Revenues on the foreign market	90,520	79,612
Services and products	90,520	79,612
• services and products in connection with Group companies	90,330	79,363
• services and products in connection with others	190	249
Total	31,238,059	21,180,117

Revenues from contracts with customers chiefly comprise revenues from transactions with Group companies. Support services (professional, technical and organisational) that the controlling company Slovenske železnice, d.o.o. provided on the basis of agreements with Group companies accounted for 87% of those revenues (EUR 24,750,039 vs EUR 16,219,356 in 2021).

6.6.2.2 Other operating revenues

in EUR	2022	2021
Gains on the sale of property, plant and equipment	4,984,206	1,674,622
Reimbursement of the costs of termination benefits for rehired employees under agreements on the reassignment of workers within the SZ Group	75,141	81,659
Revenues from assigned contributions for the employment of persons with disabilities	42,472	37,491
Revenues from state aid – Covid-19 (under the ZIUZEOP)	17,652	28,656
Acquisition of property on the basis of a judicial decision	0	11,479
Compensation	1,913	2,748
Revenues from the reversal of provisions and accrued costs	55,711	5,097
Other revenues	33,753	25,647
Total	5,210,848	1,867,399

Gains on the sale of property, plant and equipment are higher than they were in 2021 mainly on account of the sale of land (EUR 4,316,883 in 2022 vs. EUR 1,335,604 in 2021).

6.6.2.3 Costs of goods, materials and services

in EUR	2022	2021
Costs of materials	69	55
Energy costs	200,070	174,186
Costs of replacement parts	7,000	13,547
Write-down of small inventory	10,120	5,246
Costs of office materials	77,783	106,084
Other material costs	358,663	279,825
Total historical cost of goods and materials sold and cost of materials used	653,705	578,943
Transport services	158,316	163,771
Maintenance services	3,305,721	2,211,483
Reimbursement of employee expenses	205,171	362,597
Payment transaction and banking services	189,877	148,332
Intellectual and personal services	1,488,532	1,173,007
Insurance premiums	267,518	231,996
Advertising, publicity and representation	1,385,697	1,079,224
Costs of other services	2,840,028	2,183,188
• <i>membership fees for international organisations and other associations</i>	309,496	292,460
• <i>utility services</i>	256,678	231,434
• <i>services associated with contracted work</i>	386,341	366,249
• <i>property surveillance services</i>	228,366	183,719
• <i>cleaning of premises and outside areas</i>	197,718	198,698
• <i>costs of providing ancillary administrative and technical services (SŽ-ŽIP, d.o.o.)</i>	111,622	84,584
• <i>rental costs</i>	169,481	75,346
<i>of which: low-value leases</i>	16,098	16,326
<i>short-term leases</i>	153,383	58,048
• <i>costs of labour of officials on the works councils of companies linked through capital investments</i>	99,713	103,212
• <i>other</i>	1,080,613	647,486
Total costs of services	9,840,860	7,553,598
Total	10,494,565	8,132,541

Costs of auditor

in EUR	2022	2021
Auditing of financial statements	20,000	19,100
• for the company	16,000	16,100
• for consolidation	4,000	3,000
Other assurance services	700	1,500
Total	20,700	20,600

The costs of auditing the financial statements include the contractual amounts of costs for 2022

on the basis of the contract signed for the auditing of financial statements for the 2022–2024 period.

6.6.2.4 Labour costs

in EUR	2022	2021
Costs of wages and salaries	12,546,528	11,614,844
Pension insurance costs	1,257,733	1,184,168
Other social security insurance costs	915,165	853,118
Other labour costs:	2,164,931	1,861,181
• <i>reimbursements</i>	902,392	828,261
• <i>annual leave allowance</i>	805,343	776,093
• <i>termination benefits</i>	150,987	70,899
• <i>provisions for jubilee benefits and termination benefits (actuarial calculation)</i>	235,317	166,947
• <i>other labour costs</i>	70,892	18,981
Total	16,884,357	15,513,311

6.6.2.5 Write-downs

in EUR	2022	2021
Amortisation of intangible assets and depreciation of property, plant and equipment	2,843,273	2,758,869
Depreciation of right-of-use lease assets	50,639	58,158
Operating expenses for intangible assets and property, plant and equipment	181,211	98,552
Operating expenses for working capital	32,541	114,734
Total	3,107,664	3,030,313

6.6.2.6 Other operating expenses

in EUR	2022	2021
Settling of annual losses to a Group company	867,693	0
Reimbursement of costs on account of business performance payments to a Group company	1,936,374	863,007
Donations (for sporting, cultural and humanitarian activities)	306,094	240,720
Fees for the use of building land, and other taxes and levies	172,312	155,908
<i>Scholarships and awards for pupils and students on compulsory job training</i>	31,360	17,166
Fines and compensation for damage incurred by legal and natural persons	58,500	1,020
Refunds to ZPIZ for securing the rights of Slovenske železnice, d.o.o. workers who performed work in organisational units in the territory of Croatia	81,726	91,380
Other expenses	1,451,171	85,357
Total	4,905,230	1,454,558

Other operating expenses largely (EUR 1,342,909) relate to the recovery of aid received as the reimbursement of wage compensation paid to employees on the furlough scheme between March

and September 2020 and as relief on social security contributions from wage compensation between March and May 2020 on account of non-fulfilment of the condition of a fall in income.

6.6.2.7 Finance income

in EUR	2022	2021
Finance income from participating interests in group companies	1,597,937	0
Finance income from participating interests in associates	2,596,844	414,756
Finance income from participating interests in other companies	33,360	77,531
Finance income from other investments	0	6,574,583
Total finance income from participating interests	4,228,141	7,066,870
Finance income from loans to Group companies	142,134	5,292,379
Finance income from loans to others	178,477	72,929
Total finance income from loans granted	320,611	5,365,308
Finance income from operating receivables from Group companies	238	0
Finance income from operating receivables from others	8,745	2,363
Total finance income from operating receivables	8,983	2,363
Total	4,557,735	12,434,541

6.6.2.8 Finance expenses

in EUR	2022	2021
Finance expenses from loans from Group companies	1,047,425	362,978
Finance expenses from bank loans	247,408	1,489,395
Finance expenses from leases	4,267	5,674
Finance expenses from other financial liabilities	87,967	4,019,484
Total finance expenses from financial liabilities	1,387,067	5,877,531
Finance expenses from operating liabilities to Group companies	10,304	16,828
Finance expenses from trade payables and liabilities from bills of exchange	773	898
Finance expenses from other operating liabilities	3,287	12,933
Total finance expenses from operating liabilities	14,364	30,659
Total	1,401,431	5,908,190

Finance expenses from financial liabilities comprise:

- expenses from relations within the Group, including interest expenses from loans and the pooling of assets based on cash-pooling agreements in the amount of EUR 1,044,509 (EUR 359,577 in 2021);
- expenses vis-à-vis banks and others, comprising:
 - interest on loans from banks in the amount of EUR 247,408 (EUR 1,489,395 in 2021);
 - interest as the result of an actuarial calculation in the amount of EUR 87,967 (EUR 17,114 in 2021);
 - interest on leases in the amount of EUR 4,267 (EUR 5,674 in 2021);

6.6.2.9 Corporate income tax

in EUR	2022	2021
Current tax	165,918	0
Deferred tax	-283,218	11,813
Total taxes	-117,300	11,813
Pre-tax profit	4,213,395	1,443,144
Tax calculated at effective tax rate	800,545	274,197
Tax from decrease in revenues	-805,446	-704,882
Tax from decrease in expenses	258,887	216,692
Tax from increase in expenses	-3,259	-4,686
Tax from change in tax base	197,699	35,011
Tax from tax allowances	-282,508	0
Tax credits	0	183,668
Total taxes	-117,300	11,813
Effective tax rate	-2.78	0.82

The applicable corporate income tax rate was 19% in Slovenia in 2022 and 2021.

6.6.3 Related party transactions

The table below presents transactions with Group companies and associates:

2022 in EUR	Sales	Purchases	Loans received	Loans granted
SŽ EP Logistika, d.o.o.	54,413	0	0	0
SŽ-Tovorni promet, d.o.o.	5,946,977	200,011	41,850,496	25,667
SŽ-Potniški promet, d.o.o.	34,668,962	393,809	186,573,725	247
SŽ-Infrastruktura, d.o.o.	11,282,155	354,574	130,034,843	7,543,256
SŽ-VIT Ljubljana, d.o.o.	6,751,996	2,593,849	104	82,579,755
SŽ-ŽIP, storitve, d.o.o.	2,323,466	2,065,159	4,589,216	11,756,222
SŽ-ŽGP Ljubljana, d.d.	1,491,428	3,559,167	15,717,561	1,597,936
Prometni institut Ljubljana, d.o.o.	344,173	193,236	505,599	0
SŽ-Železniška tiskarna Ljubljana, d.d.	43,220	66,849	125,684	0
Fersped, d.o.o.	426,311	5,856	169	176
VV-LOG, d.o.o.	135,860	0	0	0
Kamnolom Verd, d.o.o.	85,158	0	0	0
SŽ-ŽIP, d.o.o., Croatia	178,156	3,739		
Group companies	63,732,275	9,436,249	379,397,397	103,503,259
Terme Olimia, d.d.	0	4,876	0	0
Associates	0	4,879	0	0
Total associates	63,732,275	9,441,125	379,397,397	103,503,259

2021 in EUR	Sales	Purchases	Loans received	Loans granted
SŽ-Tovorni promet, d.o.o.	5,658,685	1,173,685	7,242,260	4,860,046
SŽ-Potniški promet, d.o.o.	14,713,352	265,864	928	33,533,941
SŽ-Infrastruktura, d.o.o.	9,618,767	411,834	27,656	8,195,129
SŽ-VIT Ljubljana, d.o.o.	4,193,394	313,362	1,723,965	1,186
SŽ-ŽIP, storitve, d.o.o.	904,146	882,354	668,855	731,803
SŽ-ŽGP Ljubljana, d.d.	959,813	1,446	12,634	100
Prometni institut Ljubljana, d.o.o.	119,877	110,349	103	246,444
SŽ-Železniška tiskarna Ljubljana, d.d.	21,424	71,682	413	17,909
Fersped, d.o.o.	163,298	63,133	103	2,691,712
VV-LOG, d.o.o.	52,126	20,989	103	1,047,512
Kamnolom Verd, d.o.o.	15,539	0.00	103	949
SŽ-ŽIP, d.o.o., Croatia	79,362	6,071	0	0
Group companies	36,499,783	3,320,769	9,677,123	51,326,731
Terme Olimia, d.d.	0	1,550	0	0
Associates	0	1,550	0	0
Total associates	36,499,783	3,322,319	9,677,123	51,326,731

Balance as at 31 December 2022 (in EUR)	Customers	Suppliers	Financial receivables	Financial liabilities
SŽ EP Logistika, d.o.o.	3,237	0	0	0
SŽ-Tovorni promet, d.o.o.	560,435	77,600	30,981	41,840,476
SŽ-Potniški promet, d.o.o.	37,337,185	235,381	10,998	154,868,194
SŽ-Infrastruktura, d.o.o.	1,152,959	70,348	60,796	37,069,710
SŽ-VIT Ljubljana, d.o.o.	662,338	2,475,768	21,446,667	0
SŽ-ŽIP, storitve, d.o.o.	203,716	1,186,545	2,148,330	11,155
SŽ-ŽGP Ljubljana, d.d.	315,422	471	9,003	346
Prometni institut Ljubljana, d.o.o.	26,694	37,564	10,040	540,240
SŽ-Železniška tiskarna Ljubljana, d.d.	2,530	38,925	0	91,036
Fersped, d.o.o.	29,231	488	3,232	0
VV-LOG, d.o.o.	11,759	0	0	0
Kamnolom Verd, d.o.o.	7,565	0	0	0
SŽ-ŽIP, d.o.o., Croatia	87,588	1,078	0	0
Group companies	40,400,659	4,124,168	23,720,047	234,421,157
Terme Olimia, d.d.	0	620	0	0
Associates	0	620	0	0
Total associates	40,400,659	4,124,788	23,720,047	234,421,157

Balance as at 31 December 2021 (in EUR)	Customers	Suppliers	Financial receivables	Financial liabilities
SŽ-Tovorni promet, d.o.o.	594,183	191,336	73,708,064	42,373,995
SŽ-Potniški promet, d.o.o.	7,873,299	160,380	26,846	80,619,565
SŽ-Infrastruktura, d.o.o.	1,294,075	62,888	62,910	26,005,329
SŽ-VIT Ljubljana, d.o.o.	358,530	142,579	24,970,573	1,186
SŽ-ŽIP, storitve, d.o.o.	76,611	217,832	1,344,871	953,496
SŽ-ŽGP Ljubljana, d.d.	66,123	1,445	9,003	3,182
Prometni institut Ljubljana, d.o.o.	5,547	11,357	10,040	506,444
SŽ-Železniška tiskarna Ljubljana, d.d.	-1,037	33,628	0	178,022
Fersped, d.o.o.	11,680	54,166	3,232	949
VV-LOG, d.o.o.	2,979	20,990	0	237
Kamnolom Verd, d.o.o.	-1,199	0	0	949
SŽ-ŽIP, d.o.o., Croatia	49,253	5,402	0	0
Group companies	10,330,044	902,003	100,135,539	150,643,354
Terme Olimia, d.d.	0	1,550	0	0
Associates	0	1,550	0	0
Total associates	10,330,044	903,553	100,135,539	150,643,354

Companies in the Group transact on the basis of concluded agreements, where the market prices of products and services are applied.

Interest is charged between companies in the Group at the tax-deductible interest rate applicable for related parties.

Transactions with the associates of the owner

in EUR	31 December 2022	31 December 2021
Balance of current trade and other operating receivables	2,353	3,587
Balance of current trade and other operating liabilities	35,463	31,652

in EUR	2022	2021
Revenues	42,408	25,848
Expenses (costs)	366,664	4,866,831

The disclosure of transactions with the owners of associates includes companies in the portfolio of SDH, d.d. in which the participating interest of the Republic of Slovenia and SDH, d.d. is greater than 20%.

Gross earnings of groups of persons

The earnings of members of the Management Board and supervisory bodies for Slovenske železnice, d.o.o. are presented under point 2.3.3.

6.6.4 Events after the end of the accounting period

There were no business events after the end of the 2022 accounting period that would have a material impact on the financial statements or require further explanation.

7. FINANCIAL RISKS AT SLOVENSKE ŽELEZNICE, d.o.o.

The financial risks to which Slovenske železnice, d.o.o. is exposed include interest rate risk, currency risk, liquidity risk and credit risk. Exposure to financial risks is monitored monthly, while measures to manage those risks are adopted as the need arises.

Interest rate risk

Slovenske železnice, d.o.o. manages interest rate risk in accordance with the Policy on the Comprehensive Management of Risks within the Slovenske železnice Group.

Financial instruments

in EUR	Balance as at 31 December 2022	Balance as at 31 December 2021
Financial receivables	103,486,510	102,287,783
Financial liabilities	-260,110,704	-251,971,855
Net financial instruments	-156,624,194	-149,684,072

Financial receivables

in EUR	Balance as at 31 December 2022	Balance as at 31 December 2021
Financial receivables from Group companies	23,486,320	99,886,743
Financial receivables from others	80,000,190	2,401,040
Total financial receivables	103,486,510	102,287,783

Financial liabilities

in EUR	Balance as at 31 December 2022	Balance as at 31 December 2021
Financial liabilities to Group companies	233,044,687	148,056,326
Liabilities to banks from credit transactions (principal)	16,250,000	103,677,083
Other financial liabilities	10,816,017	238,446
Total financial liabilities	260,110,704	251,971,855

The following instruments are used to hedge exposure to interest rate risk:

- loans with a fixed interest rate; and
- in part through current operations, by linking the interest rates on SŽ, d.o.o.'s operating receivables to changes in the Euribor.

Balance of financial liabilities with a fixed interest rate:

in EUR	Balance as at 31 December 2022	Balance as at 31 December 2021
Total loans vis-à-vis banks (principal)	16,250,000	103,677,083
Financial liabilities to Group companies	192,502,178	148,056,326
Other financial liabilities	10,816,017	238,446
Total financial liabilities with a fixed interest rate	219,568,195	251,971,855

Balance of financial liabilities with a variable interest rate:

in EUR	Balance as at 31 December 2022	Balance as at 31 December 2021
Financial liabilities to Group companies	40,542,509	0

The annual impact on pre-tax profit of a one percentage point change in the reference interest rate would be positive or negative in the amount of EUR 405 thousand.

Currency risk

Slovenske železnice, d.o.o. likewise manages currency risk in accordance with the Policy on the Comprehensive Management of Risks within the Slovenske železnice Group. As the majority of the company's transactions are in euros and the number of transactions in other currencies

is negligible, Slovenske železnice, d.o.o. is less exposed to currency risk. The company therefore has almost no exposure to currency risk in ordinary operations. The entire credit portfolio of Slovenske železnice, d.o.o. is also denominated in euros.

As at in EUR		Trade receivables	Loan liabilities (short- and long-term – principal)	Trade payables
31 December 2022	EUR	41,403,631	16,250,000	9,427,405
31 December 2021	EUR	10,759,721	103,677,083	3,484,288
	HRK	6,380		13,893

Liquidity risk

With the aim of managing liquidity risk, Slovenske železnice d.o.o. implemented a policy on the regular management of its liquidity and solvency in 2022. It used that policy for the daily, monthly and annual monitoring of the liquidity position of the Group as a whole and of the companies in the Group.

Liquidity risk management requires the management of such liquidity risk by individual category:

- the management of liquidity risk from operations, which is closely linked to credit risk; and
- the management of liquidity risk from financing, which constitutes a risk linked to the securing of sufficient financial resources for the company's operations and investments.

Liquidity risk management is centralised at the controlling company for all Group companies. The continuous monitoring of cash flows, the implementation of the SŽ Group's cash management policy (Group companies have signed a cash-pooling agreement for the purpose of managing and balancing liquidity within the Group), and the availability and securing of the necessary short-term revolving credit lines, which are regularly renewed, in the amount of EUR 60 million ensured that the liquidity of the SŽ Group was controlled and secured in 2022, and that liquidity risk was well-managed.

Maturity distribution of liabilities:

in EUR	Contractual cash flows					
	Carrying amount of liabilities	Liabilities	From 0 to 6 months	From 6 to 12 months	From 1 to 3 years	Over 3 years
Non-current borrowings received	1,250,000	1,250,700			1,250,700	
Non-current financial liabilities within the Group	40,542,510	43,830,690				43,830,690
Non-current operating liabilities within the Group	14,225	14,225				14,225
Non-current lease liabilities	208,971	227,775			142,731	85,044
Current borrowings received	15,000,000	15,068,569	8,799,815	6,268,754		
Current financial liabilities within the Group	192,396,059	196,016,565	130,995,359	65,021,206		
Current lease liabilities	51,053	51,053	25,927	25,126		
Other current financial liabilities	10,662,111	10,662,111	10,662,111			
Current operating liabilities (excluding liabilities to the government and employees, and liabilities from advances)	9,427,405	9,427,405	9,427,405			
Balance as at 31 December 2022	269,552,334	276,549,093	159,910,617	71,315,086	1,393,431	43,929,959

in EUR	Contractual cash flows					
	Carrying amount of liabilities	Liabilities	From 0 to 6 months	From 6 to 12 months	From 1 to 3 years	Over 3 years
Non-current borrowings received	82,718,750	86,857,278			32,863,725	53,993,553
Non-current liabilities within the Group	1,472,284	1,472,284			1,472,284	
Non-current lease liabilities	283,187	312,246			166,054	146,192
Current borrowings received	20,958,333	23,306,049	11,672,873	11,633,176		
Current financial liabilities within the Group	147,930,893	148,294,445	211,669	148,082,776		
Current lease liabilities	56,401	57,243	28,887	28,356		
Other current financial liabilities	24,292	24,292	24,292			
Current operating liabilities (excluding liabilities to the government and employees, and liabilities from advances)	3,498,181	3,498,181	3,498,181			
Balance as at 31 December 2021	256,942,321	263,822,018	15,435,902	159,744,308	34,502,063	54,139,745

Credit risk

Data regarding the operations of the banks with which we cooperate is monitored as part of the credit risk management process. Risk is further managed by diversifying the placement of cash at individual banks and by investing cash for current operations over the short term.

The deteriorating liquidity of partners on the market requires additional attention when monitoring their credit ratings and therefore the provision of the appropriate collateral. Investments in the system for monitoring the credit ratings of our partners will reduce credit risk, which will be reflected in the reduced value of past-due receivables and more secure operations. The adverse economic conditions and the associated increased probability of failure to fulfil contractually defined obligations by partners require the company to pay special attention to the management of credit risks. For this reason, several departments are actively involved in the credit risk management process.

The credit risk management process is supplemented during the creation of the portfolio by the careful selection of partners, followed by the regular review of their credit quality.

Credit risks were appropriately managed in 2022, and there were no material credit-related events that had a significant impact on operations. A great deal of attention is paid to the monitoring of business partners with the help of a rating agency and on the basis of publicly available information and internal experiences in operations with those partners.

The Group conducted checks of domestic and foreign customers in 2022 with the help of a rating agency and publicly available information. The operations and financial position of specific customers were monitored regularly, as was the company's exposure to those customers. Risk management measures were adopted as required. Value adjustments are created for older receivables (see note 6.6.1.11).

Maturity of trade receivables (gross amount):

in EUR	Maturity					Total
	Non-past-due	Past-due				
		up to 30 days	31 to 90 days	91 to 365 days	more than 365 days	
As at						
31 December 2022	41,199,201	94,799	56,906	12,375	40,350	41,403,631
31 December 2021	10,421,581	244,360	46,597	5,218	48,345	10,766,101

8. CAPITAL ADEQUACY MANAGEMENT

The underlying purpose of capital management is to ensure capital adequacy, the highest possible level of financial stability, long-term solvency and the maximisation of value for the company's owner.

in EUR	2022	2021
Non-current financial liabilities	42,001,481	83,001,937
Current financial liabilities	218,109,223	168,969,919
Total financial liabilities	260,110,704	251,971,856
Total equity	617,942,764	462,782,033
Debt/equity	0.42	0.54
Cash and cash equivalents	35,969,545	66,982,573
Net financial liabilities	224,141,159	184,989,283
Net debt/equity	0.36	0.40

9. CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The table contains data on the classification into fair value hierarchy levels only for assets and financial liabilities measured at fair value and for which fair value is disclosed.

in EUR	31 December 2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and participating interests measured at fair value through profit or loss that are not quoted on a regulated market	2,140,782	2,140,782			2,140,782
Operating receivables	5,376,065	5,376,065			5,376,065
Current financial assets					
Financial receivables from Group companies	23,486,320	23,486,320			23,486,320
Financial receivables from others	80,000,190	80,000,190			80,000,190
Operating receivables (excluding receivables from the government)	41,336,611	41,336,611			41,336,611
Cash and cash equivalents	35,969,545	35,969,545	35,969,545		
Non-current financial liabilities					
Liabilities from loans	1,250,000	1,254,362			1,254,362
Financial liabilities to Group companies	40,542,510	40,542,510			40,542,510
Lease liabilities	208,971	208,971			208,971
Current financial liabilities					
Financial liabilities to Group companies	192,396,059	192,396,059			192,396,059
Liabilities from loans	15,000,000	15,383,814			15,383,814
Lease liabilities	51,053	51,053			51,053
Other financial liabilities	10,662,111	10,662,111			10,662,111
Operating liabilities	9,427,405	9,427,405			9,427,405

in EUR	31 December 2021				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Non-current financial receivables from Group companies	68,802,070	68,802,070			68,802,070
Investments in shares and participating interests measured at fair value through profit or loss that are not quoted on a regulated market	2,140,782	2,140,782			2,140,782
Other non-current financial assets	2,401,003	2,401,003			2,401,003
Operating receivables	3,473,819	3,473,819			3,473,819
Cash and cash equivalents	66,982,573	66,982,573	66,982,573		
Current financial assets					
Current financial receivables from Group companies	31,084,673	31,084,673			31,084,673
Financial receivables from others	37	37			37
Non-current financial liabilities					
Liabilities from loans	82,718,750	82,718,750			82,718,750
Lease liabilities	283,187	283,187			283,187
Current financial liabilities					
Current financial liabilities to Group companies	147,930,893	147,930,893			147,930,893
Liabilities from loans	20,958,333	20,958,333			20,958,333
Lease liabilities	56,401	56,401			56,401
Other financial liabilities	24,292	24,292			24,292
Operating liabilities	3,498,181	3,498,181			3,498,181

Slovenske železnice, d.o.o. did not record any transitions between fair value levels in 2022.

10. AUDIT REPORT OF SLOVENSKE ŽELEZNICE, d.o.o. AND THE SLOVENSKE ŽELEZNICE GROUP

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INDEPENDENT AUDITOR'S REPORT to the owner of Slovenske železnice, d.o.o.

Report on the audit of the financial statements

Opinion

We have audited the enclosed separate financial statements of Slovenske železnice, d.o.o. (hereinafter: the company) and the consolidated financial statements of Slovenske železnice, d.o.o. and its subsidiaries (hereinafter: the Group), which include the separate and consolidated statements of financial position as at 31 December 2022, and the separate and consolidated income statements, the separate and consolidated statements of other comprehensive income, the separate and consolidated statements of changes in equity and the separate and consolidated cash flow statements for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the enclosed separate and consolidated financial statements present fairly, in all material aspects, the financial position of the company and Group as at 31 December 2022, and their financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards, as adopted by the European Union (hereinafter: IFRS).

Basis for our opinion

We performed our audit in accordance with the International Standards on Auditing and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (hereinafter: the Regulation). Our responsibilities on the basis of those rules are described in this report in the section Auditor's responsibilities for the auditing of the separate and consolidated financial statements. In accordance with the International Code of Ethics for Accounting Professionals (including International Standards of Independence) issued by the International Ethics Board for Accountants (IESBA Code) and the ethical requirements relating to the auditing of financial statements in Slovenia, we hereby confirm our independence from the Group and our fulfilment of all other ethical obligations in accordance with those requirements and the IESBA Code. We believe that the auditing evidence obtained is a sufficient and appropriate basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in the audit of the separate and consolidated financial statements for the financial year that ended 31 December 2022. Those matters were addressed within the scope of our audit of the separate and consolidated financial statements as a whole, and in the formulation of our opinion regarding those statements. We do not, however, issue a separate opinion regarding those matters.



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Deloitte revizija d.o.o. - Company entered in the companies register at Ljubljana District Court - Registration number: 1647105 - VAT ID number: SI62560085 - Share capital: EUR 74.214,30.

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Recognition of revenues in the separate and consolidated financial statements

Key audit matter	How did we handle the matter in our audit?
<p>The Group recognised revenues from contracts with customers in the amount of EUR 468,217 thousand in its income statement for the year ending 31 December 2022. The company recognised revenues from contracts with customers in the amount of EUR 31,238 thousand in its income statement for the year ending 31 December 2022. Detailed disclosures relating to this are shown in the section Revenues from contracts with customers in the accounting policies and in the notes 2.3.2.1. Revenues from contracts with customers (for the Group) and 6.6.2.1. Revenues from contracts with customers (for the company).</p> <p>As explained in the section Revenues from contracts with customers, revenues are recognised when control over goods or services is transferred to the customer. Revenues from contracts with customers are recognised at the moment the Group or company fulfils its performance obligation, i.e. when control over services or goods is transferred to the customer.</p> <p>Revenues from contracts with customers are an important indicator of the performance of the company and Group. Due to the materiality of this item in the financial statements and the impact of the Management Board's assessment on the amount of revenues recognised, we determined this area as a key audit matter.</p>	<p>In performing our audit, we assessed whether the accounting policies in connection with the recognition of revenues from contracts with customers were appropriate and whether they complied with IFRS 15, and conducted the following audit procedures:</p> <ul style="list-style-type: none"> - we verified the basis and implementation of internal controls in connection with the recognition of revenues in terms of whether revenues had been recorded appropriately; - we verified the effectiveness of identified internal controls that we assessed as material in terms of our audit; - based on a selected sample, we verified in detail whether the recognised revenues had been recorded appropriately; <p>We also reviewed information in the financial statements in order to assess whether the disclosures in connection with revenues from contracts with customers were appropriate.</p>

Investment in associates in the separate and consolidated financial statements

Key audit matter	How did we handle the matter in our audit?
<p>In the statement of financial position as at 31 December 2022, the company disclosed investments in associates of EUR 31,515 thousand, EUR 31,500 of which was in the associate Nomago d.o.o., which the company acquired in 2022. The consolidated financial statements show an investment in Nomago of EUR 32,561 thousand. Detailed disclosures relating to this are shown in section 2.3.1.5. Non-current financial assets (for the Group) and 6.6.1.5. Non-current financial assets (for the company).</p>	<p>In performing our audit, we assessed whether the accounting policies in connection with the recognition and measurement of investments in the associate Nomago were appropriate in both the separate and consolidated financial statements, and whether they complied with the IFRS, and conducted the following audit procedures:</p> <ul style="list-style-type: none"> - we examined in detail the provisions of the concluded sale and purchase agreement for a participating interest, and of other documents connected with purchase of a stake in the associate;

Key audit matter	How did we handle the matter in our audit?
<p>The purchase of an associate requires a suitable analysis of the contractual provisions and an assessment of the impact of those provisions on the financial statements of the company and Group. We therefore defined this area as a key audit matter.</p>	<ul style="list-style-type: none"> - on the basis of a review of the supporting documentation, we checked whether the fixed and variable parts of the purchase price had been recorded appropriately; - based on our understanding of the entire transaction, we checked whether it was appropriate and fully recognised in the financial statements of the company and the Group; - we studied the concluded purchase and sale options and whether they had been recorded and disclosed appropriately in the financial statements of the company and Group; - for requirements related to the auditing of the consolidated financial statements, we checked whether the use of the equity method and the temporary allocation of the purchase price were appropriate. <p>We also reviewed the information in the financial statements in order to assess whether the disclosures in connection with the purchase of the associate were appropriate.</p>

Other information

Management is responsible for other information. Other information comprises information presented in the annual report, except the separate and consolidated financial statements and the auditor's report regarding those statements. We obtained the aforementioned other information prior to the date of audit report, except the report of the Supervisory Board, which will be available at a later date.

Our opinion regarding the separate and consolidated financial statements does not relate to the other information, and we do not give any assurance whatsoever in connection with that information.

In connection with our audit of the separate and consolidated financial statements, it is our responsibility to interpret other information and assess whether it fails to conform materially to the separate and consolidated financial statements, legal requirements or with the knowledge we have obtained through our audit, and whether that information is otherwise materially misstated. If on the basis of our work we conclude that there exists a material misstatement of other information, we are obliged to report on such circumstances. In that regard and based on the procedures described above, we hereby report that:

- other information is in line, in all material aspects, with the separate and consolidated financial statements;
- other information has been compiled in accordance with the applicable laws and regulations; and
- we did not identify any material misstatements based on the knowledge and understanding of the company and Group and their environment that we gained during our audit.

Responsibility of the Management Board and other persons responsible for the separate and consolidated financial statements

The Management Board is responsible for the compilation and fair presentation of the separate and consolidated financial statements in accordance with the IFRS, and for the internal controls that it deems necessary to enable the compiling of separate and consolidated financial statements that are free from material misstatements due to fraud or error.

In compiling the separate and consolidated financial statements of the company and Group, the Management Board is responsible for assessing the ability of the company and Group to continue functioning as going concerns, for the disclosure of matters associated with the company and Group as a going concern and for the application of the assumption of a going concern as the basis for accounting, unless the Management Board intends to liquidate or wind up the company or Group, or if it has no real choice between one or the other.

Governance bodies are responsible for control over the preparation of the separate and consolidated financial statements and for approving the audited annual report.

Auditor's responsibility for the auditing of separate and consolidated financial statements

Our objectives are to obtain acceptable assurance as to whether the separate and consolidated financial statements as a whole are free from material misstatements due to fraud or error, and to issue an audit report that includes our opinion. Acceptable assurance means a high degree of assurance, but no guarantee, that our audit, conducted in accordance with the relevant auditing rules, will uncover all material misstatements should they exist. Misstatements may be the result of fraud or error, and are deemed material if it is reasonable to expect that they may, individually or collectively, impact the business decisions adopted by users on the basis of the separate and consolidated financial statements.

We make use of professional assessments and maintain professional scepticism in conducting audits in accordance with auditing rules. We also:

- Identify and assess the risks associated with material misstatements in the separate and consolidated financial statements due to fraud or error, formulate and implement audit procedures as a response to assessed risks, and obtain sufficient audit evidence as the basis for our opinion. The risk that we will fail to uncover material misstatements due to fraud is greater than the risk associated with error, as fraud may include secret agreements, forgery, intentional omissions, erroneous interpretations or the avoidance of internal controls.
- Obtain an understanding of internal controls relevant to auditing for the purpose of formulating audit procedures appropriate to the environment, but not for the purpose of expressing an opinion regarding the effectiveness of the internal controls of the company and Group.
- Assess whether the applied accounting policies were appropriate, and whether the accounting estimates and the associated disclosures by management were acceptable.
- Adopt a decision on the acceptability of the management's application of the assumption of the company and Group as going concerns on an accounting basis, taking into account audit evidence obtained regarding the existence of significant uncertainties with regard to events or circumstances that raise doubts about the ability of the organisation to continue operating as a going concern. Should we adopt a decision on the existence of significant uncertainties, we are responsible for using the auditor's report as a vehicle to raise concerns regarding the appropriateness of disclosures in the separate and consolidated financial statements, and for amending our opinion if those disclosures are inappropriate. The auditor's decisions are based on audit evidence obtained up to the day the auditor's report is issued. However, ensuing events or circumstances can cause the company or Group to cease operating as a going concern.
- Assess the general presentation, structure and content of the separate and consolidated financial statements, including disclosures, and assess whether the separate and consolidated financial statements present transactions and events in such a way that a fair presentation is achieved.
- Obtain sufficient and appropriate audit evidence in connection with the financial information and business activities of Group companies, in order to express our opinion about the consolidated financial statements. We are responsible for guidance, overseeing and conducting the audit of the Group. We are solely responsible for our audit opinion.

We communicate with governance bodies, inter alia, about the planned scope and timing of the audit, and about significant audit findings, including the major deficiencies in internal controls that we identified during our audit.

We also submitted a statement to governance bodies that we have fulfilled all ethical requirements in connection with independence, and notified those bodies of all relationships and other requirements that can be justifiably deemed to impact our independence, and briefed those bodies on associated measures, where necessary.

Of all matters that governance bodies were briefed on, we designated matters that were the most relevant in the audit of the separate and consolidated financial statements for the audited period as key audit matters. The aforementioned matters are described in the audit report, unless legal and regulatory provisions prohibit the public disclosure of such matters.

Report on other legal and regulatory matters

Report on requirements of Regulation (EU) No 537/2014 of the European Parliament and of the Council

Appointment of the auditor and duration of engagement

Deloitte revizija, d.o.o. was appointed to serve as the statutory auditor of the company and Group at the General Meeting held on 14 September 2022. We were engaged to provide audit services for a continuous period of eight years.

Confirmation to the Audit Committee

We hereby confirm that our audit opinion regarding the separate and consolidated financial statements in this report is in line with the additional report to the company's Audit Committee of 30 May 2023 in accordance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and the Council.

Provision of non-audit services

We hereby declare that we did not provide any of the prohibited non-audit services set out in Article 5(1) of Regulation (EU) No 537/2014 of the European Parliament and of the Council. We did not provide any other services for the audited company or its subsidiaries, other than the mandatory audit, that are not disclosed in this annual report.

Tina Kolenc Praznik is responsible for the audit on behalf of the audit firm Deloitte revizija, d.o.o.

Deloitte Revizija d.o.o.
Dunajska 165
1000 Ljubljana

Tina Kolenc Praznik
Certified Auditor

Ljubljana, 30 May 2022

**For signature please refer
to the original Slovenian version**

DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

TRANSLATION ONLY - SLOVENIAN ORIGINAL PREVAILS

List of abbreviations

Abbreviation	Meaning
AC	Audit Committee
AL	Annual leave
AŽP	Public Agency for Rail Transport of the Republic of Slovenia
CER	Community of European Railway and Infrastructure Companies
CO ₂	Carbon dioxide
CSRD	Corporate Sustainability Reporting Directive
d.d.	delniška družba (Public limited company)
d.o.o.	družba z omejeno odgovornostjo (Limited liability company)
E	Net profit
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EBT	Earnings before tax
ECB	European Central Bank
EFQM	European Foundation for Quality Management
EPH	Energetický a průmyslový holding (Energy Industrial Holding)
EPLI	EP Logistics International
ERA	European Union Agency for Railways
ERP	Enterprise resource planning
ESG	Environmental, Social and Governance
ETCS	European Train Control System
EU	European Union
EUR	Euro
GRI	Global Reporting Initiative
GSM-R	Digital radio system
GTKM	Gross tonne kilometres
HR	Human resources
HRC	HR Committee
HRK	Croatian kuna
IA	Intangible assets
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICT	Information and communication technology
IDC	Investments and Development Committee
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IP	Investment property

Abbreviation	Meaning
IPT	Integrated public transport
ISO	International Organisation for Standardization
ISRTM	Information system for rail transport monitoring
IT	Information technology
kg	Kilogram
km	Kilometre
kWh	Kilowatt hour
LPC	Ljubljana Passenger Centre
m	Million
NACE	Statistical Classification of Economic Activities in the European Community
NFRD	Non-Financial Reporting Directive
NTKM	Net tonne kilometre
OPPN	Občinski podrobni prostorski načrt (Detailed municipal spatial plan)
P+R	Park and ride
PKM	Passenger kilometre
PPE	Property, plant and equipment
PPSCT	Person performing safety-critical tasks
PT	Public transport
PRI	Public railway infrastructure
PSO	Public service obligation
RIC	Regolamento Internazionale delle Carrozze (Agreement on the exchange and use of passenger coaches in international traffic)
RIV	Regolamento Internazionale Veicoli (International Wagon Regulations governing the exchange and use of goods wagons between railway undertakings)
ROA	Return on assets
ROE	Return on equity
RS	Republic of Slovenia
RSD	Serbian dinar
SAP	Systems Applications and Products in Data Processing
SB	Supervisory Board
SDH	Slovenski državni holding (Slovenian Sovereign Holding)
SIC	Strategic Investments Committee
SŽ	Slovenske železnice
SŽ-INF	SŽ-Infrastruktura, d.o.o.
SŽ-PP	SŽ-Potniški promet, d.o.o.
SŽ-TP	SŽ-Tovorni promet, d.o.o.
UIC	International Union of Railways

Abbreviation	Meaning
UMAR	Institute of Macroeconomic Analysis and Development (Urad za makroekonomske analize in razvoj)
USD	US dollar
VAT	Value added tax
WTS	Wagon technical services
ZGD	Companies Act (Zakon o gospodarskih družbah)
ZIUZEOP	Act Determining Emergency Measures to Contain the Covid-19 Epidemic and Mitigate its Consequences for Citizens and the Economy (Zakon o interventnih ukrepih za zaježitev epidemije covid-19 in omilitve njenih posledic)
ZPIZ	Pension and Disability Insurance Institute of Slovenia



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Annual report for 2022

Slovenske železnice, d.o.o.
and the Slovenske železnice Group

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