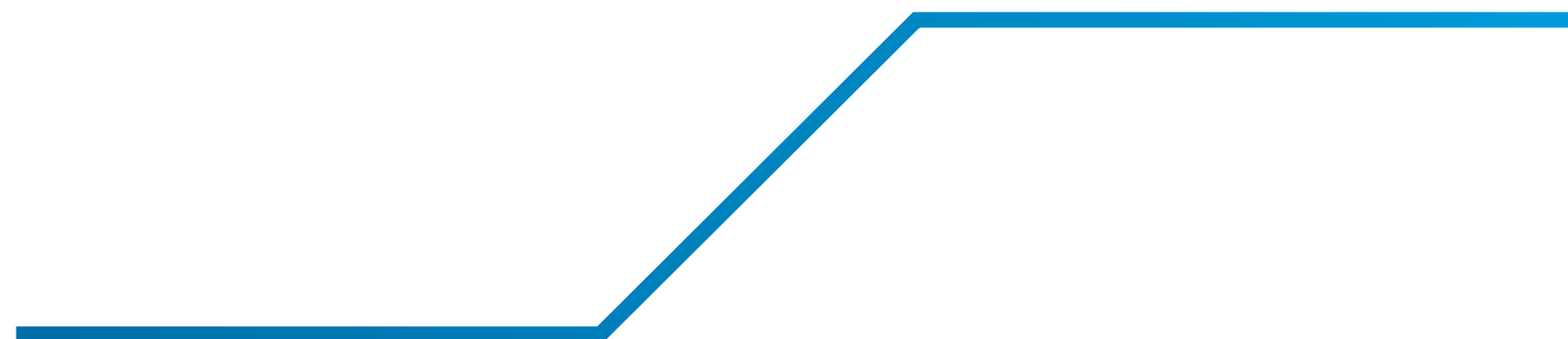


# Annual Report 2023



# Annual Report 2023



Slovenske železnice, d.o.o.  
and the Slovenske železnice Group

May 2024

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01

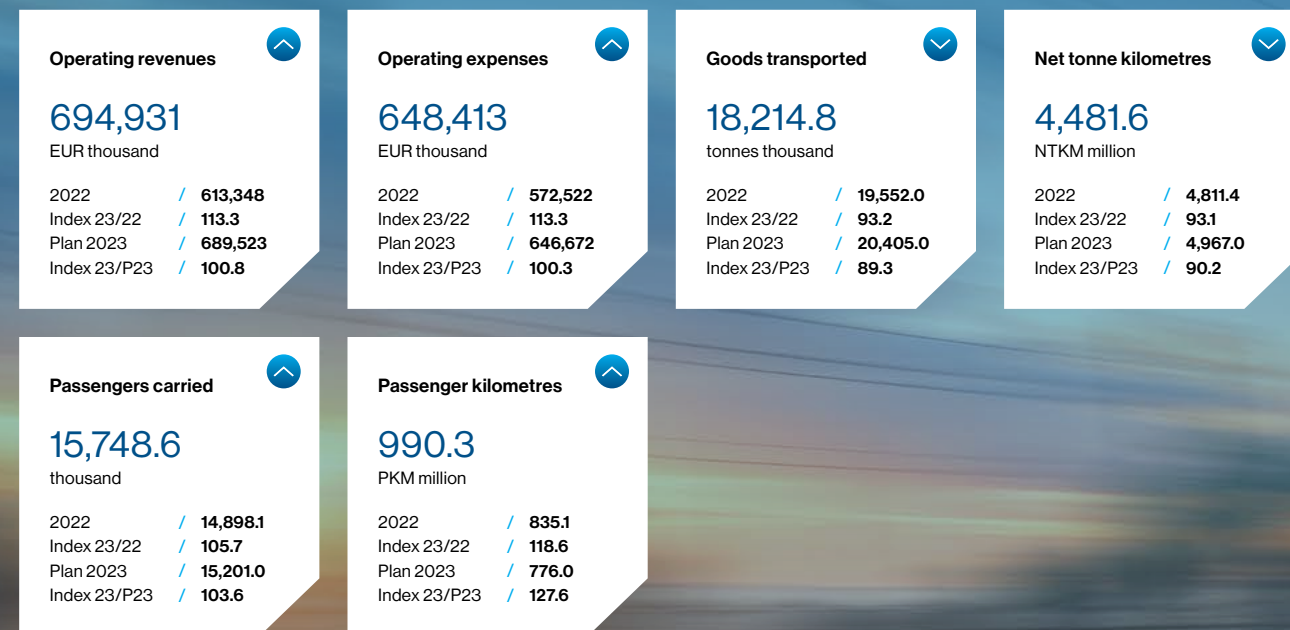
# Performance highlights in 2023



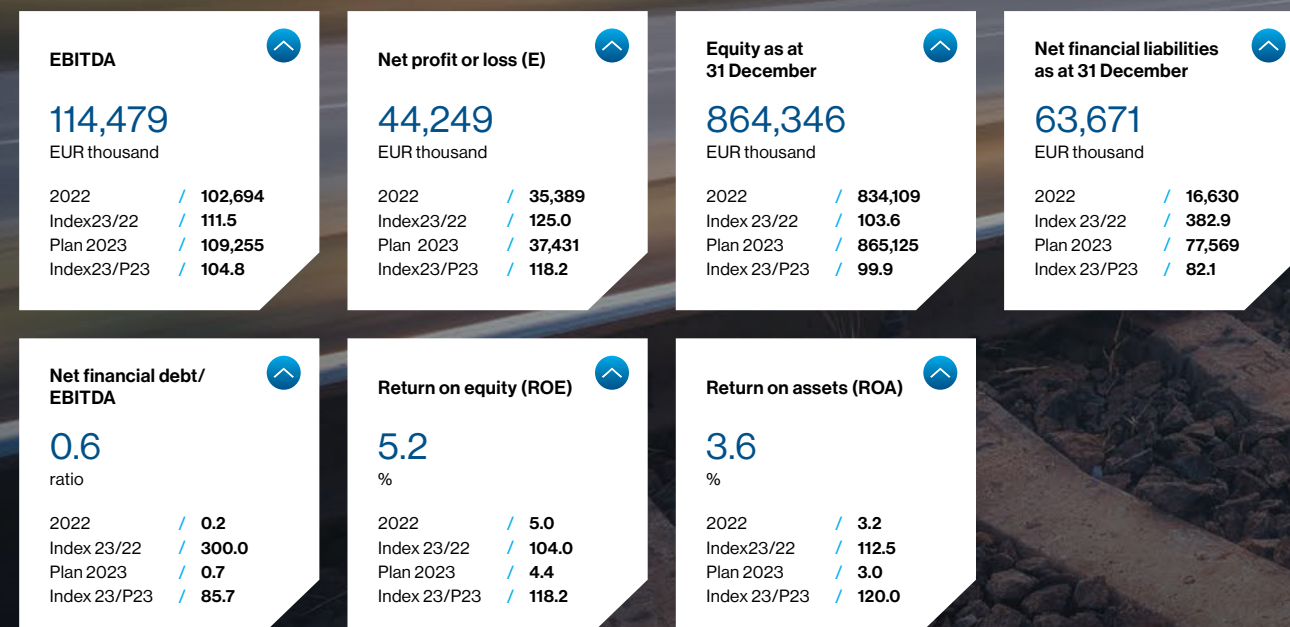


# Key performance indicators of the Slovenske železnice Group

## Social capital



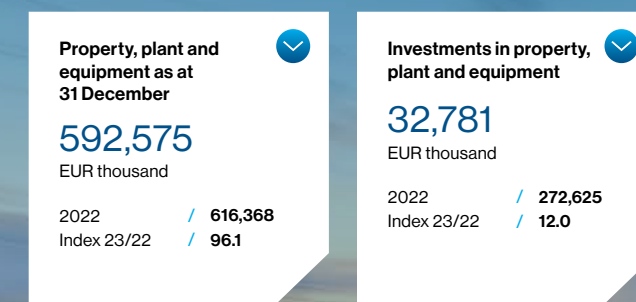
## Financial capital



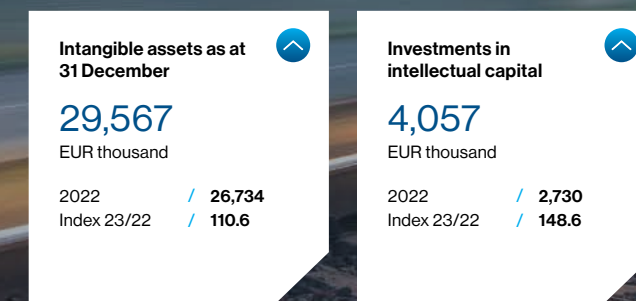
## Human capital



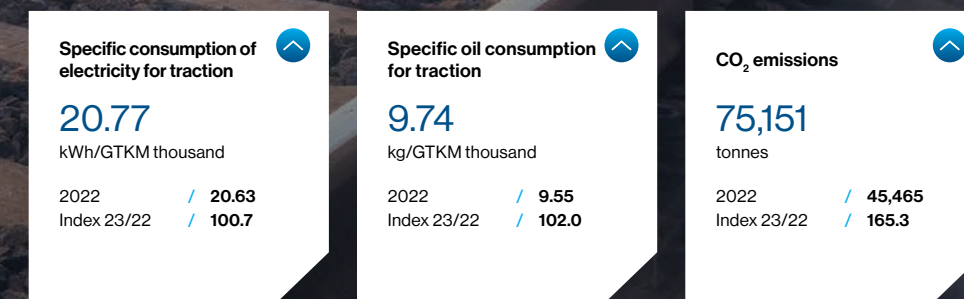
## Production capital



## Intellectual capital



## Natural capital



### Key:

EBITDA = EBIT + amortisation/depreciation

Net profit or loss = earnings before tax - corporate income tax

Value-added per employee = 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 (2023: 6,752.96; 2022: 6,626.96)

ROE = net profit/average equity

ROA = net profit/average assets

Net financial debt = financial liabilities - cash and cash equivalents

Investments in intellectual capital = capitalised labour costs





# Notable events in 2023

## 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. The contract was signed on 14 June.

## Railway infrastructure damaged by extreme weather

Extreme weather at the beginning of August caused enough damage to railway infrastructure that some lines were impassable for some time.

## Importance of rail transport also discussed at the Bled Strategic Forum

The Bled Strategic Forum, the leading international conference for the Central and South-East European region, took place at the end of August 2023. Every year it attracts a wide range of domestic and international participants. SŽ-Potniški promet took part in discussions on today's regional and global challenges and the search for innovative solutions.

## Slovenske železnice part of the international Railpol campaign to improve rail transport safety

Together with the Slovenian police, Slovenske železnice took part in the international preventive campaign run by the European association of organisations responsible for policing the railways (Railpol). The aim of Rail Action Week, which took place from 25 September to 2 October, was to raise railway safety culture and improve general safety on the railways, particularly in relation to passenger behaviour on trains and the crossing of railway tracks. Police representatives were particularly focused during the campaign on the unauthorised crossing of tracks, the crossing of tracks at level crossings, and violations of regulations on trains (e.g. getting on to or alighting from a moving train, damaging or destroying train property, violating public order).

## SŽ GREMO ZELENO ('Let's Go Green') with train and electric car

Since 3 January 2023 Slovenske železnice and partner T2 Rotalab have been providing a scheme involving the joint use of trains and electric cars as part of a pilot research project called 'Slovenske železnice Gremo zeleno – GreenGo'. The project pursues the goal of sustainable, environmentally friendly and integrated mobility. Electric GreenGo vehicles can be hired from Ljubljana railway station, allowing users to continue their journey in an environmentally friendly way after they step off the train.

## Slovenske železnice among the TOP 10 best employers

The survey, conducted at the end of March 2023 by MojeDelo.com, ranked us as one of the ten best employers of 2022, and as the number one employer in the logistics and passenger transport category, for which we received an award in April.

## Opening of an electric vehicle charging station

In June 2023 Slovenske železnice and Petrol installed a new electric vehicle charging station at Ljubljana central railway station as part of their emobility project.

## First scheduled rail service along the new section between Maribor and Pesnica

On 14 August 2023 the first scheduled rail service was provided on the new 3.7 km section between Počehova and Pesnica.

## Contract signed for the third lot of works on the second track

On 4 September 2023 2TDK, with its consortium comprising SŽ-Železniško gradbeno podjetje, Kolektor IGIN, GH Holding and YM Construction, signed the contract for the third lot of works (railway and tunnel systems) on the second Divača–Koper line. It includes finishing works designed to enhance the safety of track operations. The value of SŽ-Železniško gradbeno podjetje's share of the project is EUR 61.1 million.





### Contract signed for the start of renovation work on Nova Gorica railway station

In October, infrastructure minister Alenka Bratušek and Slovenske železnice DG Dušan Mes signed a contract with Nova Gorica mayor Samo Turel to commence one of the most important infrastructure projects planned for the city's tenure as European Capital of Culture 2025. Nova Gorica station will be renovated and refurbished, along with its surrounding area and three other railway buildings; these will house Epic (a state-of-the-art virtual museum), 'Super Osmica' (a set of gastronomic and public spaces) and a press centre.

### Purchase of the latest freight wagons

SŽ-Tovorni promet, d.o.o. and InnoFreight signed a contract for the purchase of 20 of the very latest freight wagons, which will be employed to carry ore and coal. The purchase of the 'InnoWaggons' is part of an extensive investment cycle during which SŽ-Tovorni promet, d.o.o. plans to purchase 750 state-of-the-art freight wagons by 2030, thereby increasing the quality of its services.

### Tragic work-related accident at Slovenske železnice

An accident occurred on the line between Postojna and Prestranek on 21 December when a passenger train collided with a crew carrying out maintenance work on the track. Tragically, two members of the crew lost their lives and another two were seriously injured. An internal investigation revealed that all the relevant equipment had been working properly and that the accident was the result of human error. Among the official investigator's recommendations, which were accepted, were the introduction of additional measures to minimise risk and continue the work.

Work instructions laying down additional safety measures to protect work crews were updated, with mandatory slowing of train speed when passing adjacent tracks introduced. Equipment for the automatic protection of work crews and additional safety fencing will gradually be introduced.

### Presentation of the construction project for the public part of the new Ljubljana passenger centre

A press conference was held at Ljubljana City Hall on 28 November, with Slovenske železnice head Dušan Mes giving a detailed presentation of the construction project for the public part of the new Ljubljana passenger centre and the surrounding public infrastructure and traffic arrangements.

Construction of the new railway overpass across Dunajska cesta commenced at the end of the month. It is part of the new passenger centre project and will proceed in several phases. Since only two of the four tracks will be working while the project is ongoing, Šiška railway station will briefly take on an important role, serving as the first and last stop for many of the trains travelling to and from Gorenjska and Kamnik. A circular bus route is in operation between the Šiška and central stations following an agreement signed with LPP, the company responsible for passenger transport in the city. A new timetable came into force on 10 December aimed at ensuring that the network could continue to operate smoothly despite the construction works.

### New Slovenske železnice uniform designs unveiled

Slovenske železnice staff have been dressed in new uniforms since 10 December, with dark blue replacing the petrol blue with which the company had been synonymous for nearly 30 years. The uniforms are worn by several thousand employees, including traffic coordinators, on-board train staff (conductors, train managers), control staff and sales clerks.



## Notable events after the end of the 2023 financial year

### Demolition work starts on the Dunajska cesta overpass in Ljubljana

Demolition work started on the southern section of railway overpass across Dunajska cesta in Ljubljana on 4 January 2024. Demolition is part of the Ljubljana passenger centre construction project. The overpass was closed to all traffic on 8 January, with railway traffic proceeding along two lines only.

### Invitation to tender for the supply of multi-system electric locomotives

At the beginning of February 2024, SŽ-Tovorni promet, d.o.o. published an invitation to tender on e-naročanje.si for the supply of 30 new four-axle multi-system electric locomotives.

This forms part of the company's extensive investments in new vehicles and equipment to be implemented by 2027 with Czech co-owner EPLI, a.s.

### Changes at the top

At the Supervisory Board session held on 14 March 2024, Gorazd Podbevšek was appointed as a new member of the Management Board and Tomaž Krašković's term of office was extended by the Supervisory Board.

Dušan Mes began a new four-year term as Director-General of Slovenske železnice, d.o.o. on 25 March 2024.





# Statement from the Director-General

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



investment programme for the project to modernise our locomotive fleet with the publication of an invitation to tender in January 2024. In the mobility pillar, we signed an agreement for 20 new passenger trains as part of the third procurement phase, and began drafting the necessary documents for phase four. The natural disasters that hit Slovenia in 2023 gave renewed confirmation that the public railway infrastructure management system is highly flexible, meaning that emergency events can be responded to quickly. We posted record revenues in construction. In collaboration with four construction companies, we are acting as lead partner in (and also signed a contract for) implementation of the '2TDK railway and tunnel systems on the second track of the Divača–Koper line' public contract, with a value of EUR 204 million. The value of SŽ-Železniško gradbeno podjetje's share of the project is EUR 61.1 million.

As part of support activities, we continued with all planned projects, in particular the preparation of documentation for the start of construction of Ljubljana passenger centre, and the intensive continuation of all activities within our digital transformation programme. We further strengthened our compliance and integrity function, and, in accordance with the Whistleblower Protection Act, appointed trustees at seven of our subsidiaries. In line with our human resource strategy, we identified a group of candidates for fast-track development and enrolled them in the 'talent academy', with the aim of having them assume key roles in the future. This is part of our system of ensuring succession within the Group. Our efforts to provide customer satisfaction were further acknowledged in the MojeDelo.com survey, which named us one of the country's best employers in 2022.

Last year was an extremely demanding one for the Slovenske železnice Group. A number of large national investments in public railway infrastructure on important sections of track (Brezovica–Preserje–Borovnica, Pesnica–Šentilj), the heavy storms in June and July, and the floods in August all caused major traffic disruption. This disruption led to reduced volumes of freight and to delays and timetable changes in passenger services. On the other hand, they provided significant amounts of work in the public railway infrastructure and construction sectors.

Despite these difficulties, we managed to achieve most of the objectives we set ourselves, and successfully continued the investment cycle aimed at increasing the competitiveness of all our Group's activities.

In the logistics pillar, we signed a contract for the supply of 20 new freight wagons, and approved the



We managed to control our costs, particularly in the key area of energy. We ended 2023 with an EBITDA of EUR 114 million, a record, and net profit of EUR 44 million. This allowed us to pay our employees an annual leave allowance above the statutory amount, and make performance-related payments as well.

Unfortunately, these successes were overshadowed by the tragic accident at the end of the year that claimed the lives of two of our colleagues. A detailed investigation showed that human error was the cause of the accident. We know that human life does not and can never have a price. Following a thorough analysis of the processes within our Group and at comparable foreign railway undertakings, and a series of recommendations made by the official investigator, we adopted a number of additional safety measures to minimise the risk of such accidents happening again.

Following the presentation of the work programme for the Slovenske železnice Group, the Supervisory Board reappointed me to the position of Director-General until 2028. The existing three-member Management Board was joined by a fourth member, which means that we can enter the next raft of major strategic challenges with renewed strength.

In the logistics pillar, we are keen to continue to modernise our vehicle fleet to the tune of EUR 300 million. It is our belief that this is the right time, with the marked slowdown in the Central European economy, to expand through acquisitions. With their help, we would like to become the leading logistics group in the region, carrying 26 million tonnes of freight by the time my term of office comes to an end.

In the mobility pillar we are continuing to purchase new trains, with an eye already on the fifth and sixth phases of the purchase cycle. At the end of 2024 we will purchase the remaining stake (50%) in NOMAGO, d.o.o. We wish to establish a company engaged in the management and operation of railway and bus stations, along with mobility services. We are introducing new daily international routes. We wish to be ready for the completion of these extensive national investments in public railway infrastructure, thereafter becoming the most attractive provider of green passenger transport for all generations, with 40 million passengers carried annually.

The two key challenges in relation to public railway infrastructure management are the renewal and revitalisation of machinery, and complete computerisation and digital transformation. In

construction, we are aiming to become the lead partner in national public railway infrastructure modernisation projects and, to this end, are planning major investments in updates to our construction machinery. The most important current support activity for external stakeholders is undoubtedly the construction of Ljubljana passenger centre, which we are aiming to complete in 2026. A number of large-scale activities relating to property management are also being planned.

Several internal changes are necessary if we are to meet these complex challenges successfully. Prior to the start of the new term, we presented the Supervisory Board with a draft document setting out our plans for the reorganisation of the whole Group. The aim is to strengthen the management of subsidiaries and give greater independence and responsibility to lower-level managers. At the same time we are aiming to meet the owner's recommendations and expectations regarding corporate management as far as we possibly can. We are paying particular attention to some of the key functions through which we will consolidate our reputation as a trustworthy business partner in all areas of our business, and justify our proactive role as one of the key players in the green transition at national level.

Owing to the extensive investments that will need to be made in the next few years, this transition process will bring with it significant disruptions to transport. We will do our best to find the best possible solutions and keep the public fully aware of what is happening at any one time. In keeping with our slogan, 'Together Towards a Green Future', we would ask all those who use our services for patience and understanding.

Finally, I would like to thank all our stakeholders for their trust and cooperation. We hope that you will continue to believe in us and support our new green story.

**Dušan Mes**

*Director-General of Slovenske železnice*





# General information

General information on the controlling company as at 31 December 2023

## Company name

Slovenske železnice, d.o.o.

## Address

Kolodvorska ulica 11  
1000 Ljubljana, Slovenia

**Telephone**  
+386 (01) 291 40 00

**Email**  
info@slo-zeleznice.si

**Website**  
www.slo-zeleznice.si

## 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**  
SI 18190995

## Management Board

**Director-General**  
Dušan Mes

**Member of the Management Board**  
mag. Tomaž Kraškovic

**Workers' Director**  
Nina Avbelj Lekić

## Members of the Supervisory Board

**Chair**  
Gabrijel Škof

**Deputy Chair**  
Hilda Pipan

**Members**  
Marko Babič, Silvo Berdajs, Vinko Filipič,  
Melita Malgaj, mag. Aleksander Nagode,  
Jože Pavšek, Zlatko Ratej

We create advanced practices in Slovenian land passenger transport, and support the economy with environmentally and economically efficient freight transport.

## 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 2023

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.
Business address	Kolodvorska ulica 11,	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
Registered office	Ljubljana	Ljubljana	Ljubljana	Koper	Ljubljana	Ljubljana
Core activity	64.200 Activities of holding companies	49.200 Freight rail transport	52.290 Other transportation support activities	52.290 Other transportation support activities	49.100 Passenger rail transport	68.320 Management of real estate on a fee or contract basis
Registration number	8973784000	6017231000	5069084000	2361191000	6017274000	6017177000
VAT ID number	SI95301623	SI84667044	SI76557995	SI97246239	SI89393686	SI94995737
Senior management	Melita Rozman Dacar Dušan Žičkar Roman Šilha Zbigniew Klepacki Tomáš Novotný	Melita Rozman Dacar Remigiusz Jan Paszkiewicz Tamara Luskovec (Workers' Director)	Dean Peršić Martin Lunák	Dean Peršić	Darja Kocjan Igor Birčaković (Workers' Director)	Matjaž Kranjc Matjaž Skutnik (Workers' Director)
Supervisory Board	Dušan Mes Tomaž Kraškovic Milan Jelenc Silvo Berdajs Michal Antonin Miodrag Maksimović	/	/	/	Tomaž Kraškovic Bernarda Babič Leon Didič	Jernej Pavlič Tjaša Ribič Urh Milorad Šljivić
General Meeting	General Meeting SŽ EP Logistika, d.o.o.	Sole shareholder SŽ EP Logistika, d.o.o.	Sole shareholder SŽ EP Logistika, d.o.o.	Founder Fersped, d.o.o.	Founder SŽ, d.o.o.	Founder SŽ, d.o.o.



Official company name/abbreviated company name	SŽ-Železniško gradbeno podjetje Ljubljana, d.d.	Kamnlom 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	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	Vrhnika	Ljubljana	Ljubljana	Ljubljana	Ljubljana
Core activity	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 in social sciences and humanities	18.120 Other printing
Registration number	5143004000	1278061000	5865824000	5824290000	5674522000	5142881000
VAT ID number	SI46621474	SI 34750720	SI99181762	SI61613223	SI34722645	SI41764544
Senior management	Anton Žagar Pavel Piškur (Workers' Director)	Uroš Močnik Sergij Grmek (Authorised Signatory)	Dušan Žičkar Zdravko Skrbiš (Workers' Director)	Vojka Martinčič Vesna Rittlop (Workers' Director)	Peter Verlič	Majda Železnik
Supervisory Board	Gorazd Podbevšek Dušan Mes Simon Kokalj Bernarda Babič Miha Črne	Anton Žagar Gašper Marc Pavel Piškur	Jožef Petrovič (until 31 January 2023) Jana Končar Zdenko Lorber	Miha Butara Andreja Košir Jože Pavšek	/	Boštjan Koren Daniel Vasiljevič Miran Parkelj
General Meeting	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





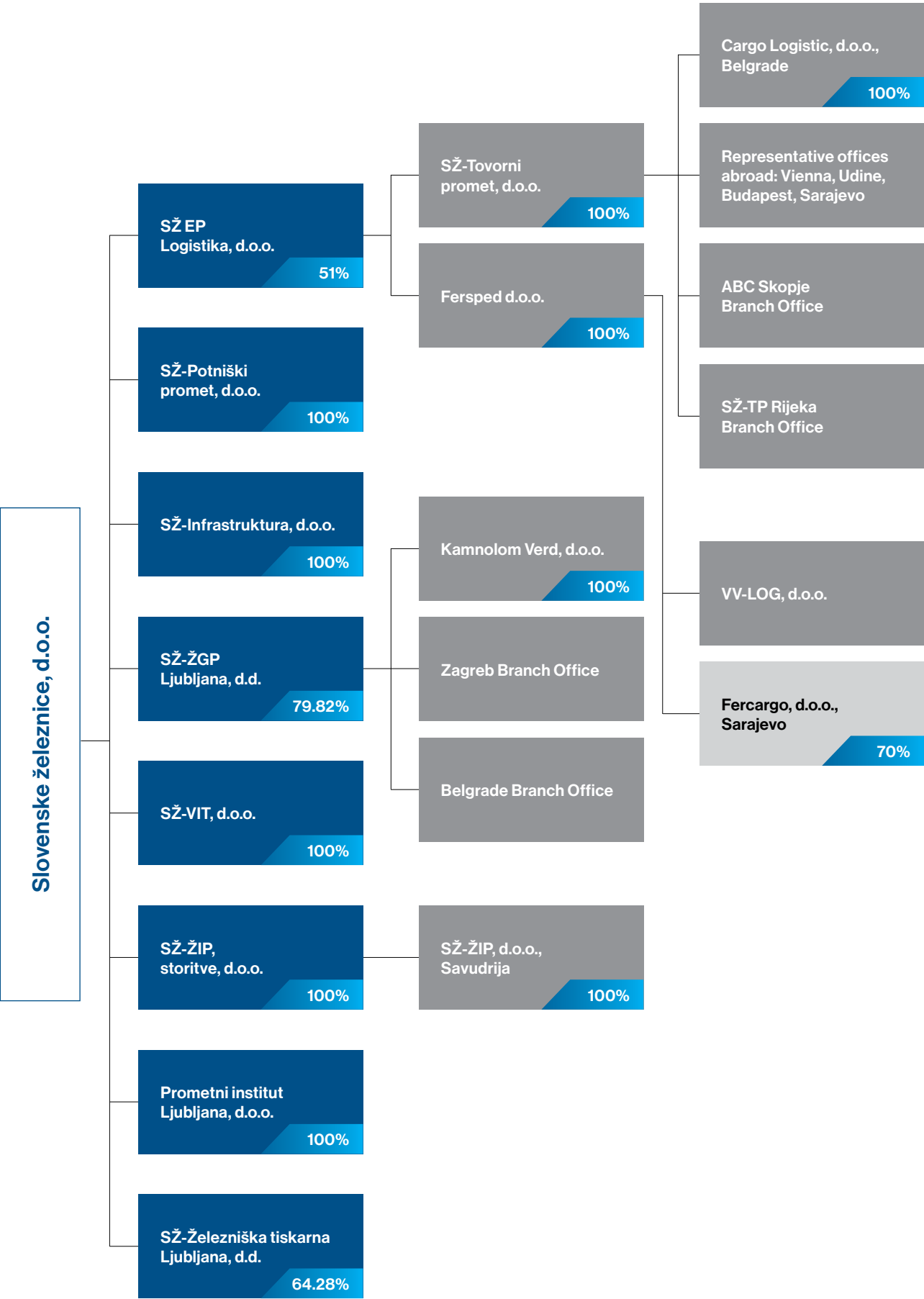
# Organisational structure of the Group

### Legend

- 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:

- VV-LOG d.o.o. is two-thirds owned by Fersped, d.o.o. (one-third owned by the company itself).
- Slovenske železnice, d.o.o. holds participating interests in the following associates: Adria Kombi, d.o.o. (33.72%) and NOMAGO, d.o.o. (50%), and also indirectly in CKTZ Zagreb, d.d. (31.41%).
- SŽ-ŽGP, d.o.o., Podgorica (Montenegro), which had been 100% owned by SŽ-ŽGP Ljubljana, d.d., ceased operating following fast-track liquidation proceedings, and was removed from the companies register on 2 August 2023.







02

# Sustainability of strategy and plans





The Slovenske železnice Group is aware of the importance of sustainable development and the challenges (and opportunities) of climate change and the transition to a low-carbon society. As a partner to the state, industry, the public sector and households, the company plays one of the leading roles in the drive to achieve sustainability and climate-related targets in the transport sector of the environment in which it operates.

Sustainable development and climate change present physical risks and risks to the green transition, but also offer us business opportunities. We take sustainable challenges and trends and the impacts of climate change into account in our strategic and business planning as a matter of course. This helps us increase the value that we bring to our customers, our investors and the communities in which we work. We also monitor changes in the business environment and the markets so as to better understand where the opportunities lie in the transition to a low-carbon economy. In doing so we increase our agility and our ability to respond proactively to change, which is important if we wish to maintain the resilience of our business model over the long term.

In 2023 we organised educational workshops for all internal stakeholders with the aim of fostering an active sustainability mindset and exploiting the opportunities that arise in relation to sustainability. We conducted analyses at individual companies of the gaps between legislative, commercial and other sustainability-related matters, and sustainable business.

The Slovenske železnice Group knows how important this area is, which is why, at the beginning of 2023, it appointed an officer specifically tasked with establishing sustainability at the Group and with the job of monitoring how effective the process is at companies within the Group. It also established a working group to oversee the establishment of sustainable business.

Basic documents have been adopted, including the Sustainability Policy of the Slovenske železnice Group and the Sustainability and Climate Management of the Slovenske železnice Group. ESG and climate change committees have also been appointed.

Sustainability policy will complement the other existing policies and documents adopted at the Group:

- Corporate Governance Policy
- Code of Conduct
- Energy policy
- Environmental policy
- Information security policy
- Quality policy
- Diversity policy for management and supervisory bodies
- Risk management policy
- Operational risk management policy
- Information security policy
- Rules on reporting violations and infringements
- Rules of Procedure of the Management Board of Slovenske železnice, d.o.o.
- Rules of Procedure of the Supervisory Board of Slovenske železnice, d.o.o.
- Rules of Procedure of the Audit Committee of the Supervisory Board of Slovenske železnice, d.o.o.
- Rules and elements relating to the conclusion of individual employment contracts
- Rules on the management of conflicts of interest
- Collective agreement
- Participation agreement
- Competence profile of the Supervisory Board of Slovenske železnice, d.o.o.



# Position and governance

## 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

### Honesty and adherence to the law

Our employees carry out their tasks with honesty, responsibility, without political bias and in compliance with internal codes and positive national legislation.

### Trust and respect

Our work has to inspire trust and respect. Our conduct and professionalism contribute to good relations with all company stakeholders. Trust and respect are grounded in professionalism and economy of operation.

### Leadership integrity

The work and leadership of senior managers and executives set an example for the staff and all other community stakeholders.

### Independence and objectivity

We do our work independently and objectively.

We do not abuse our positions, and we avoid situations in both professional and private life that could compromise our independence, objectivity or impartiality, or have a negative effect on our personal reputations or the reputation of the Slovenske železnice Group.

### 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.





# Business model and value chain







# Materiality and key performance indicators

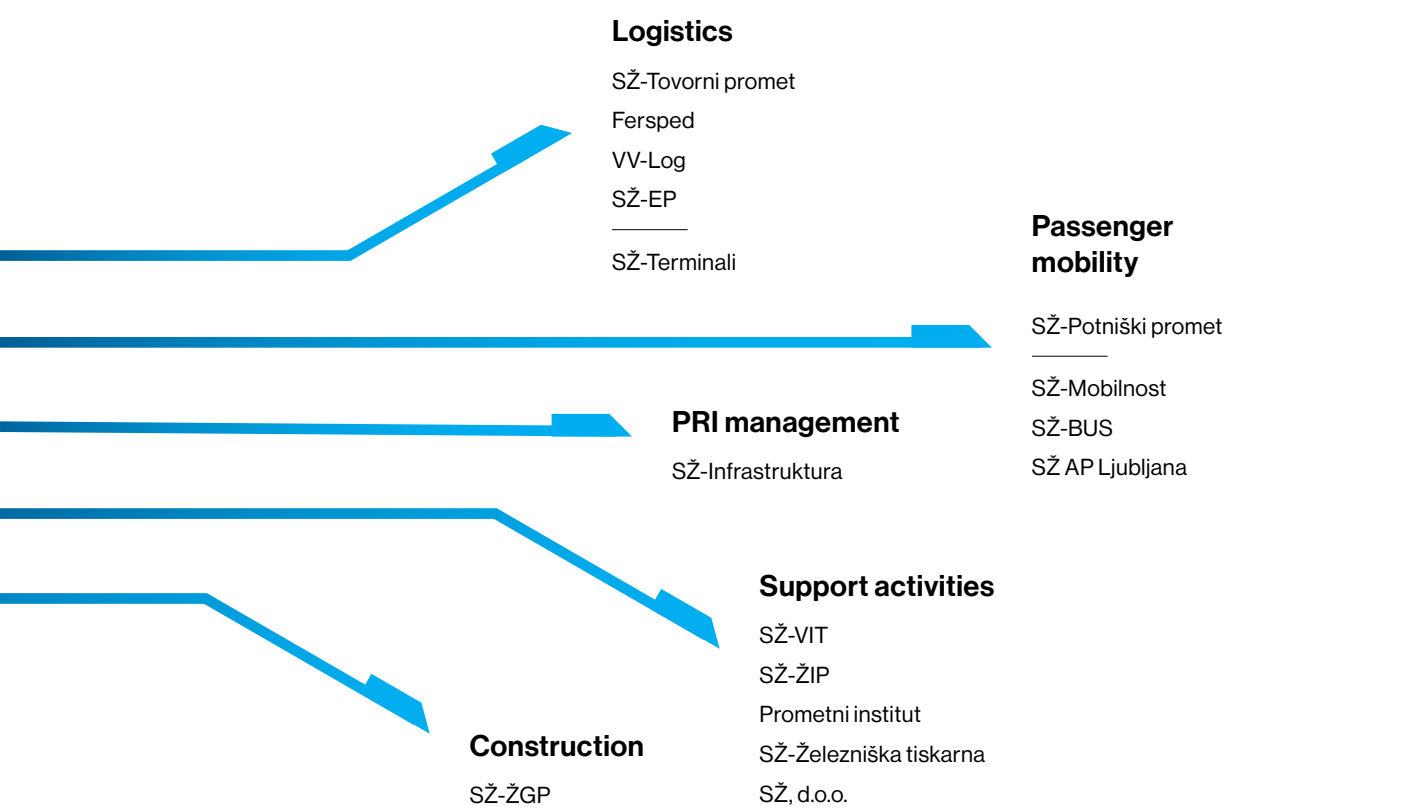
Since the double materiality matrix and the sustainability strategy are still being prepared, the materialities and key performance indicators presented in this document are a combination of past industry reporting standards for rail transport and heuristic evaluation.

## Strategic objectives of the Slovenske železnice Group

The key developmental component here is the long-term vision of developing and modernising Slovenia's public railway infrastructure. This involves the earmarking of EUR 13 billion for investments 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 passenger centre in Ljubljana, 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.

A strategic partner entered the logistics pillar in 2022 with the establishment of SŽ EP Logistika, d.o.o., which will foster the further development of the pillar and relieve the financial burden on the Slovenske železnice Group. The objectives of the strategic partnership are to extend the logistics chain from pick-up to delivery, set up back-office logistics centres with the necessary warehouse units, and become the leading regional logistics group through the acquisition of companies.

In the fulfilment of its task to pursue the public interest, the Slovenske železnice Group set as one of its key underlying objectives the strategic objective of formulating a multimodal range of mobility services at the national level, such that it will link government activities to establish uniform, accessible and efficient public transport and develop the areas around train stations and stops, and upgrade those activities by integrating various types of transport and related transport services into the range of mobility services.

Mobility services are planned that will allow passengers to travel by rail and other modes of public transport through the creation of 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 miles of their journey. Park and Ride car parks will be set up 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 efforts to achieve 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 urgently 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. This will free up substantially more maintenance machinery. 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.

The planned acquisition of the bus company, the financial statements of which will be consolidated with those of the Slovenske železnice Group after its potential 100% acquisition in 2024, will have a direct impact on operating profit (a 50% participating interest was acquired at the end of 2022, as reflected in the participation in the bus company's profit).

We are planning to increase revenues from contracts with the Slovenian government in the upcoming period. SŽ-Infrastruktura, d.o.o. concluded a long-term contract with the Slovenian government until 2030 that will provide funding for the purchase of new special-purpose 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

### Logistics

- To connect logistics services, logistics and freight transport.
- To improve competitiveness by teaming up with companies that are strategically connected to SŽ EP

### Passenger mobility

- To establish environmentally friendly mobility for individuals
- To develop an integrated transport service
- To digitally transform services
- To operate an integrated public transport system

### PRI management

- To develop and revitalise the rail network
- To change the rail traffic management system

### Support activities

- To establish competence centres
- To operate with adequate staffing levels
- To successfully manage financial assets and investments

### Construction

- To take advantage of investments in PRI revitalisation
- To become the leading partner in superstructure construction
- To build regional visibility with the strategic partner

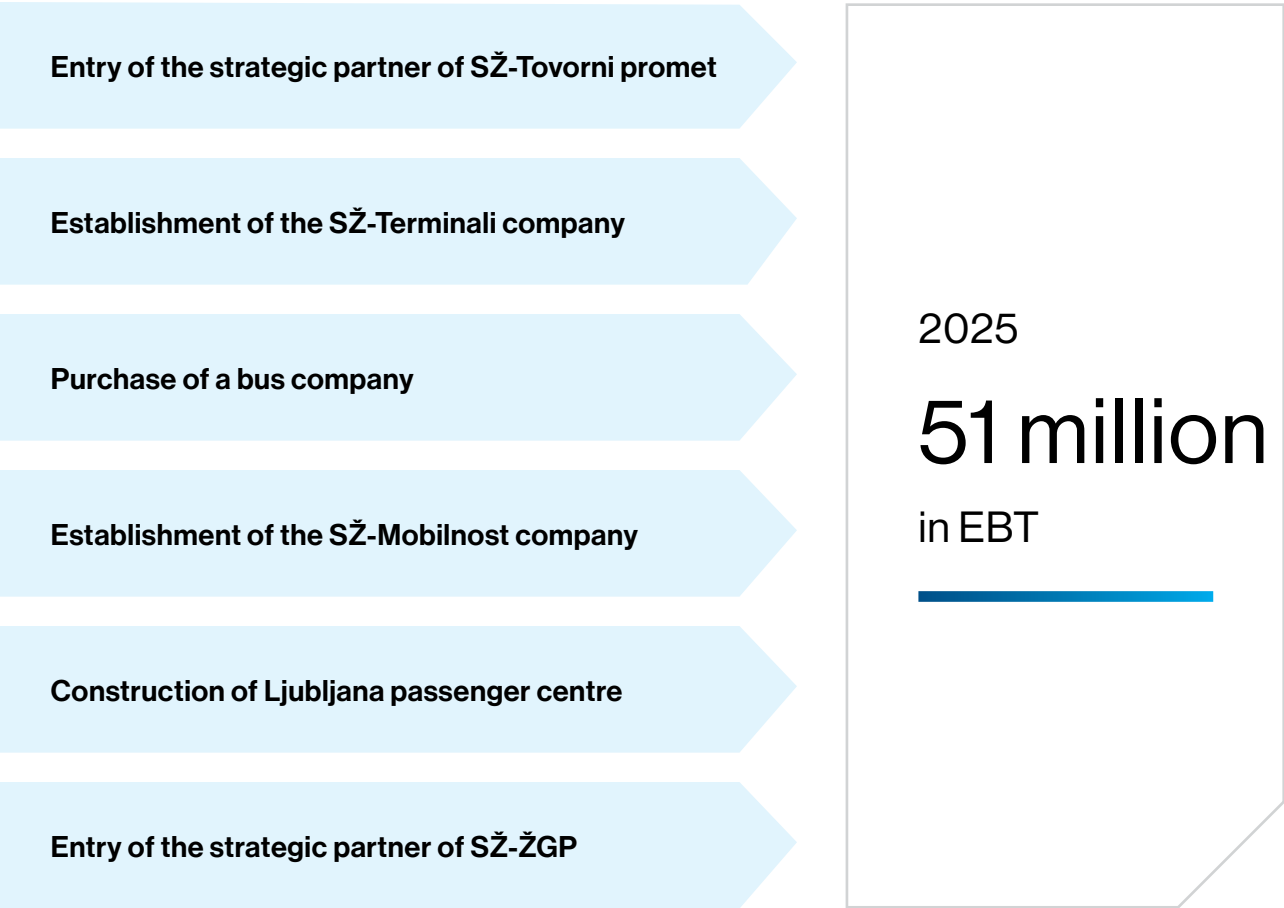


## Strategic projects

The biggest 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 of 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. Slovenske železnice, d.o.o. plans to utilise the option of purchasing the remaining 50% equity share in NOMAGO, d.o.o. by the end of 2024. The option of entry of strategic partner of SŽ-ŽGP is still being examined.

### Strategic projects in the Slovenske železnice Group 2021–2025







## Logistics

Customers seek the organisation and provision of transport services via the longest possible transport route, enabling shorter delivery times and 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, it involves extending the transport routes abroad. 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 make acquisitions that enable us to become the leading regional logistics group on foreign markets and boost the importance of the Port of Koper;
- to create the region's main rail operator in the markets of the Western Balkans, Italy, Austria and Hungary;
- 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.

### Investments

The vehicle fleet is in relatively poor shape and needs renewing. A start has been made on this with the purchase of the first 20 wagons. A public invitation to tender is also being drawn up for the supply of 30 electric locomotives. The European Train Control System (ETCS) will be introduced by the end of 2030.

SŽ EP Logistika, d.o.o.'s Strategic Business Plan 2023–2027 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 logistics 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 SŽ-Potniški promet, d.o.o. development plan addresses 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 create 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, thereby 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 a year 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 invitation to tender was published in 2022 for the supply of 20 passenger trains. The decision selecting the tenderer was adopted in the second quarter of 2023. We are also planning the purchase of 20 passenger trains and four locomotives.

ETCS safety devices will be installed on all passenger trains as well by 2030.

### Digital transformation

The digital transformation of operations involves the establishment of a modern information system for ticket sales through new sales channels and passenger information systems through the creation of a modern, user-friendly platform for travel from home to destination. Passengers will therefore be able to choose between different modes of transport: train, bus, tax, bicycle, etc.

## Management of public rail infrastructure

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 process of updating machinery has already started, with all necessary replacements slated for completion by 2030.

### Objectives

- to upgrade the machinery fleet, which will have a positive impact on the environment in terms of less noise, reduced CO<sub>2</sub> emissions, and lower consumption of fuel and lubricants;
- to use new machinery in order to ensure at least 80% availability;
- 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 inadequate machinery.

## Investments

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

### 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, 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 safety 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

SŽ-ŽGP Group is the leading company in Slovenia engaged in the construction of rail superstructure. 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 (Kamnlom Verd);
- to obtain a concession for Kamnlom Verd in its expansion area.





## Support activities

The following companies are involved in the support activities pillar: 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 activities that complement the operation of the other pillars through business support services, real estate management, rolling stock maintenance, R&D activities, facility maintenance, cleaning, security and printing.

The main tasks of **Slovenske železnice, d.o.o.** are the reliable, high-quality and cost-effective provision of centralised business functions (finance, accounting, IT, HR and legal support, marketing, public relations), effective property management and the sale of property no longer required for business purposes.

**SŽ-VIT, d.o.o.** ensures 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. It 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.** is as a sheltered employment company whose primary aim is to develop 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 logistics 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 investments are the construction of the new bus station at Ljubljana passenger centre and the digital transformation of business 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 human capital management system, the management of operational efficiency, and the digitalisation of document and archive systems.

## Risks and opportunities

### Risk management process

The risk management process at the Slovenske železnice Group is directed by the central risk management office at the controlling company Slovenske železnice, d.o.o.

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 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.

### 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 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 occur.





## Risks of the Slovenske železnice Group

We divide the risks into five groups. The Slovenske železnice Group has identified

126

active risks.

## Risk profile of the Slovenske železnice Group

The risk profile of the Slovenske železnice Group after adoption of the measures is estimated at EUR

29.3

million.

### Risk catalogue

#### Strategic

- S 1 Risks associated with implementation of the strategic plans
- S 2 Capital investment risk
- S 4 Corporate governance risks
- S 5 Risks associated with implementation of the rail transport safety management system
- S 6 Pandemic risks
- S 7 Risks relating to sustainable operations

#### Operational

- O 1 Risks associated with the condition of the railway infrastructure
- O 3 Risk of damage to/destruction of property
- O 4 Safety risks
- O 5 Risks associated with business continuity
- O 6 Human resource risks
- O 7 Purchasing risks
- O 8 Production risks
- O 9 Sales risks
- O 10 Process risks
- O 11 Project implementation risks
- O 12 Environmental and climate-related risks
- O 13 Risks in connection with legal proceedings

#### Financial

- F 1 Credit risks
- F 2 Interest-rate risks
- F 3 Currency risks
- F 4 Liquidity risks

#### Regulatory

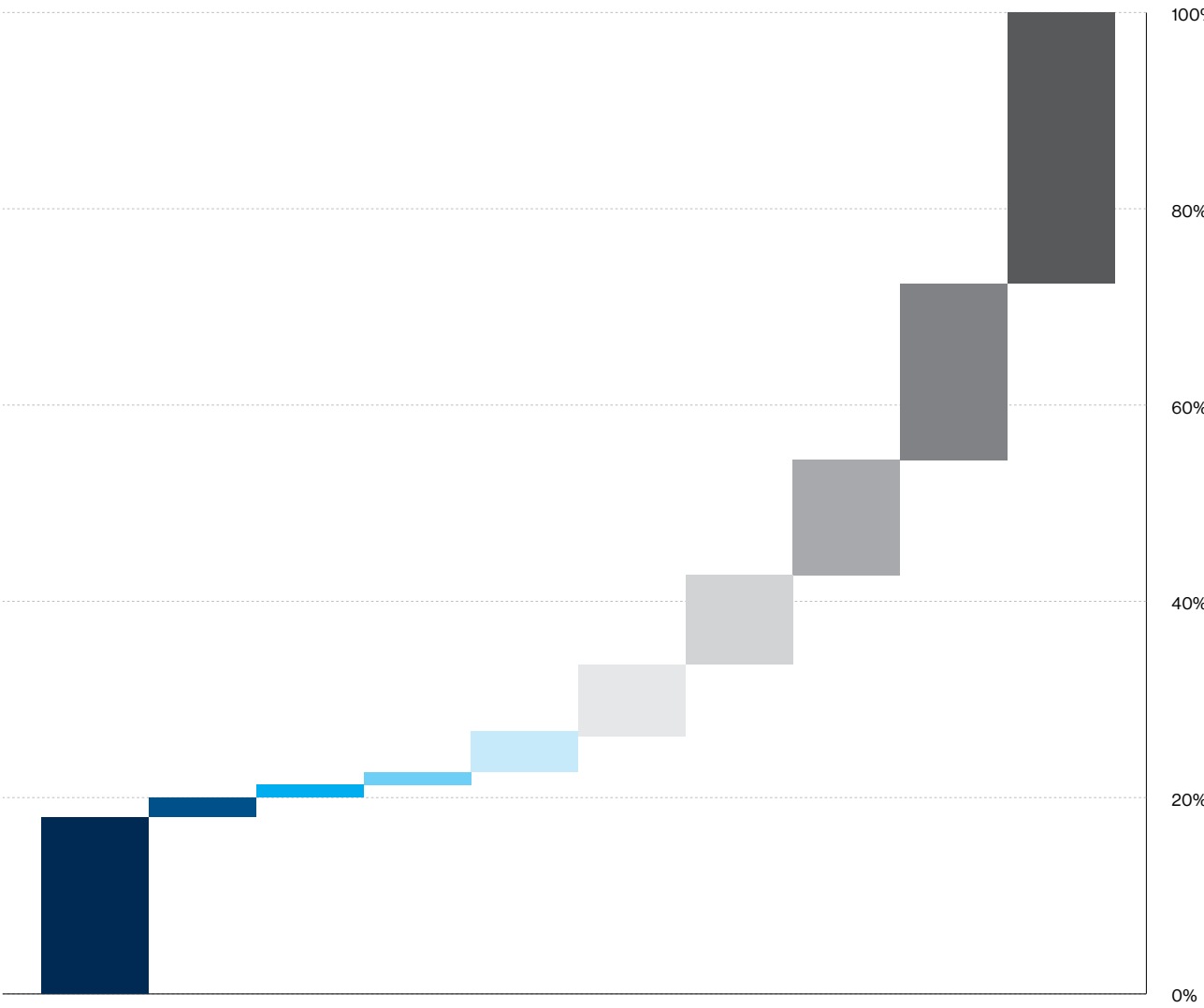
- R 2 Risks associated with legislative changes
- R 3 Compliance risks
- R 4 Fraud risks
- R 5 Tax-related risks
- R 6 Risks associated with respect for human rights in business operations

#### ICT

- ICT 1 Information security risks
- ICT 6 Risks associated with the management of communications and operations
- ICT 7 Risks in connection with accessibility of the IT environment
- ICT 8 Risks associated with the maintenance and development of IT systems
- ICT 10 Risks associated with business continuity



### Risk profile of the Slovenske železnice Group by measure adopted

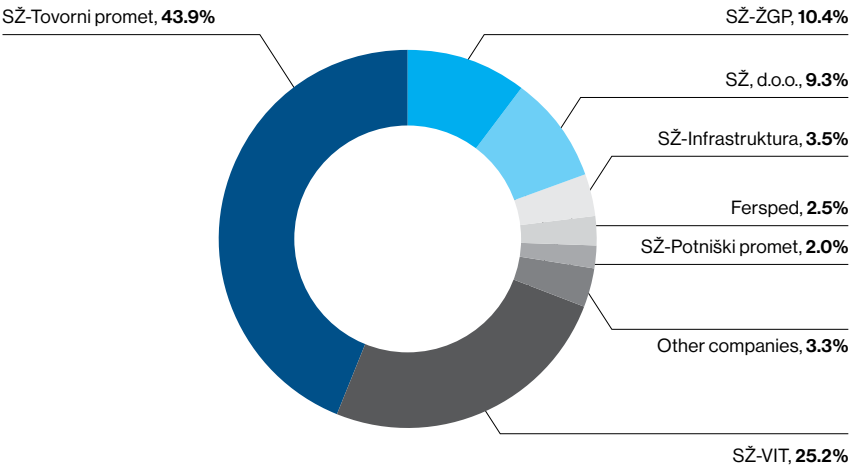


- O 1: Risks associated with the condition of the railway infrastructure (SŽ-TP)
- F 4: Liquidity risks (SŽ-VIT)
- O 9: Sales risks (SŽ-TP)
- O 6: Human resource risks (SŽ-ŽGP)
- O 9: Sales risks (SŽ-VIT)
- F 4: Liquidity risks (SŽ, d.o.o.)
- O 9: Sales risks (Fersped)
- S 1: Risks associated with implementation of the strategic plans (Kamnolom Verd)
- ICT 11: Risks associated with access management, IT systems security and business continuity (SŽ, d.o.o.)
- Other

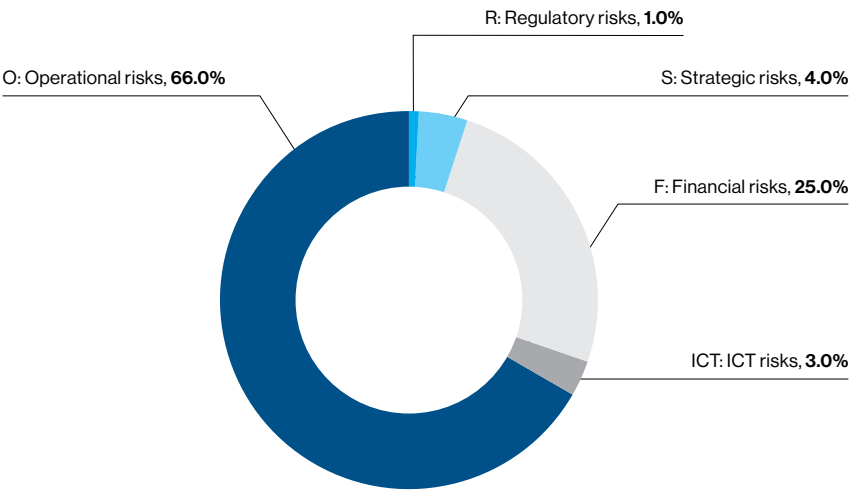




Contributions of individual companies to the Slovenske železnice Group's risk profile



Contributions of individual groups of risks to the Slovenske železnice Group's risk profile



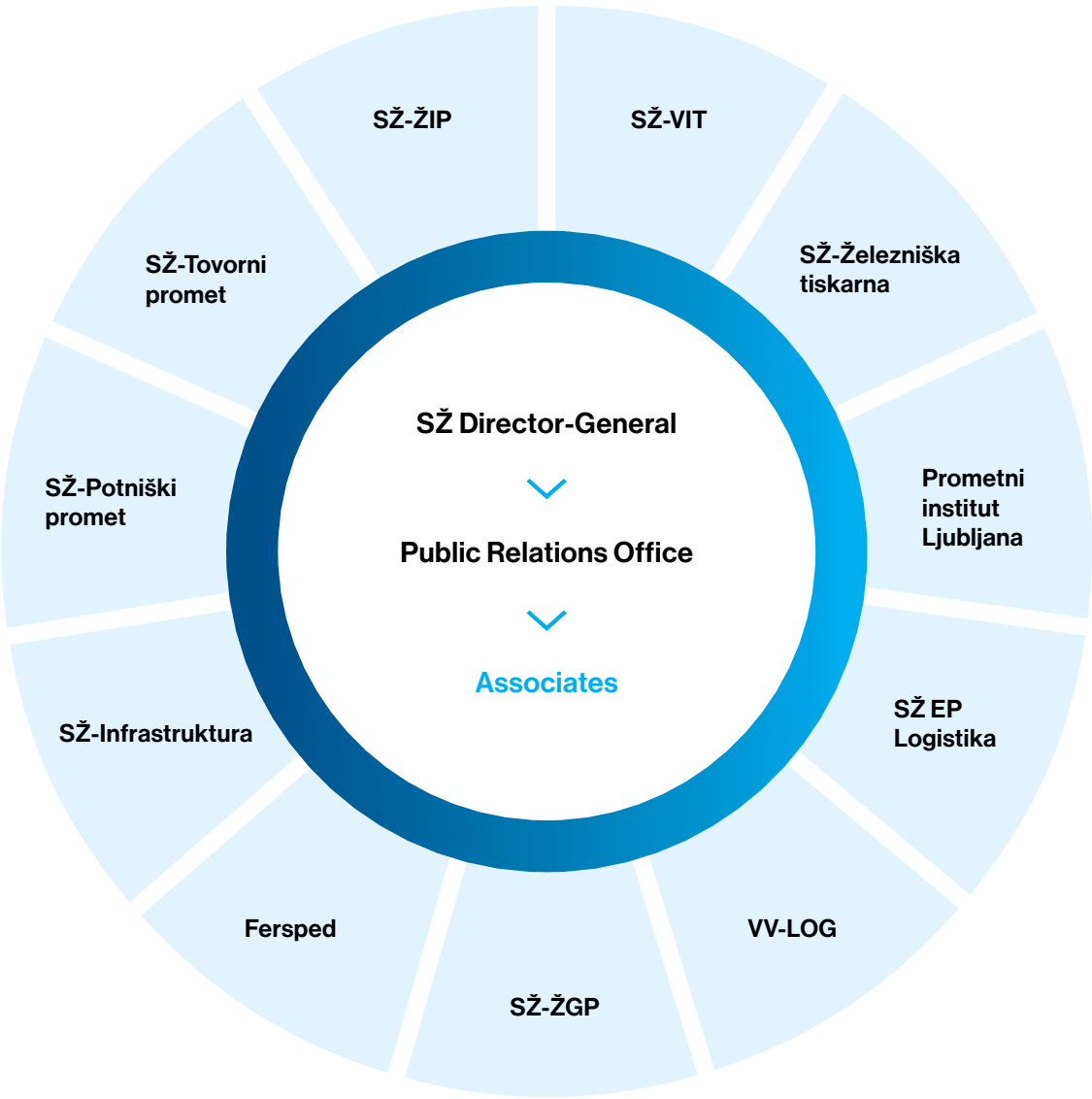
Operational risks comprise the bulk of the risks to which the Slovenske železnice Group (86%) is exposed, with the biggest impacts coming from sales risks at SŽ-Tovorni promet and SŽ-ŽGP and the risks associated with the condition of railway infrastructure at SŽ-Tovorni promet. These are also the three biggest risks to the Slovenske železnice Group overall.

# Information and communication

The public relations office has established firm foundations for effective reporting to and communication with all stakeholders. It is aware of the importance of having a clear, transparent and consistent flow of information between all segments of the organisation and the public. It is in charge of coordinating communication activities between all companies, with a brief to ensure that passengers and stakeholders are given accurate information on time.

The advertising system is coordinated with the media plan, which sets out the strategy and tactics

for promoting Slovenske železnice services, with particular emphasis on digital channels and traditional media. Advertising campaigns are designed to promote the use of rail travel, improve the public image of Slovenske železnice, notify the public of delays, warn of the dangers of crossing tracks and raise awareness of sustainability. All communication channels are steered towards ensuring accurate, on-time and relevant information in support of the goals and strategies of Slovenske železnice, as well as strengthening the company's reputation and profile.







# Digital transformation

In line with its digital transformation strategy, Slovenske železnice are intensively engaged in modernising and also introducing new IT solutions. A large number of major projects in enterprise resource planning, resource management and the implementation of

back-office IT systems have been implemented in recent years. 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.

Passenger mobility

Strategic objectives

- To establish the mobility pillar
- To become the bedrock of the integrated public transport system
- To develop environment-friendly and sustainable passenger mobility
- To establish integrated mobility services: train, bus, P+R, e-vehicle rental, etc. and facilitate their use via modern digital platforms
- To develop transfer points and multimodal passenger centres
- To improve service quality and increase passenger satisfaction
- To increase the number of additional trains operated
- To develop integration for better access to rail travel with active transfer points and coordinated timetables
- To lower CO<sub>2</sub> emissions from the transport sector

Strategic objectives of digital transformation

- To create an online passenger self-service app
- To introduce a user platform for integrated mobility services
- To produce a comprehensive plan for mobility products, services and sales
- To set up a digital ticket checking and validation system
- To upgrade and add IT functionalities for timetable planning
- To introduce a solution for providing information for and managing communication with passengers
- To introduce further automated sales points and channels for the sale of services and goods

Strategic projects

- MaaS – Mobility as a Service
- Automation and optimisation of the planning and allocation of passenger trains and drivers
- Automation and optimisation of the planning and allocation of passenger train staff
- Establishment of a CRM system for managing authorisations, centralised customer information and marketing.

PRI management

Strategic objectives

- To modernise, digitally transform and overhaul the PRI operator

Strategic objectives of digital transformation

- To replace the central part of the system dedicated to monitoring rail traffic
- To integrate the train path management and timetable construction process
- To automate the process of billing for PRI access services

Strategic projects

- Operation of public rail infrastructure
- Management of public railway infrastructure



Logistics

Strategic objectives

- To become one of the leading regional providers of rail logistics services
- To optimise maintenance processes, increase availability, and automate/optimize the business process in relation to rolling stock
- To make improvements to operational efficiency

Strategic objectives of digital transformation

- To implement an integrated information system for the billing for, providing and analysing transport logistics services
- To set up electronic operations with final customers and logistics companies
- To set up an integrated maintenance system with a central business information system
- To put business analytics in place
- To digitally transform offices and services
- To introduce a document and archive system
- To upgrade human capital management systems

Strategic projects

- Integrated business information system for transport logistics
- Establishment of a CRM system for the centralised management of customer data, an overview of activities and the monitoring of communications
- Asset management – rolling stock (EAM)
- Automation and optimisation of the planning and allocation of tractive vehicles and drivers
- New generation of support for technical wagon services, including integration with the existing IT system, the use of mobile devices and paperless operations
- Human resource administration
- Time management system
- e-storage
- Internal rules

The key digital transformation programmes are

>

The **Digital Transformation of Mobility in the Slovenske železnice Group** programme, which 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. Two key projects, Customer Relations Management System and Core of the Mobility Services System, are in the final stage of the public procurement process. These will enable passengers to be acquired and support provided to them via the latest digital channels.

>

We are establishing comprehensive IT support for existing business processes through the **Transport Logistics Information System** programme. 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.

>

Through the **Digital Transformation of Railway Infrastructure Operation** programme 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. The public procurement procedure, which will provide modern digital train path management and timetable construction, has been completed. The revised solution for the automation of the process of billing for PRI services has been successfully introduced. With the help of the new IT solution, billing operations proceeded without difficulties or errors in 2023. In 2023 we began a process of procuring an integrated IT system for rail traffic management.

>

In relation to the **digital transformation of asset management**, 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. We have completed a set of infrastructure maintenance programmes. All the planned functions are in place, with the exception of the module for billing for infrastructure maintenance, which is in its final phase. In relation to rolling stock maintenance, an application for providing notice of defects and electronic locomotive logbook have been developed and put into operation.





One extremely important objective that we are continuously 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 planning future digital development and optimising processes at Slovenske železnice.

Risks	Opportunities
Cyber threats relating to cyber attacks from external actors that could cause sensitive information to be leaked.	Improvements to user experience.
Risks associated with personal data protection, which relate to the organisation's ability to protect sensitive personal data.	Better utilisation of resources brought about by the automation of processes and, above all, of repetitive, routine tasks.
Security risks associated with access by employees and external contractors to sensitive data.	Establishment of a 'data-driven' organisation, which makes better business decisions.
Risks associated with compliance, which relate to legislative requirements and rules connected with the introduction of new technologies, and the volume of data that the organisation manages/generates.	Increased agility, flexibility and scalability of operations.
Technologically obsolete systems that are closed and that struggle to keep pace with digital transformation.	Establishment of a culture that supports innovation. Introduction of digital transformation, which speeds up the introduction of new products, services, business models, etc.
Risks associated with the incompatibility of systems, integration with existing systems and a lack of resources.	Improved productivity brought about by automation.
Risks associated with resilience, which relate to the occurrence of unforeseen events and the organisation's ability to minimise their adverse impacts.	Introduction of regular digital skills education and training for employees.
Selection of an inadequate technology supplier, which could lead to a waste of resources, delays to projects or even the failure of projects.	Improved collaboration between teams within the company. Digital tools that make cooperation between different stakeholders within the organisation easier and quicker.
	Data standardisation.
	Establishment of mechanisms and tools for ensuring greater operational security.
	Involvement of employees, partners and customers in digital transformation processes.
	Establishment of regular, automated and continuous security checks using digital tools.
	Levers for the preparation of the organisation's digital strategy.
	Compliance of operations in various areas, such as personal data and risk management.



# Reporting Standards

Link between ESG policies and the Slovenske železnice value chain

E	S	G
<b>Environmental aspect</b>	<b>Social aspect</b>	<b>Governance and management aspect</b>
<b>Environmental management</b>	<b>Creation of value for all stakeholders</b>	<b>Management approaches of the organisation</b>
<b>Natural capital</b> <ul style="list-style-type: none"><li>Biodiversity</li><li>Carbon footprint</li><li>Waste management</li><li>Water management</li><li>Land use</li><li>Visual pollution</li><li>Noise</li><li>Other immissions and emissions</li></ul>	<b>Human capital / Employees</b> <ul style="list-style-type: none"><li>Human rights</li><li>Diversity</li><li>Standards and occupational health and safety</li></ul> <b>Social capital</b> <ul style="list-style-type: none"><li>Services/products (upstream value created)</li><li>Supplier relations (downstream)</li><li>Product safety</li><li>Community relations</li><li>Relationships with other stakeholders</li></ul>	<b>Management of business model</b> <ul style="list-style-type: none"><li>Management of value chain</li><li>Independence and diversity of management</li><li>Corruption, bribery / Transparency</li><li>Regulatory compliance</li><li>Supervisory bodies</li></ul> <b>Production capital</b> <ul style="list-style-type: none"><li>Value and management of property, plant and equipment</li></ul> <b>Intellectual capital</b> <ul style="list-style-type: none"><li>Value and management of intangible assets</li></ul> <b>Financial capital</b> <ul style="list-style-type: none"><li>Value of equity and asset management</li></ul>





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 UN goals, 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.

Through its mission and activities, Slovenske železnice contributes to the achievement of 15 of the United Nations Sustainable Development Goals by 2030.

UN Sustainable Development Goals	Sustainable activities	Location of disclosure in this Business Report
	Access to mobility for the socially and economically vulnerable Retaining employment for persons with disabilities and workers with reduced capacity to work	Strategic projects Human capital
	Occupational health and safety of employees and within the value chain Noise reduction – health of nearby residents Air quality Stimulating, diverse, healthy, safe and psychologically secure working environment for all generations in all activities Reputable employer	Human capital Natural capital
	Educating and training employees and other logistics stakeholders, with an emphasis on railway activities (education and training centre for railway professions) Scholarships for young people Lifelong learning programmes in the field of railway transport (international programmes) Collaboration with institutions of knowledge (sharing of knowledge) Effective knowledge transfer, employee education/training and the upgrading of employees' key competencies	Human capital Social capital Stakeholder engagement
	Work-life balance Promoting a healthy and safe working environment for employees of all generations, and one that promotes diversity, equal opportunities and respect for human rights	Human capital
	Retention of water sources when constructing and maintaining railway infrastructure Responsible drinking water consumption Encouraging employees to use drinking water from the water supply network Management of small municipal treatment plants	Natural capital
	Energy efficiency in operations Sustainable mobility of employees Increasing the share of renewable energy sources Sustainable mobility programmes	Natural capital Human capital Stakeholder engagement
	Economic efficiency of operations Return on investments in Slovenian railway activities Linking up and working with the local environment, and creating value Creating an incentivising environment for employees and for staff development in the rail sector Creating jobs and a positive working environment for people with disabilities Recruiting, developing and retaining competent and motivated employees Retaining employment for persons with disabilities and workers with reduced capacity to work	Financial capital Stakeholder engagement Social capital Human capital



UN Sustainable Development Goals	Sustainable activities	Location of disclosure in this Business Report
	Fostering development and innovation in the rail and wider transport sector Introducing new railway infrastructure and mobility technologies Strengthening innovation within the overall mobility sector, with an emphasis on the railways Investments in railway infrastructure in line with the best available technologies Digital transformation of mobility and operations	Intellectual capital Production capital Digital transformation
	Increasing value-added per employee Recruiting, developing and retaining competent and motivated employees Development and growth of the Slovenske železnice Group	Human capital Strategic objectives Strategic projects
	Development of local communities through sustainable mobility Securing an adequate and healthy living environment for local community residents through environment-friendly mobility	Stakeholder engagement Social capital Strategic projects
	Energy efficiency Efficient use of resources and raw materials Circular economy – recycling of waste trainsets Separate waste collection Dematerialisation or digital transformation of communication and information-provision	Natural capital Production capital Digital transformation Information and communication
	Energy efficiency Sustainable mobility of employees Development and implementation of sustainable mobility in Slovenia Electrification of passenger and freight infrastructure Measuring and reducing the Slovenske železnice Group's carbon footprint Reducing the carbon footprint of passengers and freight	Natural capital Digital transformation
	Preventing uncontrolled discharges into and pollution of rivers and the sea	Natural capital
	Protecting Natura 2000 areas when carrying out activities that affect the environment and in the normal course of business	Natural capital
	Operating in accordance with European Railways' Pledge for More Attractive, Sustainable, Inclusive and Innovative Mobility Participation in creating a development strategy and legislation that support the development of sustainable mobility in Slovenia Presentation of Slovenia as a destination for sustainable travel	Stakeholder engagement

The Slovenske železnice Group's focus is on achieving those sustainable development goals that the wider community recognises as being important for the development of railway undertakings. Our efforts in this regard have been strengthened in the areas of gender

equality (5), affordable and clean energy (7), decent work and economic growth (8), industry, innovation and infrastructure (9), sustainable cities and communities (11), responsible consumption and production (12) and climate action (13).





## Compliance with GRI Standards

Slovenske železnice d.o.o./Slovenske železnice Group reported in line with the GRI Standards in the period between 1 January and 31 December 2023.

GRI 1: Foundation 2021.  
Relevant GRI Sector Standards: There were still no relevant sectoral standards while the report was being drafted.

Indicator	Disclosure	Section	Page
Organisation and its reporting practices			
GRI 2-1	Organisational details	General information	14
		General information regarding subsidiaries as at 31 December 2023	16
		Organisational structure of the Group	18
		Strategic objectives of the Slovenske železnice Group	26
GRI 2-2	Entities included in the organisation's sustainability reporting	General information regarding subsidiaries as at 31 December 2023	16
		Organisational structure of the Group	18
		Strategic objectives of the Slovenske železnice Group	26
GRI 2-3	Reporting period, frequency and contact point	Statement from the Director-General	12
		Statement on the responsibilities of the Management Board	128
		Report on environmentally sustainable economic activities and investments of the Slovenske železnice Group and Slovenske železnice, d.o.o. for 2023	129
Activities and workers			
GRI 2-6	Activities, value chain and other business relationships	Key performance indicators of the Slovenske železnice Group	6
		Business model and value chain	24
GRI 2-7	Employees	Human capital	70
Governance			
GRI 2-9	Governance structure and composition	Corporate Governance Statement	112
GRI 2-10	Nomination and selection of the highest governance body	Corporate Governance Statement	112
GRI 2-11	Chair of the highest governance body	Risks and opportunities	33
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Statement	112
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		Natural capital	92
GRI 2-13	Delegation of responsibility for managing impacts	Social capital	56
		Natural capital	92
GRI 2-14	Role of the highest governance body in sustainability reporting	Statement from the Director-General	12



Indicator	Disclosure	Section	Page
GRI 2-15	Conflicts of interest	Corporate Governance Statement	112
GRI 2-16	Communication of critical concerns	Risks and opportunities	33
GRI 2-17	Collective knowledge of the highest governance body on sustainability impacts	Corporate Governance Statement	112
GRI 2-18	Evaluation of the performance of the highest governance body	Statement from the Director-General	12
		Report of the Supervisory Board	123
		Self-assessment of the work of the Supervisory Board and the Audit Committee	126
		Assessment of the work of the Management Board and Supervisory Board	126
		Statement on the responsibilities of the Management Board	128
GRI 2-19	Remuneration policies	Corporate Governance Statement	112
GRI 2-20	Process to determine remuneration	Corporate Governance Statement	112
Strategy, policies and practices			
GRI 2-22	Statement on sustainable development strategy	Sustainability of strategy and plans	20
GRI 2-23	Policy commitments	Statement from the Director-General	12
		Natural capital	92
		Internal Audit Department	108
		Corporate Governance Statement	112
		Compliance and corporate integrity system	116
GRI 2-24	Embedding policy commitments	Statement from the Director-General	12
GRI 2-25	Processes to remediate negative impacts	Risks and opportunities	33
GRI 2-26	Mechanisms for seeking advice and raising concerns	Risks and opportunities	33
		Corporate Governance Statement	112
GRI 2-27	Compliance with laws and regulations	Management and governance systems	89
		Intellectual capital	86
		Natural capital	92
		Corporate Governance Statement	112
		Statement on the responsibilities of the Management Board	128
GRI 2-28	Membership in associations	Stakeholder portfolio	53
		Human capital/Education	76
		Natural capital/Energy efficiency of rolling stock	102
Stakeholder engagement			
GRI 2-29	List of stakeholder groups engaged by the organisation	Stakeholder portfolio	53
GRI 2-30	Collective bargaining agreements	Human capital	70





Indicator	Disclosure	Section	Page
Economic impacts			
GRI 201-1	Direct economic value generated and distributed	Key performance indicators of the Slovenske železnice Group	6
		Social capital	56
		Financial capital	65
		Operating revenues by strategic activity	58
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 2023	129
GRI 203-1	Infrastructure investments and services supported	Production capital	79
		Investments by the Slovenske železnice Group in 2023, by pillar	84
		Investments by the Slovenske železnice Group in 2023, by purpose	85
Anti-corruption			
GRI 205-1	Operations assessed for risks related to corruption	Compliance and corporate integrity system	116
GRI 205-2	Communication and training about anti-corruption policies and procedures	Compliance and corporate integrity system	116
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GRI 205-3	Confirmed incidents of corruption and action taken	Compliance and corporate integrity system	116
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		Energy efficiency of buildings	99
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GRI 302-4	Reduction of energy consumption	Natural capital	98
GRI 303-1	Interactions with water as a shared resource	Natural capital/Water consumption	102
GRI 303-2	Management of water discharge-related impacts	Natural capital/Wastewater from stationary sources of environmental pollution	103
GRI 303-4	Water discharge	Natural capital/Wastewater from stationary sources of environmental pollution	103
GRI 305-1	Direct GHG emissions	Natural capital	97
GRI 305-2	Energy indirect GHG emissions	Natural capital	97
GRI 305-5	Reduction of GHG emissions	Natural capital/Other disclosures	97
GRI 306-1	Waste generation and significant waste-related impacts	Natural capital/Waste management	106



Indicator	Disclosure	Section	Page
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GRI 306-5	Waste directed to incineration, co-incineration or landfill	Natural capital	106
Social impacts: Employment			
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		Occupational health and safety, well-being and volunteering	77
GRI 403-2	Hazard identification, risk assessment and incident investigation	Human capital/Health, well-being and volunteering	77
GRI 403-3	Occupational health services	Human capital/Occupational health, well-being and volunteering	77
GRI 403-4	Worker participation, consultation and communication on occupational health and safety	Human capital/Occupational health, well-being and volunteering	77
GRI 403-5	Worker training on occupational health and safety	Human capital/Occupational health, well-being and volunteering	77
GRI 403-6	Promotion of worker health	Human capital/Occupational health, well-being and volunteering	77
GRI 404-1	Average hours of training per year per employee, by gender and employee category	Human capital	70
GRI 404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Human capital	70
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Human capital	70
GRI 405-1	Diversity of governance bodies and the breakdown of employees by category (gender, age, membership of a minority group and other relevant indicators of diversity)	Description of the diversity policy	122
		Statement on the responsibilities of the Management Board	128
Social impacts: Local communities			
GRI 413-1	Operations with local community engagement, impact assessments and development programmes	Stakeholder portfolio	53



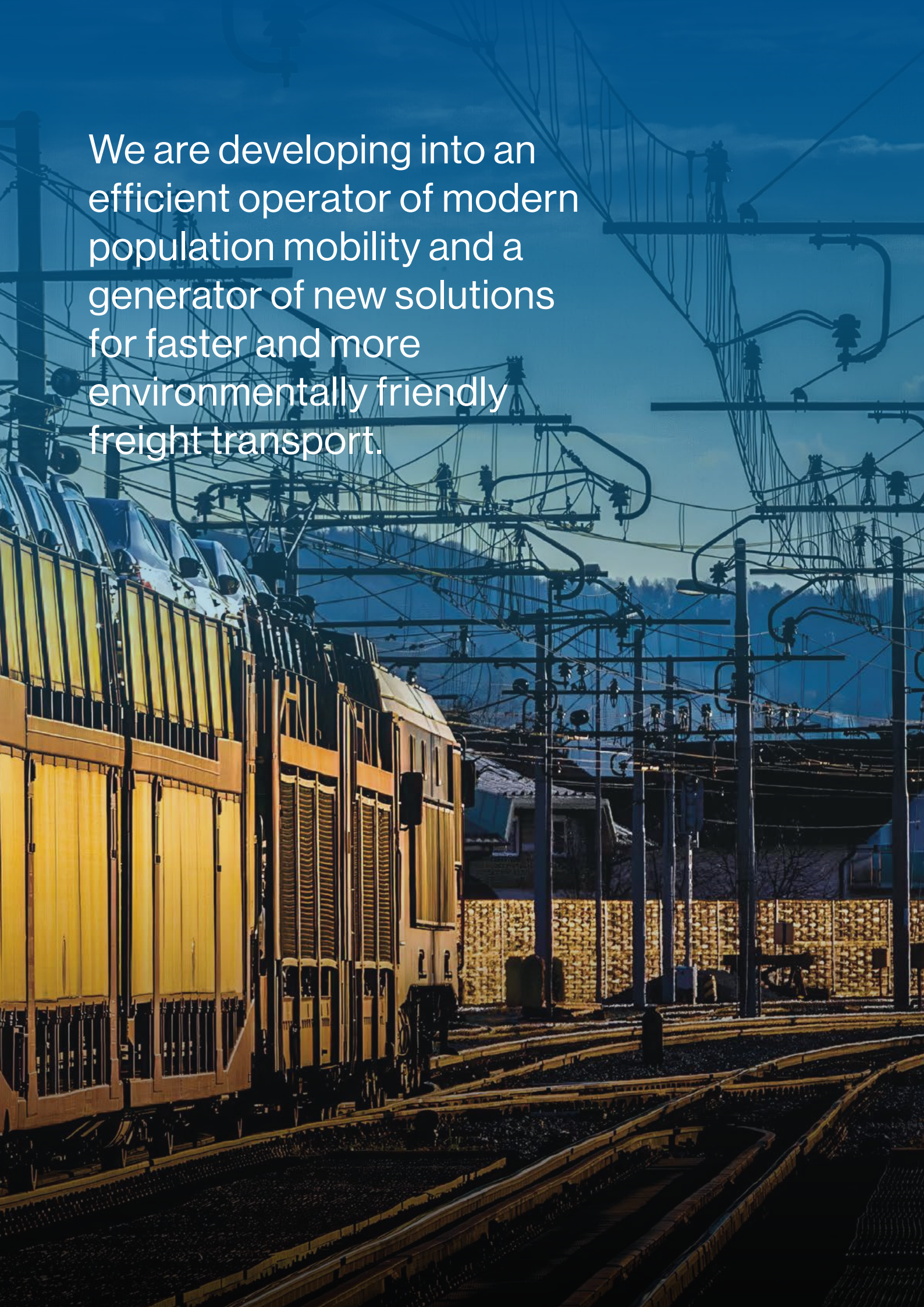
Incorporation of the expected disclosures into the non-financial statement in accordance with the Companies Act

Legally required disclosure	Section containing the disclosure <sup>1</sup>
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 management of the company (in particular the Corporate integrity section)
Short description of the company's business model	Most important topics of the Supervisory Board 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

<sup>1</sup> 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.

The 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 disclosure
<ul style="list-style-type: none"><li>Risks and the risk management system</li><li>Internal controls</li></ul>	Risk and opportunity management Strategic policies Corporate governance of the company
<ul style="list-style-type: none"><li>Research and development</li></ul>	Key risks and opportunities (each equity item separately)
<ul style="list-style-type: none"><li>Corporate governance of the company (including an explanation of any deviations from the provisions of the Code)</li></ul>	Corporate governance of the company
<ul style="list-style-type: none"><li>Important events and circumstances affecting the business position of the company and/or owners</li></ul>	Summary of the comprehensive report for 2023 Notable events in 2023 / Events after the end of the financial year Financial report (audited financial statements) / Events after the balance-sheet date Management of risks / Management of opportunities Strategic policies / Objectives for 2023
<ul style="list-style-type: none"><li>Reporting on the sustainable development of the company</li></ul>	Strategic policies / Objectives for 2023 Corporate reporting by Slovenske železnice



We are developing into an efficient operator of modern population mobility and a generator of new solutions for faster and more environmentally friendly freight transport.





03

# Business report of the Slovenske železnice Group





# Business environment in 2023

Last year was marked by global economic uncertainty and instability linked to the geopolitical situation and conditions on energy markets. Inflation gradually fell towards the end of the year, but remains high, with the high prices of services the main reason for this and the fall in energy prices the main reason for the fall in inflation. According to the 2024 spring economic forecasts issued by the Institute of Macroeconomic Analysis and Development (UMAR), inflation averaged 7.4% in 2023.

The fall in household spending power caused by high inflation, stricter monetary policies and poor foreign demand had a negative impact on economic activity in the region. According to UMAR, the economy grew by 1.6% in 2023. The slowdown in economic growth and labour shortages also meant that the growth in employment gradually began to slow.

The year saw a large volume of infrastructure work on the rail network, as well as upgrades to lines and other investment projects crucial to improving rail infrastructure. Despite intensive investments in recent years, Slovenia's rail infrastructure still lags behind the infrastructure in other, more developed European countries. The main issue was caused by the closure of some sections of the Ljubljana–Divača double-track line as a result of upgrade work. These disruptions will last until 2026. There were also a number of track and line closures on other sections of the Slovenian rail network and the networks of neighbouring countries. Urgently required work on the rail network caused disruption for goods and passenger transport, which led to logistics routes being adjusted.

With the increasing competition from foreign rail freight operators comes increasing competition in the provision of bypass routes, as neighbouring countries are proceeding apace with the construction of modern rail and road infrastructure. Some freight flows are already being rerouted to other ports (Trieste, Rijeka) and along routes without a Slovenian component.

The results of the new passenger rolling stock and the consequent improvements to transport services can be seen in the growth in the number of passengers carried, even in comparison with 2019, when the Covid-19 pandemic had not yet arrived. The further modernisation of our vehicle fleet and the development of new services in the next few years present us with a major opportunity to increase the number of passengers, particularly after the biggest public railway infrastructure investments have been completed.

The on-time completion of railway infrastructure investments in the upcoming period will be key to improving traffic flows and increasing the quantitative transport capacities of the railways. Construction work on the new Ljubljana passenger centre was underway by the end of 2023. This facility will improve traffic flow through Ljubljana for passengers and freight, and foster the development of passenger transport throughout the rest of the country as well.



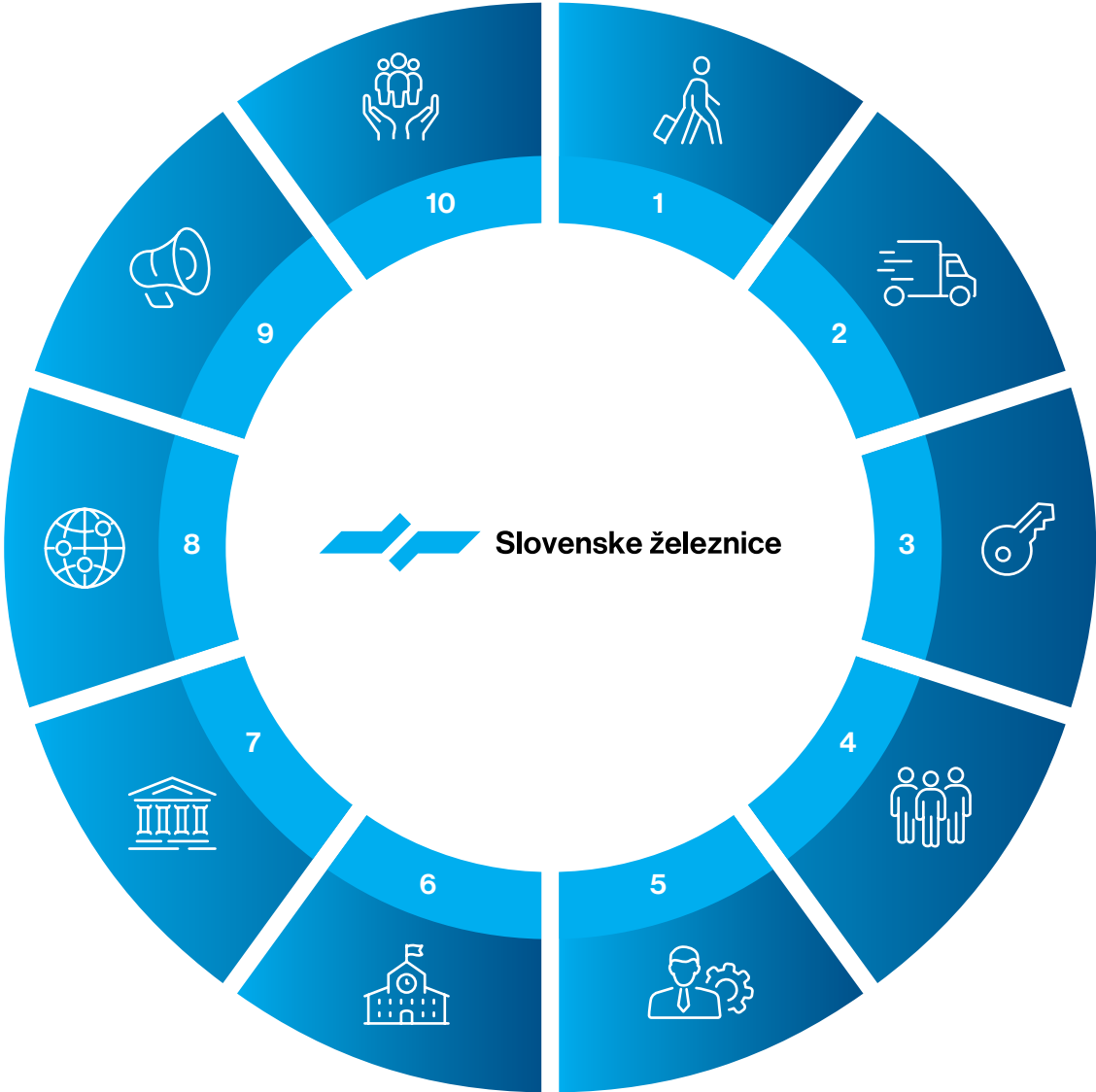
# Stakeholder engagement

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 the advantages of rail 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 professional 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 portfolio







Stakeholder	Components of engagement, key topics	Method of engagement	Frequency of engagement
1			
<b>Customers/users</b> <ul style="list-style-type: none"><li>passengers</li><li>freight forwarding</li><li>transport partners</li><li>customers (buyers) of services provided by Slovenske železnice Group companies</li></ul>	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 anticipated and unanticipated disruptions to traffic 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.
2			
<b>Suppliers</b>	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).
3			
<b>Owner, founder (SDH, d.d.)</b>	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 owner's representative at Supervisory Board meetings.	Monthly and quarterly reporting, regular response to all invitations and initiatives submitted by the owner.
4			
<b>Employees</b>	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, safety and social capital.	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 progá 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.
5			
<b>Trade unions</b>	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 progá 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.

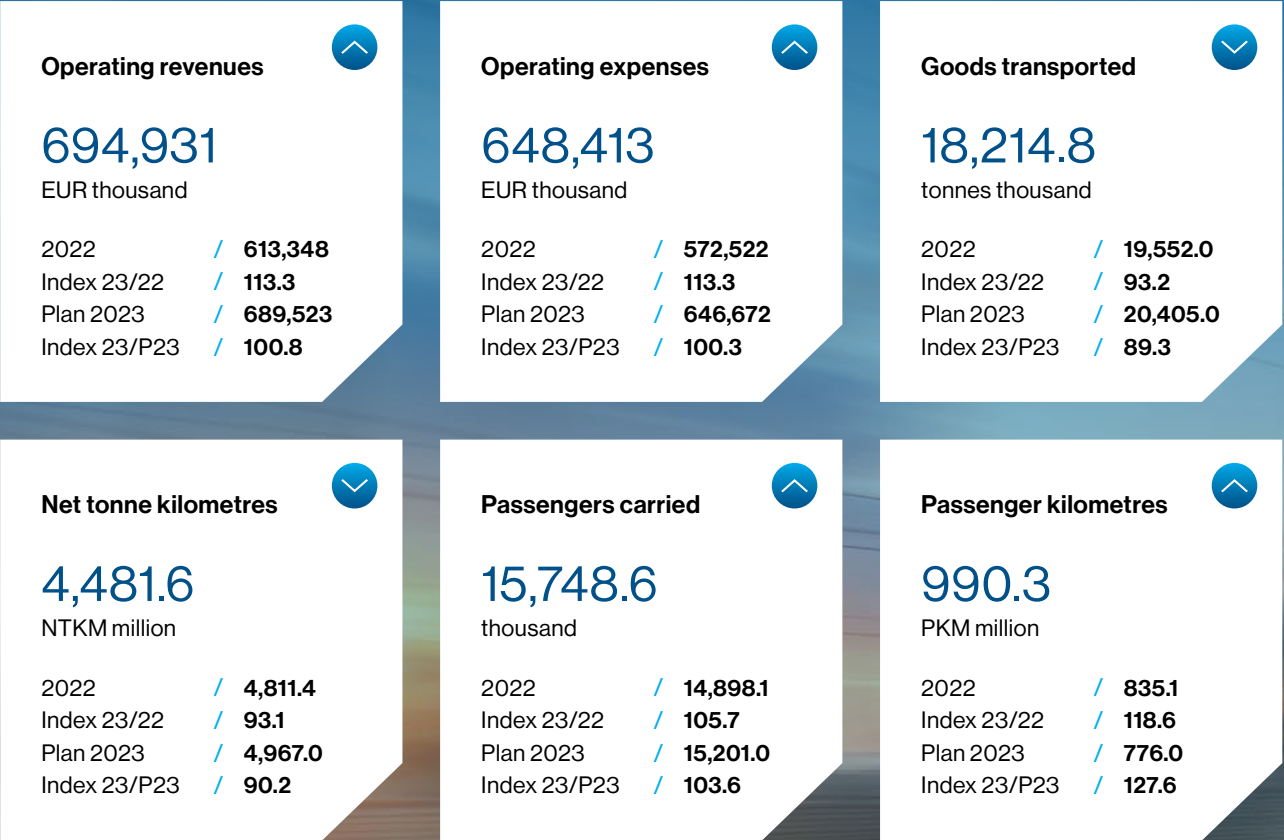


Stakeholder	Components of engagement, key topics	Method of engagement	Frequency of engagement
6			
<b>State institutions</b> <ul style="list-style-type: none"><li>National Assembly</li><li>Ministry of Infrastructure, Infrastructure Agency</li><li>Public Agency for Rail Transport</li></ul>	Allocation of funds, importance of providing and developing services for customers and other stakeholders.  Participation in the drafting of laws and implementing regulations in the field of railway system organisation and rail safety.	Operations in compliance with laws and regulations, with fulfilment of obligations to central government as a matter of course.  Preparation of background documents and proposals for amendments to regulations and activities for their adoption and entry into force, via special internal expert committees.	Justification of allocated funds through interim and annual reports on operating results.  Regular and proactive participation with the aim of improving existing regulations.
7			
<b>Banks</b>	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.
8			
<b>International institutions and partners</b> <ul style="list-style-type: none"><li>international railway organisations and associations (CER, UIC, CIT)</li><li>interest groups</li><li>foreign railway administrations</li></ul>	Provision of information on current topics in European transport policy and key activities at international level, monitoring of the development and importance of rail transport internationally, mutual information-provision, activation of and links between stakeholders and interest groups, the promotion of all forms of international cooperation and the sharing of best practices and solutions, the organisation of meetings and events with an international component.	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.
9			
<b>Media</b> <ul style="list-style-type: none"><li>national, regional and local media (print, electronic in web media, social networks, Nova progá internal newsletter, agencies)</li></ul>	Transparent information regarding operations, significant business events and changes within the Slovenske železnice Group.	In person, via 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.
10			
<b>Local community</b>	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 treatment 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.





# Social capital



## Notable results in 2023

Social capital	Unit	2023	2022	Index
Operating revenues	EUR thousand	694,931	613,348	113.3
Transport revenues	EUR thousand	198,616	186,023	106.8
• SŽ-Tovorni promet, d.o.o. <sup>1</sup>	EUR thousand	161,137	152,557	105.6
• SŽ-Potniški promet, d.o.o. <sup>1</sup>	EUR thousand	42,514	38,772	109.7
Revenues under contracts with the Slovenian government	EUR thousand	271,341	238,410	113.8
• SŽ-Potniški promet, d.o.o.	EUR thousand	102,167	84,356	121.1
• SŽ-Infrastruktura, d.o.o.	EUR thousand	169,174	154,054	109.8
Operating expenses	EUR thousand	648,413	572,522	113.3
Goods transported	tonnes thousand	18,214.8	19,552.0	93.2
Net tonne kilometres	NTKM million	4,481.6	4,811.4	93.1
Passengers carried	thousand	15,748.6	14,898.1	105.7
Passenger kilometres	PKM million	990.3	835.1	118.6
Total number of major accidents and accidents <sup>2</sup>	number	65	33	197.0
Freight transport delays	min./100 km	113.1	116.2	97.3
Passenger transport delays	min./100 km	5.8	4.0	145.0
Operating efficiency	ratio	1.072	1.071	100.0
Current trade receivables as at 31 December	EUR thousand	65,497	54,249	120.7
Current deferred expenses and accrued revenues as at 31 December	EUR thousand	48,831	42,254	115.6
Current trade payables as at 31 December	EUR thousand	42,813	43,808	97.7
Other current operating liabilities to others as at 31 December	EUR thousand	46,679	38,620	120.9

<sup>1</sup> Unconsolidated values  
<sup>2</sup> The number of major accidents and accidents was higher in 2023 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 2022 figure.

Key:  
Operating efficiency = operating revenues/operating expenses



Operating revenues by strategic activity

Pillar/company (EUR thousand)	2023	2022	Index
Logistics	223,595	214,895	104.0
SŽ EP Logistika, d.o.o.	44	11	400.0
SŽ-Tovorni promet, d.o.o.	198,405	184,747	107.4
SI-Cargo Logistics, d.o.o., Belgrade	307	225	136.4
Fersped, d.o.o.	18,948	22,159	85.5
VV-LOG, d.o.o.	5,891	7,753	76.0
Passenger mobility	160,014	132,046	121.2
SŽ-Potniški promet, d.o.o.	160,014	132,046	121.2
PRI management	224,595	188,164	119.4
SŽ-Infrastruktura, d.o.o.	224,595	188,164	119.4
Construction	84,747	60,951	139.0
SŽ-Železniško gradbeno podjetje Group	84,747	60,951	139.0
Support activities	214,078	195,105	109.7
SŽ-Vleka in tehnika, d.o.o.	133,487	123,808	107.8
SŽ-ŽIP Group	42,391	33,139	127.9
Prometni institut Ljubljana d.o.o.	1,290	1,263	102.1
SŽ-Železniška tiskarna, d.d.	504	446	113.0
Slovenske železnice, d.o.o.	36,406	36,449	99.9



Operating expenses by strategic activity

Pillar/company (EUR thousand)	2023	2022	Index
Logistics	207,521	197,873	104.9
SŽ EP Logistika, d.o.o.	618	596	103.7
SŽ-Tovorni promet, d.o.o.	182,531	168,501	108.3
SI-Cargo Logistics, d.o.o., Belgrade	294	219	134.2
Fersped, d.o.o.	18,708	21,291	87.9
VV-LOG, d.o.o.	5,370	7,266	73.9
Passenger mobility	145,685	125,237	116.3
SŽ-Potniški promet, d.o.o.	145,685	125,237	116.3
PRI management	217,261	180,415	120.4
SŽ-Infrastruktura, d.o.o.	217,261	180,415	120.4
Construction	74,727	55,021	135.8
SŽ-Železniško gradbeno podjetje Group	74,727	55,021	135.8
Support activities	211,395	191,608	110.3
SŽ-Vleka in tehnika, d.o.o.	132,432	121,514	109.0
SŽ-ŽIP Group	40,977	32,926	124.5
Prometni institut Ljubljana d.o.o.	1,223	1,215	100.7
SŽ-Železniška tiskarna, d.d.	602	561	107.3
Slovenske železnice, d.o.o.	36,161	35,392	102.2

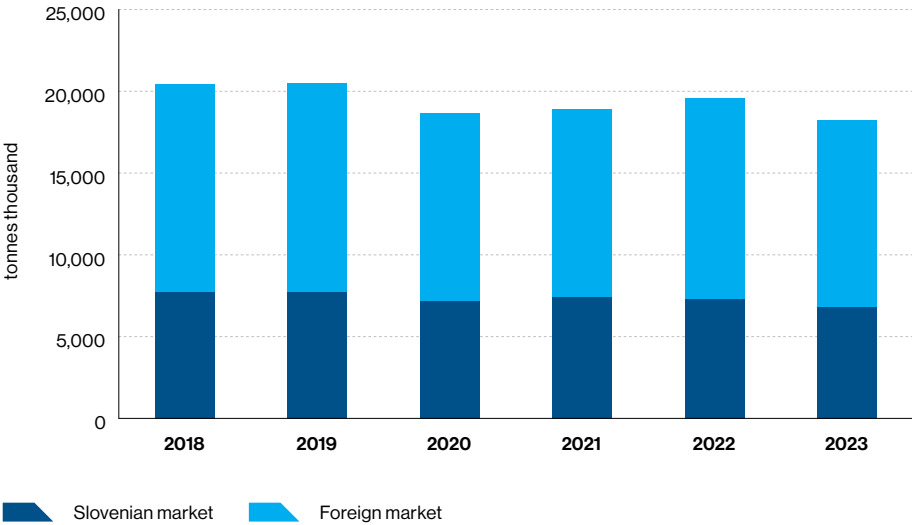




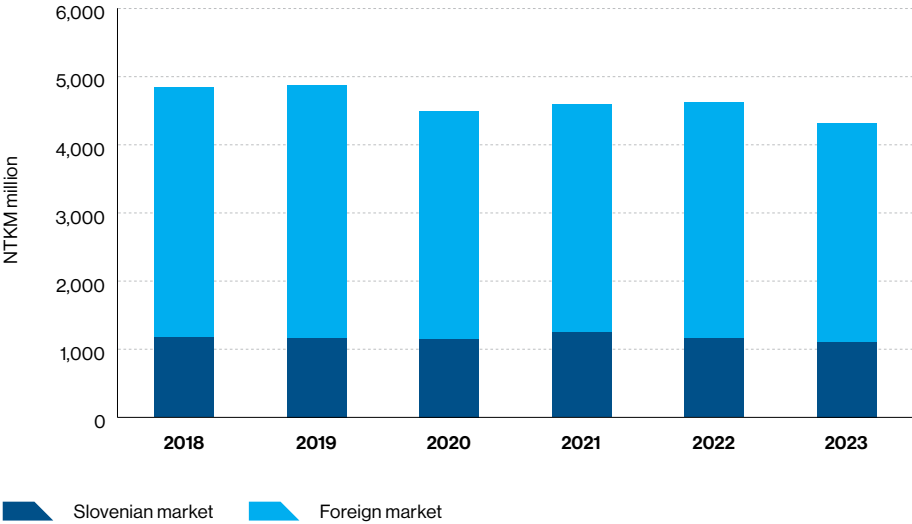
Volume of freight transported

	Unit	2023	2022	Index
Inland transport	tonnes thousand	1,022.8	1,097.3	93.2
International transport	tonnes thousand	17,192.0	18,454.7	93.2
<b>Goods transported</b>	<b>tonnes thousand</b>	<b>18,214.8</b>	<b>19,552.0</b>	<b>93.2</b>
Work performed in Slovenia	NTKM million	4,306.1	4,626.8	93.1
Work performed abroad	NTKM million	169.9	184.6	92.0
<b>Work performed</b>	<b>NTKM million</b>	<b>4,481.6</b>	<b>4,811.4</b>	<b>93.1</b>

Goods transported



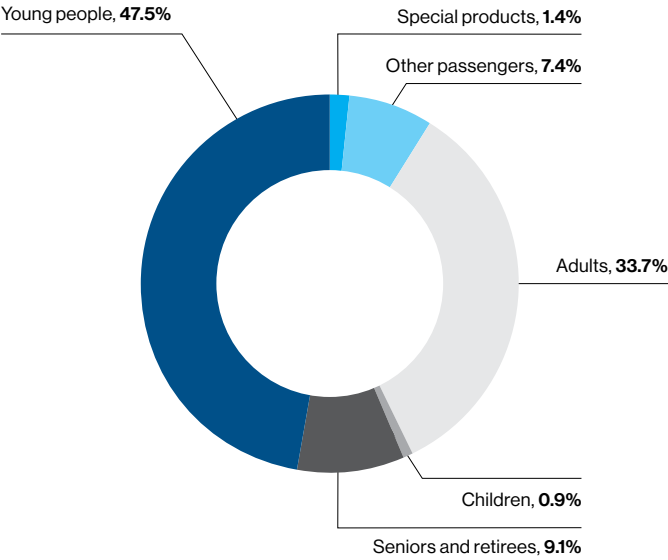
Work performed



Volume of work performed in passenger transport

	Unit	2023	2022	Index
Inland transport	passengers thousand	14,039.4	13,543.2	103.7
International transport	passengers thousand	1,709.2	1,354.9	126.1
<b>Passengers carried</b>	<b>passengers thousand</b>	<b>15,748.6</b>	<b>14,898.1</b>	<b>105.7</b>
Inland transport	PKM million	701.7	612.3	114.6
International transport	PKM million	288.6	222.8	129.5
<b>Passenger kilometres</b>	<b>PKM million</b>	<b>990.3</b>	<b>835.1</b>	<b>118.6</b>

Passengers carried





## Strategic challenges and objectives

Strategic challenge	Strategic objective	Strategic project
Operating in conditions of tight competition between undertakings on the Slovenian market.	To maintain a market share of over 80% in transport in Slovenia.	Development of transport for individual wagon consignments for key customers, with particular emphasis on wood ('Single wood' product).
Expansion of competing railway undertakings in the region, competition in bypass routes and other modes of transport (road).	To expand production activities to key markets in the region in order to manage longer transport routes and freight flows.	Development of transport using own traction capacities in Slovenia and abroad, and the expansion of own production on other key markets in the region – in line with the nature of the market and the options for entering it using own means of traction, in cooperation with a partner undertaking or by taking an ownership stake in an existing undertaking.
Providing mobility along the whole route (offering 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 take part in the development and implementation of multimodal services.	Establishment of a CRM system.
Coordination of timetables.	To align transport needs with the available vehicles.	'New timetable concept' project.
Providing sustainable modes of transport.	To align with the 2020–2050 rail infrastructure development project.	Overhaul of production processes with the aim of rationalising resource consumption.
Efficient and reliable management of PRI on the basis of a multi-year contract.	To digitally transform traffic management and maintenance processes.	Digital transformation of PRI operations and maintenance processes.
Increase in efficiency and performance of the mandated public service through the introduction of new technologies and processes.	To upgrade the machinery fleet.	Upgrading of the vehicle and machinery fleet.
Maintaining a high degree of reliability in PRI operation.	To align with the 2020–2050 rail infrastructure development project.	Multi-year PRI maintenance contracts.
Maintaining a positive upward trend in the key human capital performance indicators, in line with the owner's expectations.	To align with the 2020–2050 rail infrastructure development project.	Multi-year PRI maintenance contracts.

### Areas of particular importance

- Putting in place the conditions for the sustainable carriage of freight and passengers
- Long-term cooperation with all key stakeholders
- Securing customer satisfaction by monitoring and meeting their needs and requirements
- Reducing the number of complaints and compensation claims
- Passenger mobility
- Proactive communication with all stakeholders



## Risks and opportunities

Risks	Opportunities
Pressure from existing competing railway undertakings and road transport providers, who are focusing mainly on existing block train transport.	Managing freight transport on the longest possible routes with own traction capacities (through several countries, with as few changes of locomotive and maintenance operations at border crossings).
Competition from corridors that bypass Slovenia.	Increasing volumes of freight carried abroad by setting up branch offices in other countries.
Impact of the competitive position of a key partner, the Port of Koper, in comparison with competition in the region.	
Risk of changes to freight flows and a fall in economic growth.	Consolidating own traction capacities in Croatia and expanding onto the Serbian rail network in order to increase transport operations from Serbia, particularly of grain, and possibly redirect some journeys from the trans-Hungary route to the route through Croatia and Slovenia.
Company's dependence on the economic situation in European Union markets because of the small size of the Slovenian market.	Accessing new markets and final customers in cooperation with a strategic partner.
Heavy dependence on a smaller number of large customers that are generally not final customers but are frequently also competing undertakings.	Entering foreign markets as an undertaking (independently or through the establishment of capital ties).
Risk of a significant impact from energy prices on train traction and the risk of fuel supply disruptions	Making use of available potentials for increasing market share.
Poor or untimely communication with stakeholders.	Encouraging stakeholder response and improving service quality.
Possibility of abuse of technological sales channels.	Developing service use options.
Liberalisation of passenger transport or the presence of other undertakings on the market.	Strengthening international cooperation.
Insertion of rail transport within the available range of public passenger transport services.	Working closely with public transport stakeholders and local communities.
Indirectly being held responsible for problems in public transport.	Demonstrating how passenger transport works under circumstances of limited infrastructure.





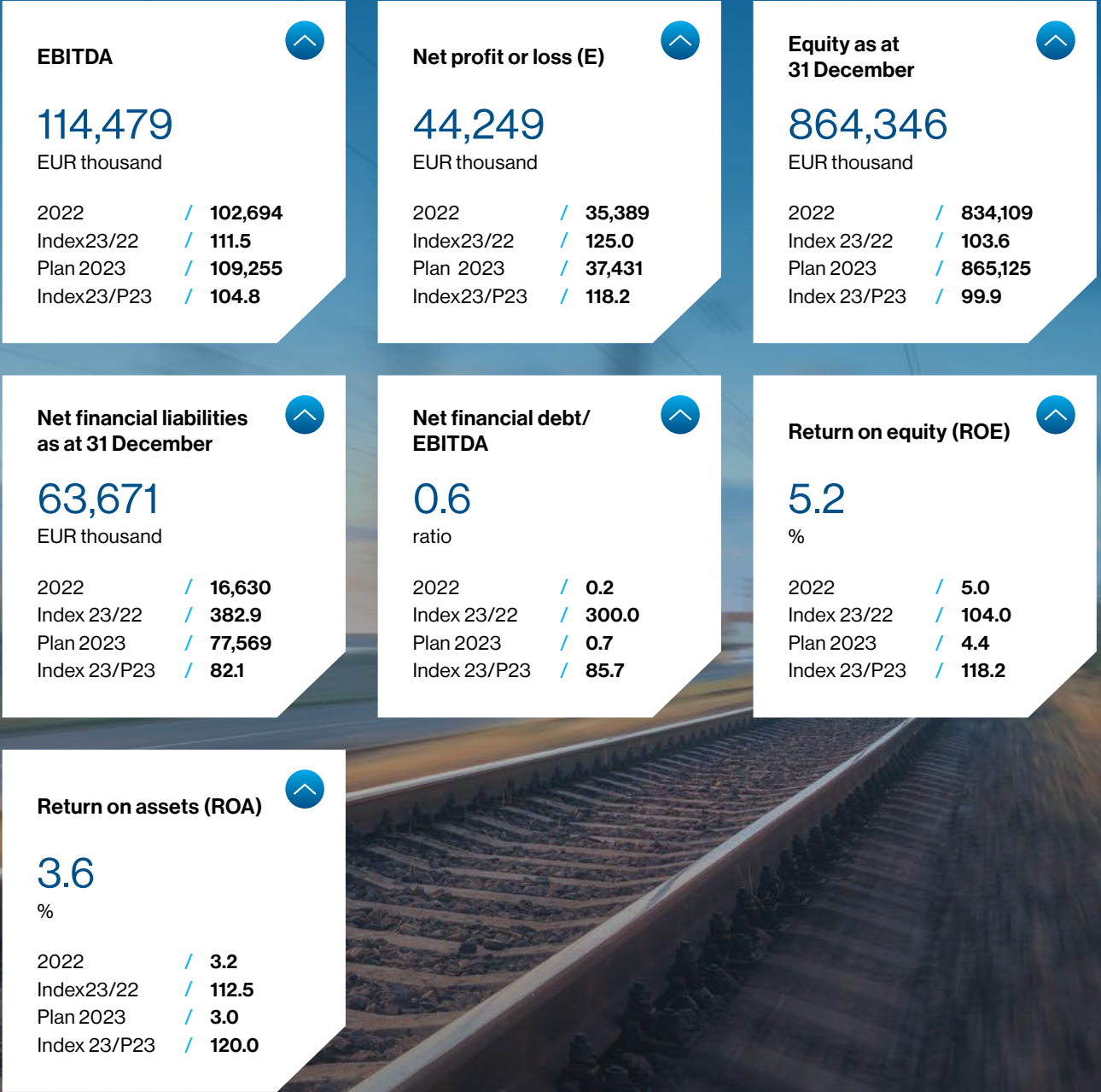
Other disclosures

Train delays

	Unit	2023	2022	Index
Passenger transport delays	min./100 km	5.8	4.0	145.0
Freight transport delays	min./100 km	113.1	116.2	97.3
Complaints	number	272	219	124.2
Positive reviews	number	9	6	150.0



Financial capital





Notable results in 2023

Slovenske železnice Group	Unit	2023	2022	Index
EBITDA	EUR thousand	114,479	102,694	111.5
Earnings before interest and taxes (EBIT)	EUR thousand	46,518	40,826	113.9
Earnings before tax (EBT)	EUR thousand	48,862	40,890	119.5
Net profit or loss (E)	EUR thousand	44,249	35,389	125.0
Assets as at 31 December	EUR thousand	1,271,549	1,218,894	104.3
Equity as at 31 December	EUR thousand	864,346	834,109	103.6
Non-current financial liabilities as at 31 December	EUR thousand	88,011	81,700	107.7
Current financial liabilities as at 31 December	EUR thousand	33,474	35,956	93.1
Non-current lease liabilities as at 31 December	EUR thousand	12,108	7,381	164.0
Current lease liabilities as at 31 December	EUR thousand	10,036	9,886	101.5
Net financial liabilities as at 31 December	EUR thousand	63,671	16,630	382.9
Investment property as at 31 December	EUR thousand	41,783	36,659	114.0
Investments in associates as at 31 December	EUR thousand	32,567	37,492	86.9
Other non-current operating receivables as at 31 December	EUR thousand	141,077	5,800	
Non-current operating liabilities as at 31 December	EUR thousand	80,822	93,625	86.3
Net financial debt/EBITDA	ratio	0.6	0.2	300.0
Return on equity (ROE)	%	5.2	5.0	104.0
Return on assets (ROA)	%	3.6	3.2	112.5

Key:  
EBITDA = EBIT + amortisation/depreciation  
EBIT = operating revenues - operating expenses  
Net profit or loss = earnings before tax - 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.



Strategic challenges and objectives

Strategic challenge	Strategic objectives	Strategic project
Securing sufficient financial resources.	To meet the targets set out in the financial plan and carry out the activities contained in the strategic financial plan.	
Controlling costs.	To achieve adequate profitability.	
Monitoring cash flows, adhering to the Slovenske železnice Group's asset management policy, and securing short-term revolving credit lines where available.	To control and ensure liquidity/long-term solvency.	
Overseeing, reporting on and controlling debt.	Financial stability.	

Areas of particular importance

- Achieving an adequate level of return in line with the owner's expectations
- Creating net cash flow for realisation of the adopted investment plan
- Working with key stakeholders in order to secure sufficient financial resources and liquidity over the long term
- Maintaining the level of growth in operating expenses relative to the growth in operating revenues
- Overseeing and controlling debt so that financial commitments can be met

Risks and opportunities







Other disclosures

EBITDA by strategic activity

Pillar/company (EUR thousand)	2023	2022	Index
Logistics	44,746	42,771	104.6
SŽ EP Logistika, d.o.o.	-574	-585	98.1
SŽ-Tovorni promet, d.o.o.	43,624	41,127	106.1
SI-Cargo Logistics, d.o.o., Belgrade	13	6	216.7
Fersped, d.o.o.	1,095	1,672	65.5
VV-LOG, d.o.o.	588	551	106.7
Passenger mobility	41,668	31,970	130.3
SŽ-Potniški promet, d.o.o.	41,668	31,970	130.3
PRI management	10,343	10,920	94.7
SŽ-Infrastruktura, d.o.o.	10,343	10,920	94.7
Construction	13,748	8,985	153.0
SŽ-Železniško gradbeno podjetje Group	13,748	8,985	153.0
Support activities	9,987	10,176	98.1
SŽ-Vleka in tehnika, d.o.o.	3,983	4,926	80.9
SŽ-ŽIP Group	2,557	1,278	200.1
Prometni institut Ljubljana, d.o.o.	107	86	124.4
SŽ-Železniška tiskarna, d.d.	-50	-65	76.9
Slovenske železnice, d.o.o.	3,390	3,951	85.8

EBIT by strategic activity

Pillar/company (EUR thousand)	2023	2022	Index
Logistics	16,074	17,022	94.4
SŽ EP Logistika, d.o.o.	-574	-585	98.1
SŽ-Tovorni promet, d.o.o.	15,874	16,246	97.7
SI-Cargo Logistics, d.o.o., Belgrade	13	6	216.7
Fersped, d.o.o.	240	868	27.6
VV-LOG, d.o.o.	521	487	107.0
Passenger mobility	14,329	6,809	210.4
SŽ-Potniški promet, d.o.o.	14,329	6,809	210.4
PRI management	7,334	7,749	94.6
SŽ-Infrastruktura, d.o.o.	7,334	7,749	94.6
Construction	10,020	5,930	169.0
SŽ-Železniško gradbeno podjetje Group	10,020	5,930	169.0
Support activities	2,683	3,497	76.7
SŽ-Vleka in tehnika, d.o.o.	1,055	2,294	46.0
SŽ-ŽIP Group	1,414	213	
Prometni institut Ljubljana, d.o.o.	67	48	139.6
SŽ-Železniška tiskarna, d.d.	-98	-115	85.2
Slovenske železnice, d.o.o.	245	1,057	23.2



Net profit or loss by strategic activity

Pillar/company (EUR thousand)	2023	2022	Index
Logistics	16,452	14,445	113.9
SŽ EP Logistika, d.o.o.	661	-417	
SŽ-Tovorni promet, d.o.o.	14,082	13,733	102.5
SI-Cargo Logistics, d.o.o., Belgrade	14	4	350.0
Fersped, d.o.o.	1,260	738	170.7
VV-LOG, d.o.o.	435	387	112.4
Passenger mobility	16,030	5,298	302.6
SŽ-Potniški promet, d.o.o.	16,030	5,298	302.6
PRI management	6,624	5,530	119.8
SŽ-Infrastruktura, d.o.o.	6,624	5,530	119.8
Construction	8,004	4,755	168.3
SŽ-Železniško gradbeno podjetje Group	8,004	4,755	168.3
Support activities	12,604	5,454	231.1
SŽ-Vleka in tehnika, d.o.o.	106	1,236	8.6
SŽ-ŽIP Group	1,095	-24	
Prometni institut Ljubljana, d.o.o.	73	31	235.5
SŽ-Železniška tiskarna, d.d.	-100	-119	84.0
Slovenske železnice, d.o.o.	11,430	4,330	264.0



# Human capital

Value-added per employee

60,340

EUR

2022 / 54,307

Index 23/22 / 111.1

Plan 2023 / 53,275

Index 23/P23 / 113.3

No. of employees (31 December)

7,102

2022 / 6,986

Index23/22 / 101.7

Plan 2023 / 7,050

Index 23/P23 / 100.7

Average number of employees

6,970

2022 / 6,902

Index 23/22 / 101.0

Plan 2023 / 7,024

Index 23/P23 / 99.2



## Notable results in 2023

Information on employees	2023	2022	Index
Value-added per employee (EUR) <sup>1</sup>	60,340	54,307	111.1
Number of employees as at 31 December	7,102	6,986	101.7
Average number of employees	6,970	6,902	101.0
Average age of employees	45.9	46.0	99.8
Average level of employee qualifications	4.6	4.6	100.0
Proportion of female employees	19.0	18.3	103.8
Proportion of women in management positions	31.0	32.1	96.6
Proportion of employees on permanent contracts	92.4	91.9	100.5
Proportion of employees on fixed-term contracts	7.6	8.1	93.8
Proportion of full-time employees	98.1	98.2	99.9
Proportion of employees with a Category II or III disability	8.0	8.1	98.8
Proportion of employees covered by collective agreements	97.0	97.1	99.9
Agency workers as a proportion of all employees	1.6	1.0	160.0
Employee turnover rate	4.9	3.5	140.0
Employee sick leave rate	6.5	7.9	82.3
Co-financing of work-based learning (number of employees)	50	48	104.2
Number of scholarship recipients	99	106	93.4
Number of training courses	9,164	14,191	64.6
Hours of education/training per employee	57.8	45.3	127.6
Number of mentors assigned to employees for onboarding purposes	1,650	1,739	94.9
Number of working days lost due to injury at work (per injury)	25.5	24.0	106.3
Rate of injuries at work per 1,000 employees	18.5	17.0	108.8
Proportion of employees enrolled in supplementary pension insurance	79.4	78.9	100.6
Work-related accidents (number)	3	0	

<sup>1</sup> 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 2023: 6,752.96 employees, in 2022: 6,626.96 employees).





Number of employees as at 31 December, by Slovenske železnice Group pillar

Pillar	2023	2022	Index
Logistics	1,118	1,108	100.9
Passenger mobility	641	592	108.3
PRI management	2,102	2,071	101.5
Construction	282	256	110.2
Support activities	2,959	2,959	100.0
Slovenske železnice Group	7,102	6,986	101.7

Strategic challenges and objectives

Strategic challenge	Strategic objective	Strategic project
Having the optimal staff and management structure.	To plan, acquire and develop staff and management structure effectively.	
	To develop a system of remuneration that motivates staff and prevents unwanted departures.	
	To systematically monitor new recruits (carried out as a pilot project at Slovenske železnice, d.o.o. in 2023).	
	To identify and evaluate the development potential of promising employees.	
	To provide rolling scholarships for key profiles, apprenticeships, create links with educational institutions and strengthen the brand.	
Strengthening competencies in order to improve performance at work and manage high-performing and diverse teams for project-based and optimisation tasks.	To provide high-quality education/training and accessible educational content.	
	To upgrade and update educational content in good time, and to adapt teaching methods to the rapid technological and other changes in the environment.	
	To tailor the provision of education/training to the needs of the individual.	To overhaul the job classification system, salary/wages and staff planning systems for the Slovenske železnice Group.
	To continually develop training programmes that strengthen competencies, with the aim of improving performance at work and fostering employees' professional development.	To digitally transform HR functions.
Developing an organisational culture	To upgrade internal and external communications via a variety of channels and technologies.	
	To measure commitment and motivation, and create activities that improve working conditions, commitment and motivation.	
	To ensure a safe and healthy working environment.	
	To ensure diversity, inclusion and equal treatment for all employees.	
Transforming the HR function.	To optimise, digitally support and improve the performance of HR and related functions in order to provide high-quality, effective HR services, and high-quality and up-to-date analytics and an insight into the relevant data, situations and trends.	
	To make the HR function a competent partner of company management (withdrawal from an administrative role).	



Areas of particular importance

We manage employees responsibly by achieving the targets set out in the Human Resource Management Strategy 2021–2025.

The areas of particular importance for achieving all the other strategic objectives within the Slovenske železnice Group as well (in different pillars) are as follows:

- the recruitment, development and retention of competent and motivated employees;
- effective knowledge transfer, employee education/training and the upgrading of key competencies;
- a stimulating, diverse, healthy, safe and psychologically secure working environment for all generations in all activities;
- the optimisation of processes, and the provision of digital support to those processes, in order to continually improve productivity and lay the foundations for analytics that support business decisions.



## Risks and opportunities

### Risks

Departure of key personnel and personnel in areas in which there is a shortage of available labour, and the inadequate influx of new recruits with the appropriate knowledge and abilities (inadequate number of staff in certain positions).

Inadequate qualifications of employees in certain posts, or failure to obtain the right qualifications on time.

Risks of human error.

Time lags in the overhauling of the remuneration and incentives system relative to the objectives set and conditions on the market.

Negative impact of the feeling of unequal treatment among employees on commitment, motivation and performance at work.

Extension of the time frames for key strategic HR management projects.

### Opportunities

Systematically acquiring key profiles (scholarships, work-based learning, collaboration with schools and higher education departments, participation at careers fairs, a swift and efficient recruitment process, advertising of vacancies on popular platforms, strengthening of the brand).

Fostering the development of new forms of work (e.g. hybrid working) that are attractive to new generations of jobseekers, and hiring workers via agencies and student organisations, etc.

Transferring in-house knowledge, in an accelerated and high-quality fashion, via mentors/instructors and modern teaching methods.

Digitally transforming the HR function, which will help to make employee management more efficient and lead to optimal staffing, succession planning, knowledge transfer, education and training, staff development, etc.

Regularly updating the safety statement with risk assessment and education programmes in response to an analysis of emergency events, with measures to eliminate the risks.

Adopting agreements on the gradual modification of some of the financial remuneration elements to attract new recruits and increase the motivation of existing employees.

Designing further solutions to ensure that staff in those posts that have the greatest shortage of workers are adequately remunerated (engineers, high-ranking specialists and experts).

Increasing the proportion of employees involved in the process of measuring various elements of organisational culture (for the successful identification of relevant factors and the creation of timely and effective activities)

Implementing in good time the measures adopted to change and improve the factors that lead to fluctuations in commitment and motivation.

Implementing an effective change management strategy, with an emphasis on communications, the timely transfer of information to key stakeholders and to interlinked, highly committed and efficient teams (team leaders are crucial factors here).

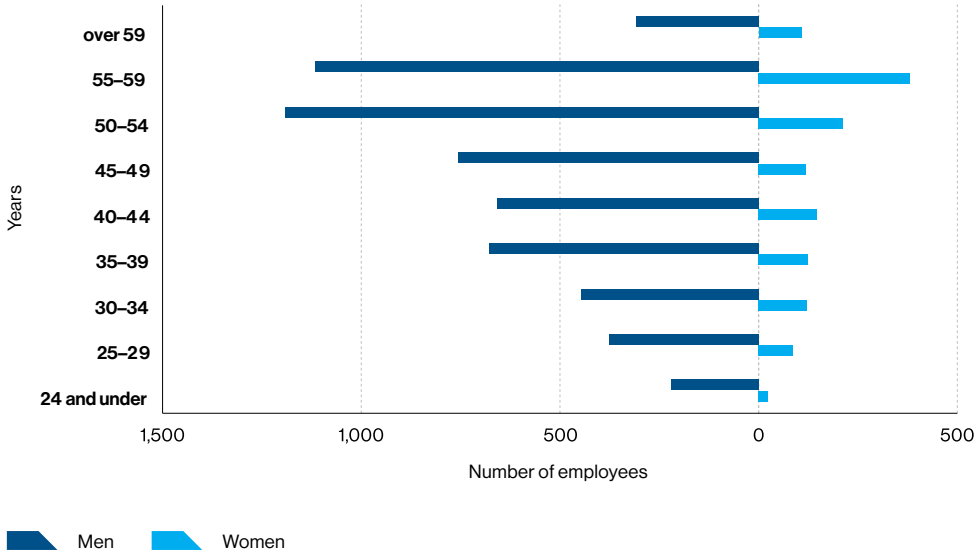
Striking an optimal balance between the standardised solutions of good practice and adjustments to the specificities of Slovenske železnice. Promoting openness to change, optimisation and new developments.

Encouraging all stakeholders (decision-makers, associates, managers/leaders) to work towards the highest standards and clearly mark out and assume responsibility for their own contributions.



## Other disclosures

### Age breakdown of employees



### Employees by level of education

	Total	I	II	III	IV	V	VI	VII	VIII	IX
Slovenske železnice Group	7,102	668	75	192	1,820	2,855	602	745	138	7

### Remuneration and motivation

Employee remuneration does not differ according to gender or location. Experience is rewarded with jubilee (long-service) benefits and loyalty with regular promotion. Certain jobs come with inclusion in the compulsory occupational insurance system.

We involved a larger number of employees than the year before in annual performance reviews, thereby further promoting open communication between managers and staff on well-being in the workplace, expectations and targets. We also identified specific needs for education and the development of competencies and interests in relation to professional and occupational development.

### Employee acquisition and development

We use scholarships to acquire and recruit candidates from a number of fields of study relevant to the areas in which we face a shortage of personnel, such as mechanical engineering, metalworking, electrical engineering, construction, mechatronics, transport, logistics, economics, psychology, and computer and information science. This year, Slovenske železnice Group companies provided 134 school and further/ higher education students with the opportunity of undertaking work experience.

We have enrolled 25 promising employees with high development potential in the Business Talent Academy and 72 managers in the Business Management Academy. The aim is to develop employees who will subsequently assume responsibility for the more complex tasks and take up leading positions (in some cases, they are already carrying out management functions).



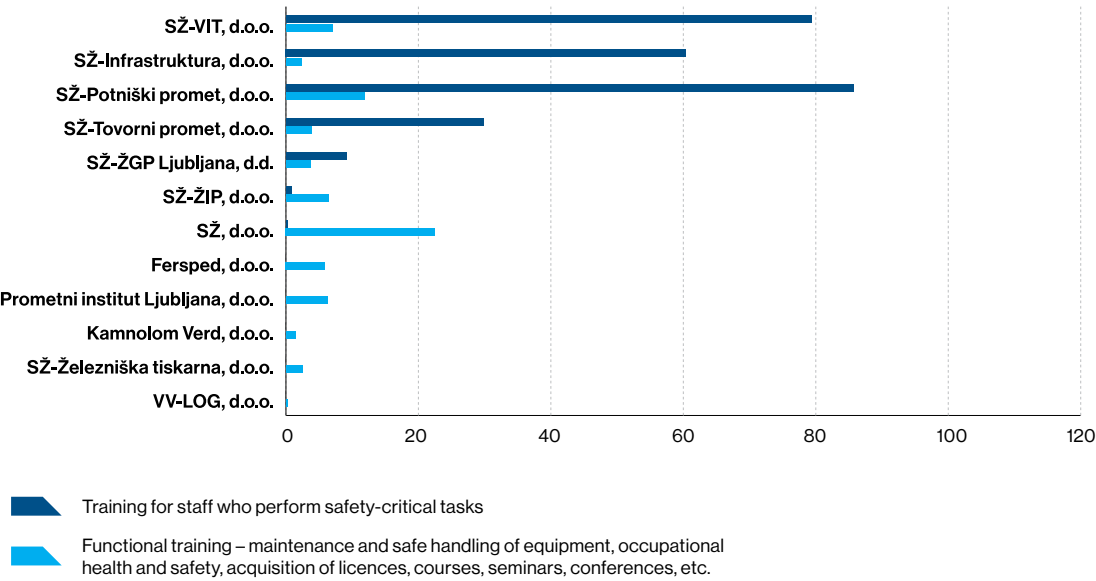


Education and training

The Slovenske železnice Education Centre is even more specialised, providing professional training for staff who perform safety-critical tasks and who are key to rail safety. The Group maintains its status as a Train Driver Training Centre and Train Driver Assessment Centre, while the Public Agency for Rail Transport oversees the centres’ activities. Various forms of functional training are organised to enable all employees to acquire knowledge and further upgrade it. We ensure that our instructors undergo continuous professional training, and use the latest classroom and online teaching methods. The learning process takes

place in renovated and technologically well-equipped premises, and we have developed a digital library, teaching videos and e-testing in our own studio. We are also introducing technology that uses virtual reality. Membership of international organisations and the education/training and events that come with that are important from the point of view of sharing good practices and fostering professional development. Slovenske železnice is an active member of the platform set up under the auspices of the International Union of Railways (UIC) designed to promote innovation, share knowledge and bring continuous improvements to the rail sector. We are partners in a large number of international projects.

Average hours of training per employee by company



Measuring commitment and motivation

With the aim of providing decent working conditions tailored to employees’ wishes and needs, we measure commitment and motivation within the Slovenske železnice Group once a year.

Proposals from the Works Council and analyses of the reasons for redeployment and departures from the company are also among the bases used for planning concrete measures to improve satisfaction, motivation, the working environment, the organisational climate and working conditions.

Pillar	2023	2022	Index
Logistics	3.56	3.72	95.7
Passenger mobility	3.57	3.67	97.3
PRI management	3.63	3.70	98.1
Construction	3.16	3.27	96.6
Support activities	3.84	3.82	100.5
Slovenske železnice Group	3.60	3.72	96.8

Digital transformation of HR functions

The digital transformation and redesign of HR functions provide the basis for managing risks effectively, and for making adjustments in response to rapid changes in the work environment, technology and demographics and in order to maintain competitiveness. A strategic tool for employee management and development will be provided (for managers and HR professionals as well as for employees themselves, for the provision of effective additional support and analytics). At the end of 2023 a project to implement the SAP SuccessFactors software support system started with the planning of the first two of eight modules (the ‘Employee Central’ and ‘Learning’ modules). This was followed by the ‘Recruiting’, ‘Onboarding’, ‘Succession and Development’, ‘Performance and Goals’ and ‘Analytics’ modules. All modules are expected to be up and running in 2025. A system for recording and managing working hours will be introduced at most of the companies in 2024, although it has already been in use in some places since 2023.

**Health and safety, well-being and volunteering**

In order to improve the working environment, we carry out regular measurements and checks of work equipment, organise training, checks and inspections of the working environment, which we endeavour to adapt to employees’ needs and abilities (vaccination against tick-borne encephalitis, other health-related issues, etc.). There were three work-related accidents, which claimed four lives, in 2023 (there had been no such accidents in 2022). An analysis of all emergency events and work-related accidents was carried out with the help of company-based and external experts. Adequate measures have been put in place to prevent similar events from happening again; these include the continuous updating of occupational health and safety training programmes. Slovenske železnice, d.o.o. holds authorisation from the Ministry of Labour, Family, Social Affairs and Equal Opportunities to perform specialist tasks in connection with occupational safety and health. We provide support to employees to enable them to take responsibility for their own health and safety. Through online education and health promotion, we encourage a focus on health and safety at the workplace, provide ‘active break’ options for those who mainly work sitting down (guided exercises via MS Teams twice a day for ten minutes) and raise awareness of the four pillars of good health: exercise, food, mental health and sleep.

Number of employees who took part in the preventive health programme at the Vitalis Centre and a thermal spa

Pillar	2023	2022	Index
Logistics	87	62	140.3
Passenger mobility	39	51	76.5
PRl management	143	103	138.8
Construction	0	7	0.0
Support activities	200	153	130.7
Slovenske železnice Group	469	376	124.7

Forty-six trained volunteers (Slovenske železnice Group employees, including retired colleagues) are on hand to provide psychological first aid to other employees involved in an irregular or emergency event (e.g. a person being struck by a train). Talking to them gives them the strength to face the challenges they are experiencing. Professional therapeutic help is also available to employees and their family members who are suffering other types of emotional and mental distress.

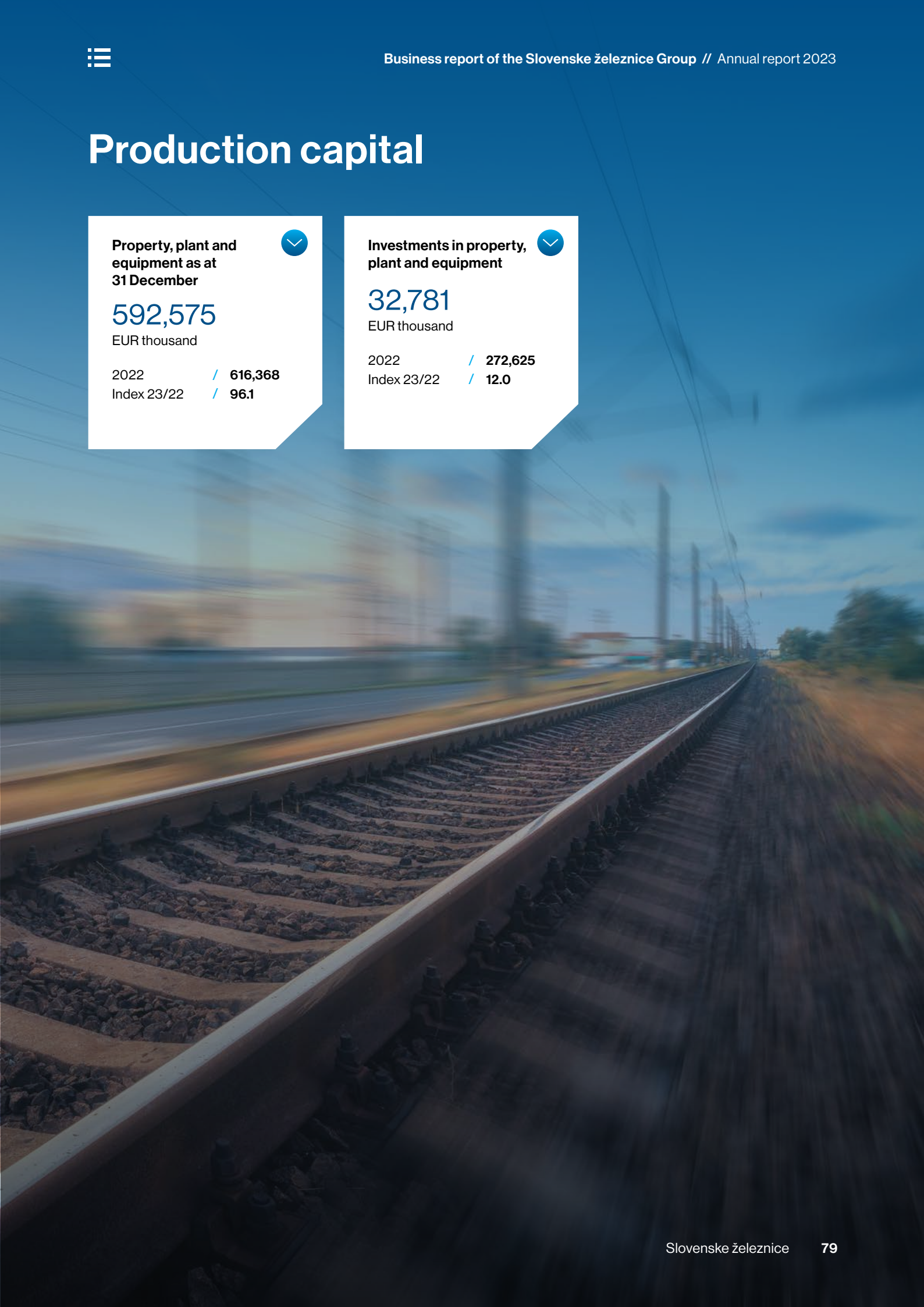
Further benefits for employees include the chance to rent holiday apartments in the mountains or by the sea, New Year gift-giving on a train for employees' children and the chance to join any one of a number of railway societies and associations (hiking, chess, caving, the Slovenske železnice brass band, the Tine Rožanc cultural and artistic society, the Slovenske železnice retirees' club, the sports society, etc.).

Diversity, inclusion and the implementation of the principle of equal treatment of all employees

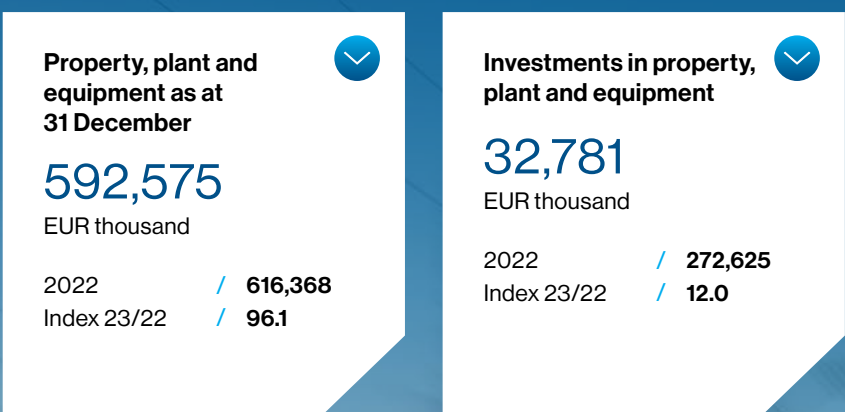
Zero tolerance for mobbing and for sexual and other kinds of harassment is an important part of ensuring diversity and inclusion at the workplace. There were six reports of these kinds of behaviour dealt with in 2023.

We try to find other suitable employment at the company's sheltered workshop for employees who are no longer able to carry out their work because of illness, injury or physical impairments. This provides them with vocational rehabilitation and long-term employment.

As we are well aware of the very great importance of good relations and the vital role that joint events at Slovenske železnice companies play in helping employees to get to know each other and to strengthen their ties, we organise New Year's gatherings (to which retired colleagues are also invited) and official award ceremonies to mark 30 years of work at Slovenske železnice.



Production capital







Notable results in 2023

	Unit	2023	2022	Index
Long-term property rights as at 31 December	EUR thousand	25,872	23,021	112.4
Property, plant and equipment as at 31 December	EUR thousand	592,575	616,368	96.1
Right-of-use lease assets as at 31 December	EUR thousand	25,079	19,782	126.8
Investments <sup>1</sup>	EUR thousand	32,781	272,625	12.0
Inventories as at 31 December	EUR thousand	42,112	43,347	97.2
Availability of tractive vehicles	number	168	160	105.0
Utilisation of locomotives	number of hours a day	2,632	2,594	101.5
	number of kilometres a day	68,204	68,345	99.8
Light runs	number of hours a day	88	92	95.7
<b>SŽ-Potniški promet, d.o.o.</b>				
Availability of vehicles				
• electric locomotives (type 342)	%	83	84	98.8
• electric trains	%	91	90	101.1
• diesel trains	%	70	72	97.2
• passenger coaches	%	62	62	100.0
<b>SŽ-Tovorni promet, d.o.o.</b>				
Availability of vehicles				
• electric locomotives (types 363 and 541)	%	81	84	96.4
• diesel locomotives	%	68	69	98.6
• freight wagons	%	93	94	99.0

<sup>1</sup> Capitalised labour costs not included.



Strategic challenges and objectives

Strategic challenge	Strategic objective	Strategic project
Ensuring sustainability of transport in Slovenia.	To construct a modern passenger centre in Ljubljana as a central multimodal hub that integrates rail and road transport.	Construction of a new bus terminus in Ljubljana with offices and a multi-storey car park.
		Methodology in place for measuring carbon footprint.
Shifting traffic from road to rail.	To change travel habits	Purchase of new passenger rolling stock.
	To modernise the passenger and freight rolling stock fleet.	Purchase of new locomotives and freight wagons.
Developing state-of-the-art logistics services.	To become the leading provider of comprehensive logistics services.	Purchase of new track-maintenance machinery.
		Purchase of new passenger rolling stock.
		Purchase of new locomotives and freight wagons.
Providing comprehensive digital support to logistics processes.	To manage IT effectively in accordance with the regulatory standards, and to ensure that the IT solutions introduced enjoy high levels of availability and security.	Purchase of new track-maintenance machinery.
		Completion and full introduction of the planned digital transformation programmes.
In the main, the vehicle fleet and loading machinery no longer meet the requirements of customers, while the high average age of the rolling stock limits the company's competitiveness and growth in Slovenia and abroad.	To comprehensively modernise the locomotive, wagon and loading machinery fleet.	Purchase of 30 multi-system electric locomotives, modernisation of 12 existing diesel locomotives, purchase of 750 freight wagons by 2030.
		Replacement of the gantry crane at Ljubljana container terminal and the purchase of a container manipulator at Maribor container terminal.
Improving the condition of company-owned infrastructure.	To modernise key company-owned infrastructure.	Remediation of ground surfaces and capital expenditure on tracks and switches at key production locations.
Negative impact on transport of non-optimal state of state-owned PRI.	To ensure the best possible transport flow despite the infrastructural obstacles.	Optimisation of transport with regard to works on PRI, in agreement with customers.



## Areas of particular importance

- Ensuring that requirements relating to social capital are met
- Securing the satisfaction of passengers and freight service users
- Green mobility
- Diverse range of logistics products and services
- Digital transformation of logistics and business processes
- Providing production resources that ensure that PRI operates safely and efficiently

## Risks and opportunities

### Risks

Outdated and inadequate machinery for the maintenance of renewed and modernised PRI.

Outdated vehicles for carrying passengers and freight that do not meet availability or efficiency requirements.

Support not forthcoming from all parts of the business process because of the outmoded digital technologies in place.

Growth in demand for green modes of passenger transport.

Ensuring the smooth operation of sales channels.

Financial burden of updating the vehicle fleet.

Limits placed on access to PRI during the construction of Ljubljana passenger centre.

Inadequate PRI capacities in Slovenia and in the countries in which the company performs international transport operations.

Risk of inadequate or delayed implementation of the planned optimisation processes within the Slovenske železnice Group, with a direct negative impact on company profits.

### Opportunities

Modernising and maintaining new and upgraded railway infrastructure in order to further the development of modern logistics services.

Becoming the leading provider of comprehensive freight/ logistics and passenger transport services in the region.

Improving the reliability, quality and cost-effectiveness of processes.

Modernising the vehicle fleet and improving user experience.

Introducing new products.

Raising awareness of sustainability and mobility.

Expanding the availability of passenger rail transport.

Becoming the main provider of green passenger transport in Slovenia.

Becoming a pillar of the integrated public transport system in Slovenia, thereby helping the transport sector as a whole to be more environmentally sustainable.

To provide solutions that make it easier to travel by train even when works are being carried out on PRI.

Providing additional funding to modernise the vehicle fleet through the conclusion of a strategic partnership.

Making the most of opportunities offered by the new GSM-R communication system to improve vehicle movement safety and efficiency.



## Other disclosures

### Locomotives and trains

Numbers as at 31 December	2023
Electric locomotives	77
Electric trains	64
Diesel locomotives	75
Diesel trains	53
Heritage steam locomotives	4
<b>Total</b>	<b>273</b>

### Freight wagons

Type of wagon	SŽ serviced wagons	Leased wagons	Wagons in reserve	Total (reserve + serviced SŽ)	Total (serviced SŽ + leased)	Average age
For bulk cargo	1,125	528	308	1,433	1,653	39.0
Containers	389	178	34	423	567	44.3
Other wagons	215	134	9	224	349	38.8
<b>Total</b>	<b>1,729</b>	<b>840</b>	<b>351</b>	<b>2,080</b>	<b>2,569</b>	<b>40.7</b>

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.

### Passenger coaches

Passenger coaches	Number of coaches/units	Number of seats		
		1st class	2nd class	Total
Passenger coaches with seats	67	54	2,860	2,914
Other passenger coaches	7	30	77	107
• baggage cars	2			0
• dining cars	5	30	77	107
<b>Total classic passenger coaches</b>	<b>74</b>	<b>84</b>	<b>2,937</b>	<b>3,021</b>
Coaches in motorised trains	330	754	19,825	20,579
<b>Total passenger coaches</b>	<b>404</b>	<b>838</b>	<b>22,762</b>	<b>23,600</b>





Volume of work in PRI maintenance and operation

Number of hours	2023	2022	Index
Number of hours of PRI maintenance work	1,574,485	1,545,822	101.9
• PRI maintenance work	1,365,082	1,367,664	99.8
• renovation as part of PRI maintenance work	26,159	34,085	76.7
• other activities	183,244	144,073	127.2
Number of hours worked in PRI operation	1,133,523	1,135,968	99.8

Investments<sup>1</sup> by the Slovenske železnice Group in 2023, by pillar

Pillar/Company (EUR thousand)	2023	2022	Index
<b>Logistics</b>			
SŽ EP Logistika, d.o.o.	0	0	
SŽ-Tovorni promet, d.o.o.	13,598	13,141	103.5
Fersped, d.o.o.	11	37	29.7
VV-LOG, d.o.o.	4	18	22.2
<b>Passenger mobility</b>			
SŽ-Potniški promet, d.o.o.	4,543	243,913	1.9
<b>PRI management</b>			
SŽ-Infrastruktura, d.o.o.	3,090	2,813	109.8
<b>Construction</b>			
SŽ-Železniško Gradbeno Podjetje Ljubljana Group	2,976	2,845	104.6
<b>Support activities</b>			
SŽ-Vleka in tehnika, d.o.o.	2,430	2,908	83.6
SŽ-ŽIP, storitve, d.o.o.	838	632	132.6
Prometni institut Ljubljana, d.o.o.	35	12	291.7
SŽ-Železniška tiskarna, d.d.	0	1	0.0
Slovenske železnice, d.o.o.	5,256	6,305	83.4
<b>Slovenske železnice Group</b>	<b>32,781</b>	<b>272,625</b>	<b>12.0</b>

<sup>1</sup> Capitalised labour costs not included.



Investments<sup>1</sup> by the Slovenske železnice Group in 2023, by purpose

EUR thousand	2023	2022	Index
Rolling stock	16,621	254,642	6.5
Construction machinery	715	1,280	55.9
Road vehicles	2,118	1,437	147.4
Information technology	5,543	6,283	88.2
Real estate	4,511	6,820	66.1
Production equipment	2,127	1,785	119.2
Communications equipment	1,121	334	335.6
Other	25	44	56.8
<b>Total</b>	<b>32,781</b>	<b>272,625</b>	<b>12.0</b>

<sup>1</sup> Capitalised labour costs not included.

The purchase of new passenger rolling stock accounted for the bulk of investments made in 2022 (EUR 236 million). No major purchases of rolling stock were made in 2023.

The modernisation of rolling stock, which is essential for the smooth running of passenger and freight transport, accounts for the largest share of investment (50.7%). Most (79.4%) of these funds went towards rolling stock maintenance.

In order to ensure the maximum availability and safety of rolling stock, investments in rolling stock included regular overhauls to and the maintenance of vehicles after their useful life comes to an end, and vehicle adaptations.

Digital transformation programmes/overhaul of the business information system at Slovenske železnice Group companies continued. They involve the introduction of a basic integrated information system on standardised bases for all Group companies.

Important investments are also being made in business/office facilities, mainly for the production of documentation and preparatory work for the new bus terminus in Ljubljana.



# Intellectual capital

**Intangible assets as at 31 December**

29,567

EUR thousand

2022 / 26,734

Index 23/22 / 110.6

**Investments in intellectual capital**

4,057

EUR thousand

2022 / 2,730

Index 23/22 / 148.6



## Notable results in 2023

	Unit	2023	2022	Index
Intangible assets as at 31 December	EUR thousand	29,567	26,734	110.6
Investments in intellectual capital	EUR thousand	4,057	2,730	148.6
Investments in the information system	EUR thousand	5,543	6,283	88.2

## Strategic challenges and objectives

Strategic challenge	Strategic objective	Strategic project
Certification of companies	To certify companies	
Trust of stakeholders	To increase stakeholders' trust	
Business continuity and performance of the company's key services.	To increase the resilience of the company and employees to cyber threats.	Introduction of control systems for identifying anomalies and information security breaches (incorporation of AI systems).
Preventing the disposal or destruction of important business data (trade secrets).	To reduce negative impacts in the event of a cyber incident.	Performance of information system resilience and penetration testing.
	To identify cyber threats and potential targeted cyber attacks on the company more quickly.	Employee education and training and the performance of employee resilience tests.
	To respond more quickly and effectively to any cyber incidents that might occur.	Establishment of a cyber security operations centre (SOC).
		Establishment of systems for managing and controlling privileged user accounts (systems administrators).
		Increase in resilience to IT-related incidents in the supply chain (suppliers and external providers).





### Areas of particular importance

- Retaining ISO 9001:2015 certification.
- Computerising processes and risk/opportunity services.
- Optimising processes.

### Risks and opportunities

Risks	Opportunities
Non-compliances in processes.	Effective and efficient operations.
Loss of certification.	Increasing stakeholder's trust and satisfaction.
Inefficiency of processes.	Improving processes through adequate process management and control.
Operations and the provision of key services disrupted because of cyber incidents.	Improving operating performance through adequate IT security management so as to reduce outage times and other negative effects of cyber attacks.
Logistics and transport systems are increasingly connected to other IT systems and digital devices; the risk of cyber attacks is therefore greater as a result of the interconnectedness of systems and supply chains.	Managing the information security requirements of suppliers and external providers. Managing information security in supply chains
Adoption of new user platforms and solutions to achieve a critical mass of end-users.	Building a competitive advantage by increasing the efficiency of the available infrastructure and resources, and building up in-house know-how through area-specific expertise, the understanding of processes, optimisation and simplification.
Provision of human resources by information solution developers as well as by the Slovenske železnice IT department.	Educating and stimulating employees.
Potential departures of staff with the relevant expertise whose presence and cooperation are a key precondition for the realisation of the planned strategy.	Acquiring new skilled employees.



### Other disclosures

#### Management and governance systems

The management and governance systems have been set up 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 management and governance systems system in accordance with the principles of best practice, legislation and regulations that govern the area of quality within the Slovenske železnice Group.

The management and governance 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 undergo internal and external audits at pre-determined time intervals in order to obtain the information needed to determine whether the management systems introduced conform to the requirements of the bylaws governing specific areas at the Slovenske železnice Group.

Three external audits were performed in 2023 at the controlling company (Slovenske železnice, d.o.o.) and at those Slovenske železnice Group companies that have management and governance systems in place:

- the second surveillance audit for ISO 9001 was performed in November 2023 for the 2022–2025 certification period;
- a recertification audit for ISO 14001 was performed in November 2023 for the 2024–2027 certification period;
- the second surveillance audit for ISO 50001 was performed in November 2023 for the 2022–2024 certification period.

	Cases of non-compliance	Observations	Recommendations	Number of measures	Good practices
<b>ISO 9001:2015</b>					
Internal audit	0	25	30	55	3
External audit	2	0	24	24	1
<b>ISO 14001:2015</b>					
Internal audit	3	31	19	53	0
External audit	0	0	33	33	0
<b>ISO 50001:2018</b>					
Internal audit	0	0	13	13	0
External audit	0	0	10	10	2

The Central Corporate Office for Internal Control, Quality and the Environment drafts the programme of measures in cooperation with the relevant companies. After the Slovenske železnice Group

Management Board or the Management Board of a subsidiary approve the programme, measures (and the requirements to report on measures by the agreed deadlines) are imposed on the owners of the processes in question.

	Number of reports on emergency/ extraordinary events	Number of recommendations	Number of measures	Effectiveness of measures (%)
<b>Safety management system</b>				
Slovenske železnice Group	121	58	58	100.0



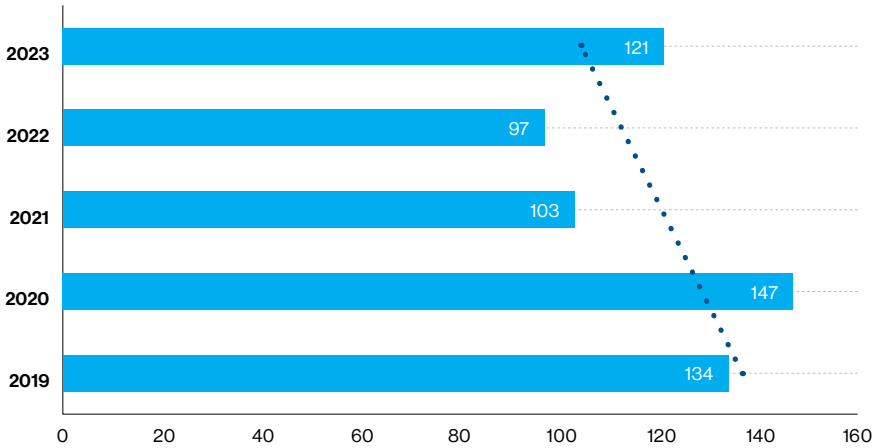
The number of reports on emergencies/extraordinary events within the Slovenske železnice Group includes events within Group companies, i.e. SŽ-Infrastruktura,

SŽ-Tovorni promet, SŽ-Potniški promet, as well as events involving other railway undertakings that travel on Slovenian PRI.

Supervisory/control operations by national authorities	Number of reports	Number of recommendations	Number of measures	Effectiveness of measures (%)
SŽ-Infrastruktura, d.o.o.	5	3	3	100.0
SŽ-Tovorni promet, d.o.o.	28	6	6	100.0
SŽ-Potniški promet, d.o.o.	23	3	3	100.0

Number of emergency/extraordinary events involving PRI	2019	2020	2021	2022	2023
Slovenske železnice Group	134	147	103	97	121

Number of emergencies/extraordinary events involving PRI



Overview of management systems, by Slovenske železnice Group company	ISO 9001 Quality management system	ISO 14001 Environmental management system	ISO 50001 Energy management system	Directive (EU) 2016/798 Safety management system	Directive 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 institut Ljubljana, d.o.o.	•				
Slovenske železnice, d.o.o.	•	•	•		

Information security

Information security	Number of events in 2023	Number of measures adopted
Information security incidents	4	9

In the field of information security, we continued to provide additional information and training to employees of Slovenske železnice Group companies in 2023 on the topics of information security, improving visibility and identifying information security events in the Slovenske železnice information network, established processes 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 upgraded our 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.

Activities were carried out at Slovenske železnice Group level 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, and managing cascading risks and the negative impacts of security incidents that take place among suppliers.

Information security and the resilience of systems to cyber attacks are verified regularly through independent audits and penetration testing. Two comprehensive independent penetration tests were carried out in 2023 by external specialist institutions. These tested the vulnerability of Slovenske železnice’s entire information system and information network. We raised the level of security of our information systems and our ability to control cyber risks by carrying out our own regular tests of system vulnerability, following this up with measures to control any vulnerabilities identified.

In 2023, in order to identify and take action in response to information security events as quickly as possible, we set up a system for orchestrating and automating responses; this is connected to the system for identifying and processing information security events.

In 2024 we will introduce AI systems for identifying security risks, upgrade the data traffic security control systems at information network level, and set up 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.





# Natural capital

Specific consumption of electricity for traction

20.77

kWh/GTKM thousand

2022 / 20.63

Index 23/22 / 100.7

Specific oil consumption for traction

9.74

kg/GTKM thousand

2022 / 9.55

Index 23/22 / 102.0

CO<sub>2</sub> emissions

75,151

tonnes

2022 / 45,465

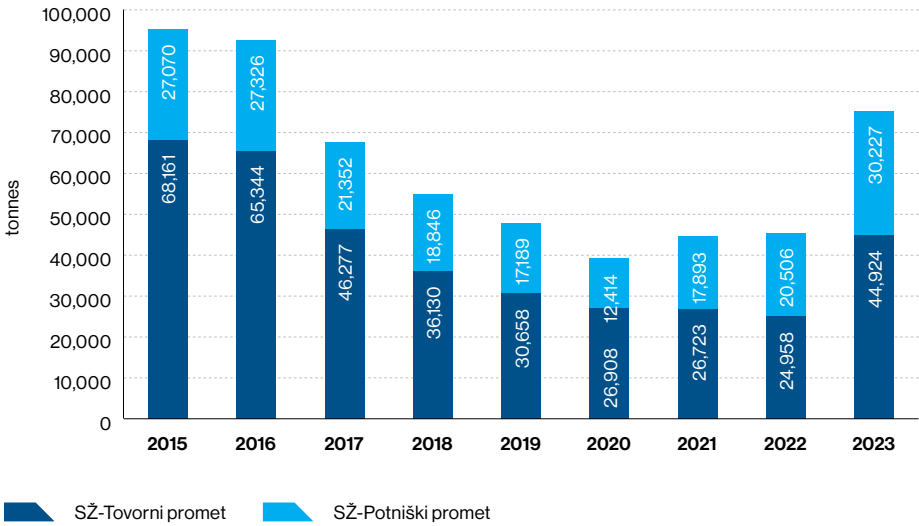
Index 23/22 / 165.3



## Notable results in 2023

	Unit	2023	2022	Index
Freight transport carbon footprint	gCO <sub>2</sub> e/NTKM	10	5	200.0
Passenger transport carbon footprint	gCO <sub>2</sub> e/PKM	31	25	124.0
Specific consumption of electricity for traction	kWh/GTKM thousand	20.77	20.63	100.7
Specific oil consumption for traction	kg/GTKM thousand	9.74	9.55	102.0
CO <sub>2</sub> emissions	tonnes	75,151	45,465	165.3

CO<sub>2</sub> emissions in rail transport (tonnes)



The increase in the volume of greenhouse gas emissions into the atmosphere is connected with the change of electricity supplier. Owing to the difficult conditions on energy markets, the price of electricity was the main criterion applied to energy supply in

2023. In April 2023 the Slovenske železnice Group signed a new electricity supply contract with a new supplier with a worse emissions factor per KWh of electricity generated.

### Greenhouse gas emissions in transport in 2023 for the Slovenske železnice Group (GHG Protocol methodology)

		SŽ-Tovorni promet, d.o.o.	SŽ-Potniški promet, d.o.o.
Scope 1 (tonnes CO <sub>2</sub> e)		7,473	15,136
Scope 2 (tonnes CO <sub>2</sub> e)	market-based method	37,450	15,091
Scope 2 (tonnes CO <sub>2</sub> e)	location-based method	39,151	15,509



## Strategic challenges and objectives

Strategic challenge	Strategic objective	Strategic project
Socially responsible environmental conduct at all levels of management in accordance with the guidelines of Slovenski državni holding and the legal regulations in force that govern sustainability of business operations at European Union and national level.	To meet sustainable development targets by taking account of the impacts of the Slovenske železnice Group's operations on the natural environment and society.	Establishment of a sustainable business system and its incorporation into the Slovenske železnice Group's business strategy and business model.
		Modification in terms of the synchronisation of existing management systems (ISO 14001 and ISO 50001) with sustainable business requirements.
		Digital transformation of management systems.
		Computerisation of the system for monitoring the materials and energy balance (energy, water, waste, hazardous substances).
	To meet the environmental protection and natural conservation targets in accordance with the Slovenske železnice, d.o.o. Management Board resolution.	Establishment of an environmental protection monitoring and control system.
		Establishment of a water consumption monitoring and control system.
		Establishment of a monitoring and control system for resources/equipment that contain substances that are harmful to health or the environment.
		Establishment of a monitoring and control system to oversee the production of waste by those entities responsible for producing the waste in the first place.
Improving energy efficiency in relation to processes, vehicles and buildings.	To achieve a 50% rise in energy efficiency by 2030 relative to 2005.	Projects are under way at Slovenske železnice subsidiaries (mainly involving the purchase of new rolling stock, PFI maintenance machinery) in accordance with the action plan, which will run until the end of 2026 and is worth EUR 540 million. The projects have been approved by the Slovenske železnice Management Board.
Increasing the proportion of renewable energy sources in the energy consumption structure.	To achieve a proportion of 30% of renewable energy sources in the company by 2030.	Own production of electricity from renewable sources.
		Use of biofuels and advanced technologies in transport.
		Search under way for a balance between the price of electricity and the quantity of renewables in electricity purchased.
Decarbonising rail transport.	To decarbonise the company by 2050 (with interim targets for 2030 and 2040).	Verification of the methodology for calculating carbon footprint for the entire Slovenske železnice Group.
		Decarbonisation strategy.
		Carbon-free train.



## Areas of particular importance

- Ensuring compliance with legal regulations and guidelines that regulate sustainable business, environmental protection and efficient energy use in Slovenia and the European Union, and with the management system requirements of SIST EN ISO 14001:2015 and SIST EN ISO 50001:2018
- Planning, measures and the provision of resources, the necessary knowledge and professional qualifications of employees to meet the strategic challenges, projects and targets, sustainable development, environmental protection and efficient energy use, and measures to reduce the potential environmental risks of accidents that could have a harmful impact on people and the natural environment
- Continuous improvement of the sustainable business system and both management systems in line with the available resources and knowledge in this area
- Achieving the target of a 50% rise in energy efficiency in the company by 2030 relative to 2005
- Achieving the 2050 renewable energy target at the company in accordance with Slovenian and European Union legislation
- Achieving the target of 0 tonnes of CO<sub>2</sub> equivalent at the company by 2050





Risks and opportunities

Risks	Opportunities
Possibility of an explosion, fire, accident, spillage of hazardous substances, incorrect operation or non-operation of infrastructure that is a source of environmental pollution, or the inadequate operation or management of equipment that is a source of environmental pollution.	Adopting measures to reduce the risk and the opportunity to change certain work processes or processes in which there is a higher chance of the occurrence of accidents or emergency events that could have negative or harmful impacts on people and the natural environment.
Regulatory risks that lead not only to negative and harmful impacts on the environment but also to fines that have a financial impact on the company.	Regular practical application of regulations leads to better awareness regarding pollution prevention and, at the same time, to money being saved that could subsequently be invested in pollution prevention activities.
Non-existence of a sustainable development strategy.	Developing a sustainable development strategy.
Failure to identify a company's sustainability targets.	Developing a sustainable development strategy.
Failure to identify the environmental, social and governance-related (ESG) issues most important to stakeholders.	Having development activities and environmental policies that include a reduction in carbon footprint, energy and resources efficiency, and conservation of the natural environment.
	Creating safe and fair working conditions for employees, and advocating equality and diversity.
	Monitoring and introducing innovations and technological solutions for increasing the efficiency and sustainability of business operations.
	Planning proactively.
	Putting the right expert knowledge in place.
	Using technological solutions.
	Strengthening internal communications.
Inadequate adopted environmental protection measures that could cause biodiversity loss.	Encouraging innovation and the development of new, more environmentally friendly technologies or products. This includes the development of cleaner energy sources, more efficient production processes and sustainable materials.
	Acquiring grants and favourable loans for environment-friendly investments in heating and ventilation, efficient energy use, self-supply of electricity, waste management and asbestos removal, and initial investments in environmental technologies.
Failure to introduce decarbonisation in good time.	A timely approach to decarbonisation, or one that treats it as a priority, brings extra business to the transport sector. Guaranteeing the use of 100% renewable energy sources in transport for customers that also pay for the privilege.



Other disclosures

In accordance with the Code of Conduct adopted by the Slovenske železnice Group, with its sustainability, 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.

Within their management systems and in accordance with SIST EN ISO 14001 and SIST EN ISO 50001, the companies of the Slovenske železnice Group continuously strive to successfully and effectively control all direct and indirect negative impacts on the environment caused by their activities.

The Slovenske železnice Group orders its electricity in accordance with the Slovenian green public procurement decree. Under that regulation, at least 50% of the electricity purchased by the company must be obtained from renewable energy sources or high-efficiency cogeneration.

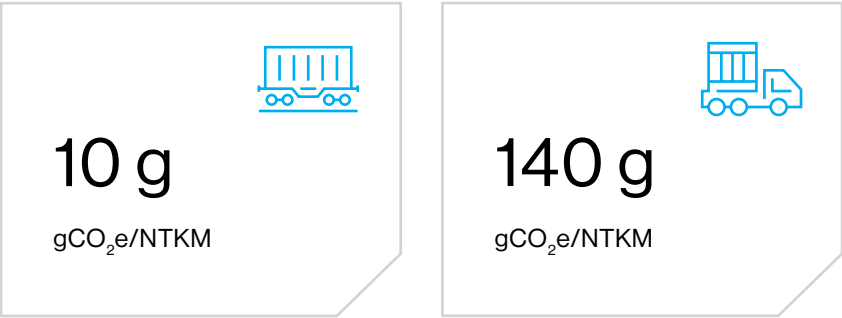
In 2023 SŽ-Potniški promet, d.o.o. and SŽ-Tovorni promet, d.o.o. drew up and verified a methodology for calculating the carbon footprint of railway vehicles, and made that calculation. At the end of 2023, the carbon footprint for all other Slovenske železnice Group companies was also calculated for 2022. The Slovenske železnice Group is planning to standardise and computerise the calculation of the greenhouse gas sink by 2025. In line with the decarbonisation strategy, conditions will be put in place to reduce emissions of greenhouse gases into the environment.

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 747,600 fewer tonnes of CO<sub>2</sub> equivalent in comparison with road transport; this is because rail transport is more friendly to the environment and more efficient. The savings we achieve represent rail transport's contribution to the fight against climate change.

The increase in the volume of greenhouse gas emissions into the atmosphere is connected with the change of electricity supplier. Owing to the difficult conditions on energy markets, the price of electricity was the main criterion applied to energy supply in 2023. The Slovenske železnice Group signed a new electricity supply contract in April 2023. The new supplier has worse emissions factor per KWh of electricity generated.

In 2023, greenhouse gas emissions in transport were calculated using a methodology verified by the external company Bureau Veritas.

Energy consumption

The companies of the Slovenske železnice Group are engaged 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.

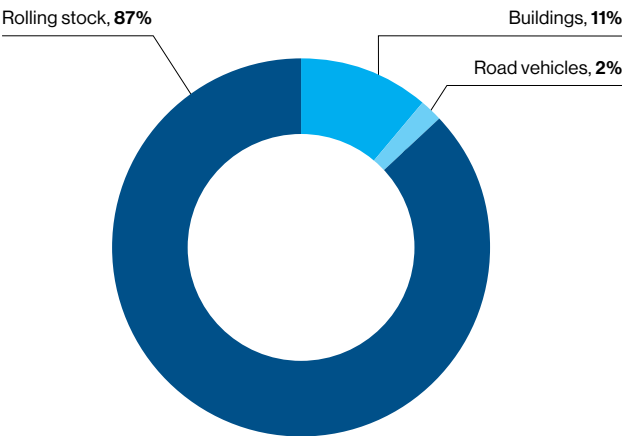
The transport sector consumes 36% of the total annual energy consumed in Slovenia. Ninety-nine per cent of the energy consumed in transport comes from fossil fuels. Rail transport is an alternative to other modes of transport because it uses significantly less energy and incorporates a high proportion of renewables. Eighty percent of all energy consumed by Slovenske železnice is monitored within the energy management system.

In April 2023 new 2026 energy targets were adopted for the Slovenske železnice Group (energy baseline determined as the general energy review of 2017). These were to improve average energy efficiency:

- by at least 4% in buildings relative to the energy baseline;
- by at least 2% relative to the energy baseline in passenger and freight transport;
- by at least 1% relative to the energy baseline in the use of road vehicles and railway maintenance rolling stock.

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.

Breakdown of energy consumers in the Slovenske železnice Group

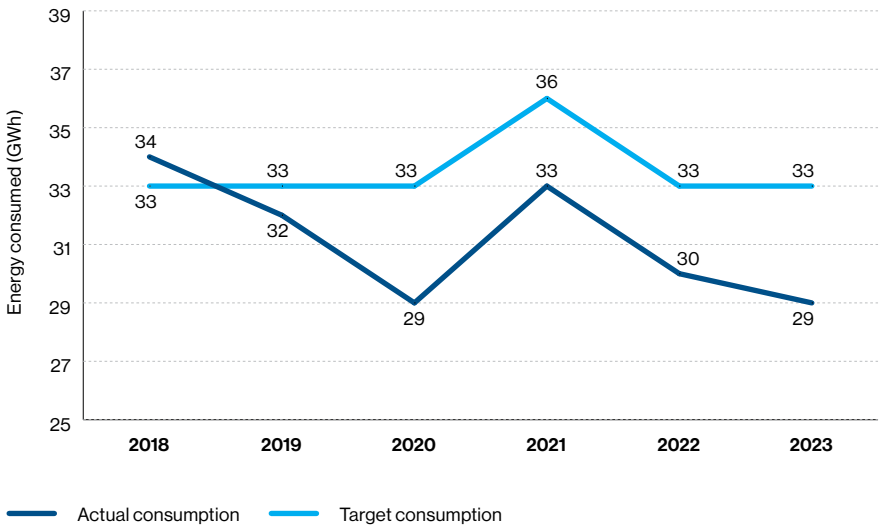


Energy efficiency of buildings

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





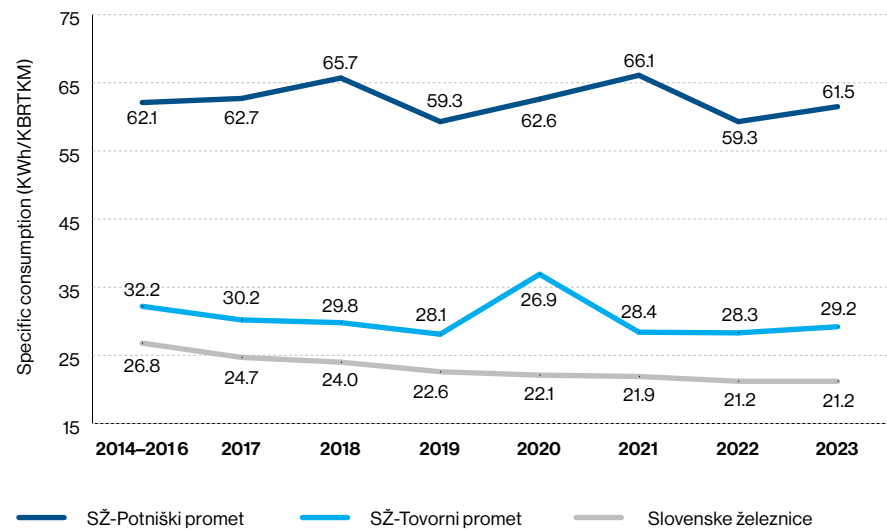


Energy efficiency of rolling stock

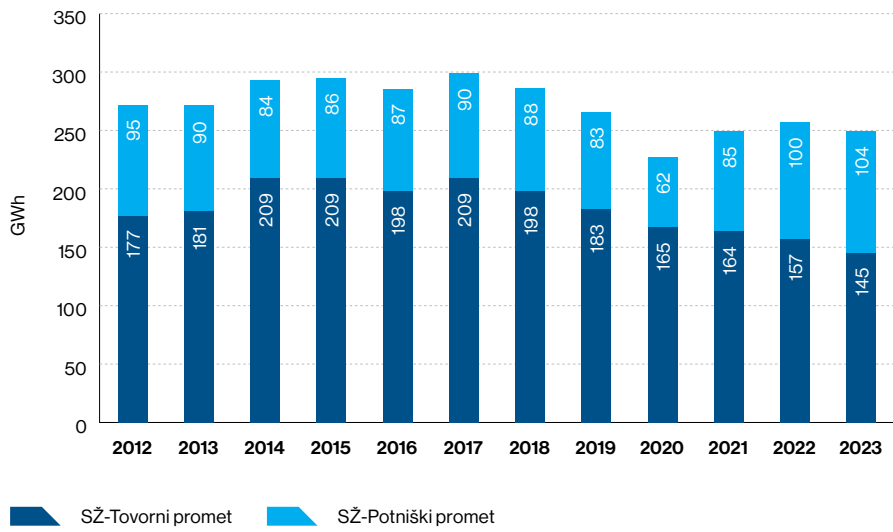
The changes that have come about in the energy efficiency of rolling stock are largely the result of moves to manage energy consumption in a systemic manner. We have systematically managed energy consumption in train-driving processes and by modernising rolling stock, electrifying and upgrading lines and stations, and making optimal 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 2023 the two Slovenske železnice railway undertakings acquired software that takes precise measurements of the energy consumption of electric vehicles. We expect the further energy optimisation of train-driving process on the network in the future, as well as more precise controls of energy consumption in the process of rolling stock use.

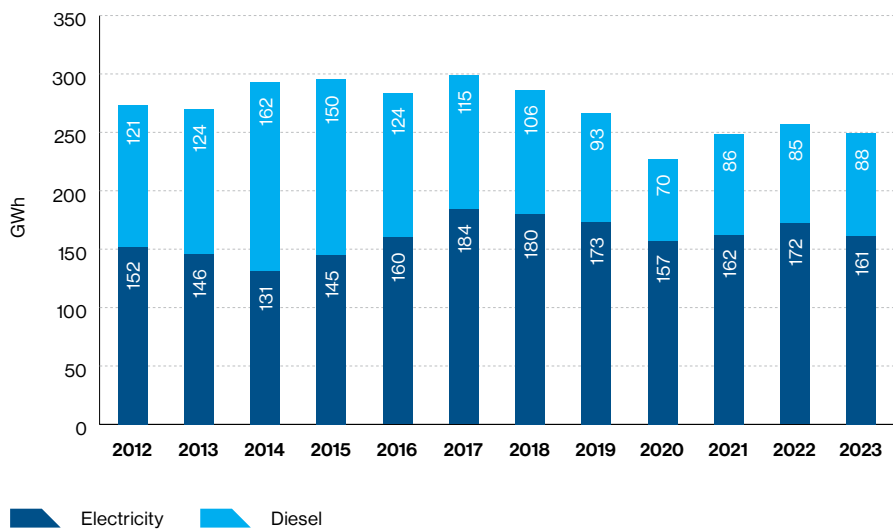
Energy efficiency of rolling stock



Energy consumed in rail transport



Energy consumed





The Slovenske železnice Group is pursuing the policies 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 and activities 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.

Water consumption

Water consumption	Costs of water for sanitary purposes (EUR)			Consumption of water for process purposes (m³)		
	2023	2022	Index	2023	2022	Index
Slovenske železnice, d.o.o.	44,300	39,235	113.6	-	-	-
SŽ-Infrastruktura, d.o.o.	251,554	212,930	118.1	-	-	-
SŽ-Potniški promet, d.o.o.	58,712	57,236	102.6	328	326	100.6
SŽ-Tovorni promet, d.o.o.	73,642	72,564	101.5	-	-	-
SŽ-VIT, d.o.o.	148,900	120,490	123.6	3,995	3,859	103.5
SŽ-ŽIP, d.o.o.	192,000	n.a.	-	-	-	-
SŽ-ŽGP Ljubljana, d.d.	n.a.	n.a.	-	-	-	-

SŽ-Vleka in tehnika, d.o.o. and SŽ-Potniški promet, d.o.o. both use water from the public main network for process purposes. Under the applicable legal regulation, they are therefore liable to pay an

One of the main goals of the energy management system is to control the consumption of energy and continuously reduce energy use. Fifty percent of electricity consumed by the electric rolling stock of Slovenske železnice 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.

Carbon footprint will have an important impact on the company's operations in the future. As the Slovenske železnice Group has an advantage on the market because of its lower carbon footprint, a number of other wider (related) topics are gaining in importance, such as:

- modernisation and electrification of lines;
- shifting of freight and passengers from road to rail;
- the advantage of freight rail transport (electric traction) over freight transport by road in terms of the withdrawal from fossil fuels in line with EU requirements;
- collaboration with the state in the form of a joint transport policy.

environmental levy (fee) for this use. The administrative water permit issued by the competent body of the Ministry of the Environment prescribes the maximum quantity of water that they may take per offtake point.



Wastewater from stationary sources of environmental pollution

Those companies of the Slovenske železnice Group whose activities give rise to process (industrial) wastewater have a system for the monitoring and control of wastewater from all stationary sources of environmental pollution. At all locations at which

process wastewater is produced (for the cleaning of passenger trains or the maintenance of rolling stock, for example), the operator ensures that the wastewater is adequately treated by being passed through treatment plants before being released into the public sewerage system. This is also evident from the industrial wastewater operational monitoring reports produced for each location.

Process wastewater treatment facilities	SŽ, d.o.o.	SŽ-INF	SŽ-PP	SŽ-TP	SŽ-VIT	SŽ-ŽIP	SŽ-ŽGP LJ	Total
Number of process wastewater treatment facilities	-	-	2	-	7	-	-	9
Number of operational monitoring operations for process wastewater carried out in 2023	-	-	1	-	7	-	-	8

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

Devices that contain F-gases	SŽ, d.o.o.	SŽ-INF	SŽ-PP	SŽ-TP	SŽ-VIT	SŽ-ŽIP	SŽ-ŽGP LJ	Total
Number of devices that contain F-gases	248	1,025	73	198	192	42	44	1,822
Number of devices that contain F-gases with a global warming potential per device of 5 tonnes or more of CO <sub>2</sub> equivalent	19	37	5	0	7	3	0	71
Number of leak tests conducted of devices that contain F-gases with a global warming potential per device of 5 tonnes or more of CO <sub>2</sub> equivalent	19	37	5	0	7	3	0	71

Management of stationary sources of air pollution

The companies of the Slovenske železnice Group ensure that stationary devices that are sources of air pollution (combustion plants, paint shops and

sandblasting facilities) are operated and maintained in accordance with the applicable legal regulations, and that annual inspections of equipment and periodic measurements of atmospheric emissions are performed by certified contractors.

Devices that are stationary sources of air pollution	SŽ, d.o.o.	SŽ-INF	SŽ-PP	SŽ-TP	SŽ-VIT	SŽ-ŽIP	SŽ-ŽGP LJ	Total
Number of combustion plants	8	77	0	3	24	13	2	127
Number of measurements carried out of atmospheric emissions from combustion plants	8	77	0	3	22	13	2	125
Number of other stationary devices that are a source of air pollution (paint shops, sandblasting facilities)	-	-	-	-	7	-	-	7
Number of measurements conducted of atmospheric emissions from other stationary devices that are a source of air pollution	-	-	-	-	7	-	-	7





Light pollution

Companies of the Slovenske železnice Group ensure that adequate maintenance and management operations are carried out on outdoor lighting that is situated in all functional areas of land and land

containing public railway infrastructure and that constitutes a source of environmental light pollution under Slovenian law.

Outdoor illumination on PRI and functional areas of land owned or operated by Slovenske železnice Group companies	SŽ, d.o.o.	SŽ-INF	SŽ-PP	SŽ-TP	SŽ-VIT	SŽ-ŽIP	SŽ-ŽGP LJ	Total
Number of lamps in outdoor lighting units	0	6,525	0	295	281	49	49	7,199
Number of technically compliant lamps	0	6,061	0	264	266	49	49	6,689

Electromagnetic radiation in the natural environment

SŽ-Infrastruktura manages and maintains 358 GSM-R base stations and base station repeaters deemed to be sources of electromagnetic radiation in the natural environment under the applicable Slovenian regulations.

Initial measurements of electromagnetic radiation in the natural environment at all base stations showed that radiation from these installations were significantly below the maximum levels permitted. They were therefore exempt from operational monitoring of electromagnetic radiation in the natural and living environments.

Environmental noise

Lines/PRI that are classed as sources of environmental noise pollution (linear source of noise) account for 59% of the total length of the rail network in Slovenia (or 769.8 km).

Via one of its affiliated bodies the Ministry of Infrastructure conducts and maintains the procedures, on behalf of the PRI owner, relating to the operational monitoring of noise on PRI in accordance with the regulations governing the initial measurements and operational monitoring of noise sources and the conditions for their performance.

As part of its train traffic management operations, the PRI operator carries out measures to reduce the noise of tractive vehicles during longer stops, as well as other negative atmospheric impacts. It also receives and responds to complaints, sent to various addresses, about noise caused by rail traffic on PRI in Slovenia.

Fifty complaints relating to noise caused by rail traffic on PRI were handled in 2023. Most (82%) related to noise from acoustic signals warning of an approaching train. However, since the giving of acoustic warnings is explicitly laid down in rail safety regulations, the PRI manager is unable to act against this environmental disturbance. In such cases, it merely explains to the complainant the legal basis for giving acoustic signals on the railways.

Slovenske železnice Group companies that operate other stationary sources of environmental noise pollution carry out measures to reduce noise and conduct operational noise monitoring every three years.



Use of plant protection products (PPP) for the chemical inhibition of plant growth on PRI

Use of PPP for the chemical inhibition of plant growth on PRI	2023	2022	Index
Quantity of PPP used for the chemical inhibition of plant growth on PRI (litre)	5,856	1,615	362.6
Length of tracks along which chemical inhibition of plant growth with PPP took place (km)	1,616	177	
Use of PPP per km of treated tracks (litre/km)	3.62	9.12	39.7

The two-year ban on the use of PPP on PRI in Slovenia was lifted in the second half of 2022, although its use continued to be small in scale, being exclusively for

research purposes that year, as the 2023/2022 index shows. The use of PPP in 2023 was comparable with the levels seen prior to 2020.

Use of volatile organic compounds

Use of volatile organic compounds	2023	2022	Index
Volatile organic compounds used in the surface treatment of metals when rolling stock is being refurbished and maintained (kg)	21,569	19,240	112.1

SŽ-VIT, d.o.o. operates two small rolling stock paint shops. According to the applicable legal regulations governing the use of volatile organic compounds, the company is not required to obtain an environmental protection permit for their operation under Article 126 of the Environmental Protection Act (ZVO-2). At both paint shops the operator ensures that the maximum annual emissions of volatile organic compounds do not exceed the target emission levels laid down in the decision permitting the paint shops to operate.

Use of lubricants

As part of maintenance operations on rolling stock, motor vehicles and construction, track, loading and site machinery, Slovenske železnice Group companies make every effort to ensure that lubricants are used and stored appropriately and that only the least environmentally harmful products are procured.

Lubricants (kg)	2023	2022	Index
Lubricants used in the maintenance of rolling stock	93,776	107,295	87.4
Lubricants used in the maintenance of PRI installations and devices	10,668	9,698	110.0
Lubricants used in the maintenance of motor vehicles and site machinery	4,252	5,406.	77.9
Lubricants used in the maintenance of track and construction machinery	21,352	12,777	167.1



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, take measures to optimise waste treatment costs, and reduce the quantities of waste produced (waste management plan).

Waste from activities (tonnes)	SŽ, d.o.o.	SŽ-INF	SŽ-PP	SŽ-TP	SŽ-VIT	SŽ-ŽIP	SŽ-ŽGP LJ	Total
Waste from shaping processes and the surface treatment of metals and plastic	0.0	0.0	0.0	0.0	348.5	0.0	0.1	348.6
Waste engine, machine, lubricating and hydraulic oils	0.0	0.4	0.0	0.5	69.5	9.5	2.0	81.9
Non-municipal packaging waste	0.0	4.7	0.0	0.03	102.7	0.5	0.1	108.0
Waste from end-of-life vehicles and vehicle maintenance	0.0	0.0	0.0	0.0	1,453	31.3	4.7	1,489
Waste electrical and electronic equipment	4.5	0.6	0.0	0.4	3.3	0.6	0.0	9.4
Waste batteries and accumulators	0.0	24.6	0.0	0.0	7.5	0.6	0.0	32.7
Fluorescent tubes and other mercury-containing waste	0.0	0.4	0.0	0.0	0.2	0.0	0.0	0.6
Waste from wastewater treatment plants	0.0	0.0	0.0	0.0	172.8	0.0	0.0	172.8
Construction waste	0.0	12,682	0.0	1.8	0.0	16.7	2,097	15,358
Paper and cardboard	17.6	0.0	0.0	0.0	0.0	0.0	0.0	17.6
Total other waste	3.7	7.5	0.0	6.7	67.3	0.2	37.1	122.5
Total	25.8	12,720	0.0	9.43	2,225	59.4	2,142	17,181

Breakdown of waste types (%)	SŽ, d.o.o.	SŽ-INF	SŽ-PP	SŽ-TP	SŽ-VIT	SŽ-ŽIP	SŽ-ŽGP LJ
Hazardous waste	0	17	0	6	16	17	0.1
Non-hazardous waste	100	83	100	94	84	83	99.9



Establishing a business sustainability system

At the start of 2023, pursuant to the EU's Taxonomy Regulation and Non-Financial Reporting Directive, Slovenian legislation on companies and non-financial reporting and SDH guidelines, Slovenske železnice, d.o.o. began activities to establish sustainable business operations at Group level. After reviewing and analysing existing operations at the Group's companies, a gap analysis was produced that identified missing elements and contained guidance on the steps to be taken to introduce business sustainability that meets the requirements of the relevant EU legislation.

By the end of 2024, the Slovenske železnice Group will draw up a business sustainability strategy for companies within the Group that includes a vision, a mission statement and a statement of values, an analysis of the internal and external environments, the strategic objectives and priorities, sustainable business models and Group activities, performance indicators, and monitoring and reporting plans. As part of the process of establishing sustainable business operations, a double materiality matrix will be produced to determine the materiality of various sustainability-related topics and activities.

The business sustainability system at Slovenske železnice Group level is crucially important to long-term success and socially responsible operations. Looking further forward, it will be key to the successful and effective management of a variety of environmental and climate-related risks, to recognising the positive impacts that come from sustainability and to identifying sustainability-related trends and the opportunities for responsible management of natural and social environments and compliant and transparent corporate governance.

Accidents or emergency events connected in any way with environmental impacts

Two railway accidents occurred on PRI in 2023 that could have had an adverse impact on the environment if the PRI operator had not begun taking action quickly and effectively to resolve the situation and prevent those impacts from taking shape. Owing to swift and effective action on the part of the operator as well as emergency workers, there were no adverse impacts on the environment.

The first of these accidents occurred on 8 January 2023 when a transformer being carried in a freight wagon operated by a foreign railway undertaking tipped over near Zidani Most railway station. Professional firefighters from Celje took the precautionary measure of pumping around 500 litres of engine fuel from the tank of the freight wagon, which was designed to carry special loads. As part of their precautionary operations, the firefighters placed oil sorbent booms and other oil absorbers around the special freight wagon's cabin to trap and neutralise the hazardous liquids that were contaminating the accident site.

The second accident occurred on 17 January 2023 between Birčna Vas and Uršna Sela stations on the regional line between Ljubljana, Metlika and the border. In this case, a passenger train collided with and was derailed by a fallen tree that was lying in the trackside zone. Firefighters from Novo Mesto firefighting and rescue centre and from the Šmihel pri Novem mestu and Stranska Vas voluntary fire brigades carried out an inspection of the area, immediately secured it and took all necessary steps to prevent environmental contamination.





# Internal audit

The Internal Audit Department of Slovenske železnice, d.o.o. conducts internal auditing for the whole of the 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 on administrative matters and to the company's Supervisory Board on functional matters.

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 2023 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 2023 the Internal Audit Department functioned on the basis of the work plan adopted for 2023. 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.







04

# Corporate Governance





# Corporate Governance Statement

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 2023.

## 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. in its work. These two documents are key governance documents of Slovenski državni holding, d.d. and are accessible on its website 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 them 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-partner enterprise, etc.).

Under the 'comply or explain' principle, we provide point-by-point explanations of deviations from the individual recommendations of the two documents that were in force in 2023. If we were not fully compliant with an individual provision in 2023 and we intend to change this policy in 2024, this is stated separately in accordance with Recommendation 3.4.1 of the SDH Code. At the same time we also refer to several activities that we successfully carried out in order to reduce the number of deviations in 2023.

### 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).

#### Management Board

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

The company has regulated this matter in the remuneration policy for members of the management bodies of Slovenske železnice, d.o.o. and of Slovenske železnice Group subsidiaries, which was adopted in April 2024.

*Recommendation 7.4: Employee development plans*

In accordance with the Slovenske železnice Group's Human Resource Management Strategy 2021–2025, the testing of candidates for fast-track development and of potential successors was carried out in 2022 as the basis for the production of fast-track candidate development plans. Successful candidates were enrolled in the SŽ Group's Business Talent Academy.

With additional IT support, it will be possible to include other employee profiles (in particular candidate successors and business talents) and develop an HR process for managing employee development plans that determines the individual employee's career path and the key knowledge and competencies required.

Based on the annual interviews held with management staff, the results of the surveys of commitment and motivation, and important current topics (e.g. sustainability, integrity and the management of corruption risks, artificial intelligence in operations, etc.), an expanded SŽ Business Academy programme was drawn up.

### 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 referred to 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 3.5: 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 3.9: 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.

### Marketing, advertising and public relations services

*Recommendation 3.18: Advertising plan*

An advertising plan that takes into account all the requirements set out in the recommendation will be adopted by the Slovenske železnice Group in 2024.

### Sustainable operations of companies

*Recommendation 7.1: Incorporation of all three sustainability-related aspects of operations in the business strategy*

The Slovenske železnice Group acknowledges the importance of incorporating the sustainability-related aspects of operations in the business strategy; it therefore drafts a business strategy that includes a sustainability strategy. The Group's Strategic Business Plan 2021–2025 defines the following strategic policies that relate to sustainability of business operations:

- the decarbonisation of the railways (calculation of the carbon footprint of passenger and freight transport, which are the two activities that contribute the most to the Group's carbon footprint) – environmental aspect;
- HR competencies in the transition to a green economy – social aspect;
- comprehensive changes to organisational and staff structures, of which sustainable governance is part – governance aspect.



*Recommendations 7.2 and 7.3: Formulation of a sustainable business strategy*

The Slovenske železnice Group is aware of the importance of having a sustainability-minded business strategy, which is why the creation of a sustainability strategy is an integral part of its overall business strategy.

The strategic definitions of sustainable operations (environment, society and governance) will be furnished with concrete targets. For the purpose of producing a sustainability strategy, the Slovenske železnice Group has already put in place an organisational structure for sustainability, is strengthening employees' and management's sustainability competencies through education and training, and has produced a situational analysis that identifies the gaps in business sustainability at the Group. A double materiality matrix is currently being drawn up. It will be completed for Slovenske železnice, d.o.o. by the end of May 2024 and for other Group companies by September 2024. The Group recognises the matrix as a key tool for high-quality governance, control and sustainability reporting. The Slovenske železnice Group is expected to produce the business strategy with integrated sustainability strategy by the end of 2024.

*Recommendations 7.4 to 7.8: Assessment of the situation*

Slovenske železnice Group companies recognised the materiality of impacts (impacts on people and the environment, financial impacts) in 2023 and assessed them on the basis of the methodological foundations set out in the ESRS. On the basis of an overall assessment (of the company as well as of its stakeholders in the value chain) the controlling company will draw up a double materiality matrix, for itself and for the Group, to serve as the tool for drafting the sustainability report and making business decisions.

The base year has been set at 2023.

*Recommendations 7.9 and 7.10: Risk management and the development of sustainable business*

In 2023 a gap analysis of business sustainability was produced at Slovenske železnice that defined seven key priority measures and set a framework timetable for activities in 2024.

The Slovenske železnice Group expanded the comprehensive management of risks and opportunities with new sustainability-related aspects, including climate change (physical changes and the risks/opportunities of the transition). In 2024, in the light of its holistic approach to sustainable governance, the Slovenske železnice Group will synchronise the priorities identified by the double materiality matrix and the management of the risks and opportunities of sustainable business. A single evaluation methodology has been drawn up that takes into account the current risk evaluation methodology and also complies with ESRS requirements. On the basis of this synchronisation, which is an integral part of the sustainability strategy preparation process, the Slovenske železnice Group will draw up a detailed action plan that defines and provides a timetable for the key measures.

The Slovenske železnice Group will identify the impacts and classify them by materiality in the double materiality matrix, and address the management of impacts, including the action plan, in the sustainability strategy.

*Recommendations 7.11 and 7.12: Strategic policies and objectives*

The Slovenske železnice Group's Strategic Business Plan 2021–2025 will be updated at the end of 2024. It will include sustainability-related aspects and measurable targets within the framework of a strategy for sustainability. The carbon footprint of services and the organisational carbon footprint of the two key activities of the Group (passenger and freight transport) were calculated in 2023 as part of preparations for the drafting of the sustainability strategy. The carbon footprint calculation methodology was established and verified for this purpose.

*Recommendations 7.13 and 7.14: Decision-making*

By drawing up a double materiality matrix that identifies and evaluates the material impacts, the Slovenske železnice Group will embark on the process of incorporating business sustainability aspects into its business decision-making.

*Recommendations 7.15 and 7.16: Reporting*

The company is aware that it will be required, from 2025 for the 2024 financial year, to report in accordance with the ESRS. It began the necessary preparations for this in 2023. The Group has, among other things, organised a number of workshops, and produced the necessary governance, control and sustainability reporting tools.



**Remuneration policy for management bodies**

The remuneration policy for members of the management bodies of Slovenske železnice, d.o.o. and of Slovenske železnice Group subsidiaries was adopted in April 2024. This policy is aligned with the Recommendations and Expectations of Slovenski državni holding, d.d., with the exception of the deviations of the actual contribution of an individual category of criteria from the baseline. Here a deviation of 10 (instead of 5) percentage points, up or down, is permitted, whereby the contribution of an individual category in all (financial and non-financial) criteria must be at least 3%. The higher deviation results from the need for greater flexibility in setting a relatively high number of criteria on account of the diverse range of activities undertaken by the Group.

**Responsible business conduct and respect for human rights**

A human rights officer will be appointed in June 2024. By the end of the year, they will draft an action plan setting out the approach to be taken to meeting the human rights commitments set out in the Recommendations of Slovenski državni holding, d.d.

**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 the Slovenske železnice Group's operations. The company's Management Board is aware that every internal control system has its limits regardless of how it functions. However, the internal control system provides sufficient assurances for the identification

and assessment of significant risks, the defining of risk management measures and reporting on risks.

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 system

The work and leadership of senior managers and executives set an example for the staff and all other community stakeholders. A corporate integrity plan for the Slovenske železnice Group was adopted in 2023.

At the beginning of the year, the areas of integrity, compliance and personal data protection were separated from risk management, with a new officer being appointed to coordinate the latter area for the entire Group.

In accordance with the Whistleblower Protection Act, a trustee responsible for receiving reports of breaches of corporate integrity at Slovenske železnice, d.o.o. was appointed in 2023. Trustees were also appointed at seven of the subsidiaries.

In 2019 the Slovenske železnice Group signed the Commitment to Respect Human Rights in Business Operations, and undertook to adhere to and implement the National Action Plan on the Respect of Human Rights in Business.

Considerable attention is also paid to respecting labour-related rights and workers' rights to freedom of assembly.

## 5. Information provided 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 shareholder (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 shareholder, 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 a 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. One member of Management Board (Director) and the Workers' Director represent the company 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, description of the rights of shareholders and the manner in which those rights are exercised

Under 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 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 founder's sessions are held in accordance with the founder's 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.



Composition of the Supervisory Board and its committees during the 2023 financial year:

Full name	Position	Education	First appointment to function	Completion of function/term of office	Shareholder/ employee representative <sup>1</sup>	Participation in Supervisory Board sessions relative to total number held <sup>2</sup>
Aleksander Mervar	Chair (until 13 January 2023)	MSc	12 September 2019	13 January 2023	S	1/1
Gabrijel Škof	Chair (from 21 February 2023)	Bachelor's degree in Law	27 August 2020	27 August 2024	S	15/15
Franci Matoz	Deputy Chair (until 14 February 2023)	Bachelor's degree in Law	27 August 2020	14 February 2023	S	2/2
Hilda Pipan	Deputy Chair (from 21 February 2023)	Bachelor's degree in Law	15 February 2023	15 February 2027	S	14/14
Aleksander Nagode	Member	MSc	11 September 2015	13 September 2027	S	15/15
Silvo Berdajs	Member	Secondary vocational education	11 September 2015	13 September 2027	E	15/16
Jože Pavšek	Member	Primary school education	11 September 2015	13 September 2027	E	15/16
Zlatko Ratej	Member	Secondary vocational education	24 April 2018	13 September 2027	E	15/16
Boris Markočič	Member	Professional bachelor's degree in Electrical Engineering	27 August 2020	14 February 2023	S	2/2
Vinko Filipič	Member	Bachelor's degree in Economics	15 February 2023	15 February 2027	S	14/14
Melita Malgaj	Member	Bachelor's degree in Economics	12 June 2020	12 June 2024	S	14/16
Marko Babič	Member	Bachelor's degree in Economics	15 February 2023	15 February 2027	S	14/14
Barbara Nose	External Member of the Audit Committee	Audit specialist	19 October 2015	21 February 2027	S	/

<sup>1</sup> S – shareholder representative, E – employee representative  
<sup>2</sup> Total number of sessions per term of office  
<sup>3</sup> If a conflict of interest arose in a particular case, the member of the Supervisory Board in question was recused from discussions and from decisions taken by the Supervisory Board.



Independence under Article 23 of the Code	Existence of conflicts of interest during the financial year <sup>3</sup>	Membership of supervisory bodies of other companies	Membership of committees	Chair/ member	Participation in committee sessions relative to total number held <sup>2</sup>
YES	NO	/			
YES	NO	GlZ Nuclear Insurance and Reinsurance Pool (until 30 March 2023) ELEKTRO GORENJSKA, d.d.	Strategic Investments Committee HR Committee	Member Member	7/7 6/6
YES	NO	Luka Koper, d.d. (until 6 February 2023)	HR Committee	Chair (until 14 February 2023)	2/2
YES	NO	2TDK, d.o.o.	HR Committee	Chair (from 21 February 2023)	4/4
YES	NO	Succession Fund of the Republic of Slovenia (public fund)	Audit Committee Strategic Investments Committee	Member Chair (from 21 February 2023)	10/10 7/7
YES	NO	SŽ-ŽGP Ljubljana, d.d. (until 14 November 2023) SŽ EP Logistika d.o.o.	Audit Committee Strategic Investments Committee	Member Member	10/10 7/7
YES	NO	SŽ-ŽIP, storitve, d.o.o.			
YES	NO	/	HR Committee	Member	6/6
YES	NO	/	Strategic Investments Committee Audit Committee	Chair (until 14 February 2023) Member	1/1 2/2
YES	NO	Javni holding Maribor, d.o.o.	Audit Committee	Member (from 21 February 2023)	10/10
YES	NO	/	Audit Committee	Chair	10/10
YES	NO	/	Strategic Investments Committee	Member (from 21 February 2023)	6/6
YES	NO	AMZS d.d. Pošta Slovenije d.o.o. Luka Koper, d.d.	Audit Committee	Member	10/10





Operations 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 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 implementation of the adopted annual and strategic business plan based on Management Board reports; verification and approval of the annual report and a 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 at 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 appropriateness of procedures and the effectiveness of internal controls and internal auditing. The Supervisory Board is also responsible for approving 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 Slovenske železnice, d.o.o.'s Articles of Association; the raising of loans and the issuing of guarantees and sureties above the amount set out in Slovenske železnice, d.o.o.'s Articles of Association; 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 capital at the general meetings of subsidiaries; the rules and elements for 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 that 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 2023 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 (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 the Management Board during the 2023 financial year:

Full name	Function (Chair, member)	Education	Work area as member of 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	Implementation 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)	MSc 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 2023. It lays down the main governance policies of Slovenske železnice, d.o.o. and of all companies comprising the Group, paying due regard to the long-term objectives and values of the Group. The Governance Policy is published on the Slovenske železnice Group website at <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., in which Slovenske železnice, d.o.o. has a 100% participating interest or majority holding, and subsidiaries in which the aforementioned subsidiaries have a 100% participating interest or majority holding.

These companies are engaged in the core activities of the maintenance and management of public railway infrastructure, 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, along with other mutual rights and obligations. Under a control 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 policy

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 the 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 competencies;
- 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 among 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 diversity.

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% men and 19% women. Given the nature of the core activities of the Slovenske železnice Group companies, this figure is as expected. At the end of the year, the Slovenske železnice, d.o.o. workforce comprised 36.1% men and 63.9% women.

Women occupied 30.1% of the leading positions in Slovenske železnice Group companies, which was a rise on previous years. However, there is a wider gap between men and women on the supervisory bodies of those companies than in leading management positions. Women occupied 44.8% of the leading (management) positions at Slovenske železnice, d.o.o. This figure was 22.2% for supervisory boards.

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

**mag. Tomaž Kraškovic**  
Member of the  
Management Board

**Gorazd Podbevšek**  
Member of the  
Management Board

**Nina Avbelj Lekič**  
Workers' Director



# Report of the Supervisory Board

## Composition and functioning of the Supervisory Board

Under the Articles of Association of Slovenske železnice, d.o.o., the Supervisory Board of that company has nine members. Six are appointed by the founder and three (employee representatives) are appointed in accordance with the Workers' Participation in Management Act.

There were changes to the composition of the Supervisory Board in 2023. The term of office of Aleksander Mervar came to an end in January 2023 (he had been Chair from 7 August 2020 to 13 January 2023), and the terms of office of Franci Matoz and Boris Markočič came to an end in February 2023.

Since 21 February 2023 the Supervisory Board has comprised the following members:

- Representatives of the founder:
  - Gabrijel Škof (Chair)
  - Hilda Pipan (Deputy Chair)
  - Marko Babič,
  - Vinko Filipič,
  - Melita Malgaj in
  - Aleksander Nagode.
- Employee representatives:
  - Silvo Berdajs,
  - Jože Pavšek in
  - Zlatko Ratej.

The Supervisory Board performed its work at board sessions and via the following committees:

- the Audit Committee;
- the Strategic Investments Committee; and
- the Human Resource (HR) Committee.

Tasks were performed in accordance with the Companies Act, the Rules of Procedure of the Supervisory Board, the Rules of Procedure of the Committees, the Articles of Association of Slovenske železnice, d.o.o. and other applicable regulations, as well as with the Corporate Governance Code for Companies with Capital Assets of the State, and the Recommendations and Expectations of Slovenski državni holding, d.d.

More detailed information on the composition of the Supervisory Board and all its committees can be found in the tables included in the Corporate Governance Statement. The Supervisory Board is comprised of members who complement each other in terms of areas of expertise, competencies,

experience, age, gender and working methods. This allows for opinions and positions to be shared effectively at board meetings. The Supervisory Board is fully liable for the performance of its functions and makes its decisions independently. This ensures that supervision of the operations of Slovenske železnice, d.o.o. and the Slovenske železnice Group takes place with accountability and to a high standard of quality. We discharge our competencies, duties and responsibilities conscientiously and honestly, with due regard to best corporate governance practice. The discussions summarised in the minutes of the board's meetings are proof that members prepare thoroughly for every session, and take an active part in discussions in order to resolve any differences of opinion to the point that any decision is strategically and professionally harmonised. We make constructive proposals and adopt decisions in accordance with our authorisations.

The Supervisory Board held 16 sessions in 2023: one constitutive session, 11 ordinary sessions, one extraordinary session and three correspondence sessions. All decisions adopted at ordinary and extraordinary sessions were adopted unanimously. The Supervisory Board also regularly monitors the implementation of its own decisions. The large number of sessions was the result of the fact that Slovenske železnice Group is a complex system with major investments. The Supervisory Board performs its function of supervising the management of company operations thoroughly, continuously monitoring the realisation of the objectives and planned activities set out in the Group's Business Plan. The Supervisory Board also monitored the effectiveness of the response to emergencies and extraordinary events, such as the catastrophic floods in August, which also affected railway infrastructure, and the tragic events of 21 December 2023.

## Human resource decisions

The Supervisory Board reappointed the Director-General of Slovenske železnice, d.o.o. for a new four-year term of office.

At a regular session held on 12 September 2023, following an analysis and assessment of the work in the previous term the Supervisory Board instructed the HR Committee to begin the process of reappointing Dušan Mes to the position of Director-General of Slovenske železnice, d.o.o. for a new four-year term of office by issuing him with a personal invitation to become a candidate and, after the procedure was completed, to send a report and proposal to the Supervisory





Board. During the selection procedure the Supervisory Board followed the Corporate Governance Code for Companies with Capital Assets of the State and the good practices set out in documents issued by Slovenian Directors' Association. The HR Committee met in the middle of October 2023 and checked whether the candidate met all the formal conditions, assessed his programme of work for the Slovenske železnice Group and held an in-depth interview with him.

At a regular session held on 7 December 2023, the Supervisory Board studied the HR Committee's report and, following the presentation of the programme and the in-depth interview, appointed Dušan Mes to the post of Director-General of Slovenske železnice, d.o.o. for a new four-year term of office commencing 25 March 2024.

The Supervisory Board also gave its approval to the appointment of a member of the SŽ Tovorni promet, d.o.o. management board, the appointment of a workers' director at SŽ-VIT, d.o.o. and the appointment of the managing director of Kamnolom Verd, d.o.o.

## Most important topics discussed at Supervisory Board sessions

With all due diligence the Supervisory Board monitored the operations of the company and the Group pertaining to financial operations, risk management, internal auditing, compliance and corporate integrity, and the key strategic projects. It focused in particular on identifying and managing business risks, which is an important aspect of any future success.

The most important topics discussed at Supervisory Board sessions, beyond the aforementioned HR decisions and the convening of the extraordinary session, are set out below. Topics were discussed beforehand at Supervisory Board committees, with the Supervisory Board then taking the appropriate decisions at the proposal of the committees.

The Supervisory Board approved the Business Plan of the Slovenske železnice Group and Slovenske železnice, d.o.o. for 2024 (with an outlook to 2025–2026) and regularly reviewed reports on Slovenske železnice operations. It approved transactions involving external financing, the signing of an addendum to a guarantee line contract, and transactions involving the mutual financing of companies within the Slovenske železnice Group. It approved the purchase of new passenger multiple units to bring the company's passenger transport services up to date, and submitted a proposal to the founder suggesting that it approve the transaction. It regularly reviewed progress reports relating to Slovenske železnice's digital transformation

programmes. It approved the project design for the south terminal of the new Ljubljana bus terminus.

It carefully examined the 2023 Annual Management Strategy for Slovenske železnice, d.o.o. and the Slovenske železnice Group.

It regularly reviewed monthly reports on digital transformation and half-yearly reports on information security and the status of work performed in the IT sector.

It was briefed on the project and investment programme for the redevelopment of the Slape site for property leasing activities (complete redevelopment of the site).

In accordance with the ZGD-1, the Supervisory Board approved the acts and plan of work of the Internal Audit Department and other internal Slovenske železnice acts. It reviewed the report on the external assessment of the quality of internal audit operations at the Slovenske železnice Group, which is usually carried out every five years. It was particularly happy with the report because it highlighted the professionalism of the Internal Audit Department, with staff possessing the requisite number of professional titles.

The Supervisory Board was regularly briefed on operations and quarterly reports relating to risk management, integrity and compliance, the register of internal and external audit recommendations, the situation regarding lawsuits received or filed, strategic projects, and contracts published on the websites of Slovenske železnice companies.

It received information on the average gross salary in the Slovenske železnice Group for 2022, and set the basis for the calculation of wages under individual employment contracts for 2023.

It dealt in detail with the report on the sale of the Fersped, d.o.o. office building in Ljubljana, reviewed two appraisals and examined whether the sale of the business and accompanying land was an appropriate transaction.

## Extraordinary session in response to the emergency event of 21 December 2023

At an extraordinary session held on 22 December 2023, the Supervisory Board was given a report on the incident that had taken place the day before, when a train collided with a track maintenance crew. Two crew members were killed. A decision was passed instructing the Management Board to examine all options for improving safety for track workers and to introduce improvements to the arrangements in place when work is being carried out at the same time as trains are running.



## Work of the Supervisory Board's committees

The committees regularly reported to and advised the Supervisory Board, with decision-making responsibility ultimately lying with the Supervisory Board. The committees' detailed expert scrutiny of material made a major contribution to ensuring that the work carried out at Supervisory Board sessions was as effective and efficient as it could be.

Below we highlight the topics that were addressed in detail by the committees and presented at Supervisory Board sessions in reports submitted by the committee chairs.

## Audit Committee

The composition of the Audit Committee changed in 2023. Boris Markočič's term of office came to an end in February and he was replaced as committee member by Vinko Filipič.

The committee comprised the following members from 21 February 2023:

- Representatives of the founder:
  - Melita Malgaj Chair)
  - Aleksander Nagode,
  - Vinko Filipič,
  - Silvo Berdajs (Employee Representative)
  - Barbara Nose (External Member)

The Audit Committee held ten sessions in 2023 (nine ordinary, one correspondence).

The committee performs its tasks in accordance with the provisions of the ZGD-1 and actively cooperates with the Internal Audit Department. It reviewed the summary reports on the internal audits performed and other regular reports, plans and acts relating to the area of work of the central internal audit office, held its annual interview with the head of internal audit (without senior management being present), was briefed on their remuneration and verified their independence, and approved the selection of the external internal audit quality assurance assessor.

As an advisory body, it also provides the Supervisory Board with assistance in overseeing financial reporting, internal controls and risk management.

The Audit Committee closely monitored the progress of the external audit of the financial statements at four meetings with representatives of the audit firm Deloitte Revizija, d.o.o. at which it carefully examined the management presentation relating to the audit

of the financial statements for 2022, the letters to management following the pre-audit and audit of the financial statements for 2022, the unaudited and audited annual report of Slovenske železnice, d.o.o. and the Slovenske železnice Group for 2022, the additional report to the Audit Committee following the audit of the financial statements for 2022, the auditor's opinion on the financial statements of Slovenske železnice, d.o.o. and the Slovenske železnice Group for 2022, the independence of the external auditor, audit quality in the form of an annual interview without senior management being present, and the plan for the auditing of the financial statements for 2023, with deadlines for the preparation of the annual report.

In accordance with the adopted Guidelines for Ensuring the Independence of the Auditor of the Financial Statements, the committee ensured the independence of the current and potential auditors of the financial statements by overseeing the transactions concluded with audit firms from the point of view of the type and scope of services.

It also monitored ongoing activities forming part of the project to evaluate jobs, overhaul the salary system and produce an HR plan for Slovenske železnice Group companies.

## Strategic Investments Committee

The composition of the Strategic Investments Committee changed in 2023. Boris Markočič's term of office came to an end in February and he was replaced as committee member by Marko Babič.

The committee comprised the following members from 21 February 2023:

- Representatives of the founder:
  - Aleksander Nagode (Chair)
  - Marko Babič in
  - Gabrijel Škof,
  - Silvo Berdajs (Employee Representative).

The Strategic Investments Committee held seven regular sessions in 2023.

It closely monitored the progress of the entire strategic project portfolio, and scrutinised project design documentation, tender dossiers and contracts before they were sent to the Supervisory Board for discussion or approval at its sessions.

The committee's scrutiny of all strategic investments made an important contribution to ensuring that the work of the Supervisory Board was successful.



## Human Resource Committee

The composition of the HR Committee changed in 2023. Franci Matoz's term of office came to an end in February and he was replaced as committee member by Hilda Pipan.

The committee comprised the following members from 21 February 2023:

- Representatives of the founder:
  - Hilda Pipan (Chair)
  - Gabrijel Škof,
  - Zlatko Ratej (Employee Representative).

The HR Committee held six sessions in 2023 (five ordinary and one correspondence). It held an in-depth interview with the Director-General of Slovenske železnice, d.o.o. and decided to support his appointment as Slovenske železnice Director-General for a new term-of-office. It sent its conclusion and the draft decision to the Supervisory Board for scrutiny.

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 self-evaluation questionnaire. 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 Board

On the basis of the continuous monitoring and supervision of the operations of Slovenske železnice, d.o.o. and the Group during the 2023 financial year, and based on the consolidated annual report of the Slovenske železnice Group for 2023, compiled and submitted by the Management Board, the Supervisory Board assesses that the annual report and the disclosures contained therein reflect the actual position and operating results of Slovenske železnice, d.o.o. and the Group.

The Supervisory Board assesses the work of the Management Board in 2023 as successful, although the positive operating results were overshadowed by the tragic accident of 21 December. The Supervisory Board was apprised of all the details of the incident at an extraordinary session. In January 2024 it was also briefed on the report on the steps subsequently taken to prevent such events from happening again and improve the safety of track workers. The Supervisory Board believes that the Management Board has successfully carried out key projects that will provide the basis for the future growth and development of the Group both at home and abroad. It also believes that the Management Board reacted appropriately to the tragic events of 21 December 2023.

In 2023 the Management Board of the company regularly attended sessions of the Supervisory Board and its committees, and, together with specialist back-office services, provided the relevant material for discussion at sessions. If there were any additional questions, the Management Board always responded on time by providing further explanations or clarifications. The Management Board and members of the 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 Supervisory Board is particularly careful to manage any potential conflicts of interest between its members. The Supervisory Board held discussions on two points in 2023 from which one member of the Supervisory Board recused themselves in order to avoid a conflict of interest.

All members of the Supervisory Board and the external member of the Audit Committee signed statements of independence in which they declared themselves to be 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 2023

The unaudited annual report of Slovenske železnice, d.o.o. and the Slovenske železnice Group for 2023 was discussed by the Supervisory Board's Audit Committee at its 43rd session on 16 May 2024.

The certified audit firm Deloitte Revizija, d.o.o., which audited the financial statements for 2023 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 2023.

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 2023 at its 508th ordinary session on 24 May 2024, 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 2024 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 2023 was discussed by the Supervisory Board's Audit Committee at its 44th session on 30 May 2024 and by the Supervisory Board at its 54th session on 31 May 2024. 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 2023, 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.

Ljubljana, 31 May 2024

After the Audit Committee's review and verification of the business and financial reports for 2023, the Supervisory Board found, based on the Audit Committee's findings, that the audited annual report and the consolidated annual report for the 2023 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 Supervisory Board had no comments to make 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 9,858,724.20 as at 31 December 2023, and had no comments to make in that regard. The Supervisory Board proposed that the founder adopt a resolution on the use of distributable profit in the enclosed text.

Based on its review of the annual report and the proposed use of distributable profit for 2023, 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 2023, 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 2023. The Supervisory Board proposes that the founder adopt a resolution conferring official approval on the Management Board and Supervisory Board for their work in 2023.

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 2023.

**Gabrijel Škof**  
*Chair of the Supervisory Board*





# Statement on the responsibilities of the Management Board

The Management Board of the company is responsible for drafting the company's annual report for 2023. 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 2023.

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 financial statements on 24 May 2024.

**Dušan Mes**  
Director-General

**mag. Tomaž Kraškovc**  
Member of the  
Management Board

**Gorazd Podbevšek**  
Member of the  
Management Board

**Nina Avbelj Lekić**  
Workers' Director



# Report on environmentally sustainable economic activities and investments of the Slovenske železnice Group and Slovenske železnice, d.o.o. for 2023

For the Slovenske železnice Group and Slovenske železnice, d.o.o. we are disclosing information for 2023 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.

In drafting the report for 2023, we took account of the Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets (2022/C 385/01), which was published in the Official Journal of the European Union on 6 October 2022.

Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives.

The additional disclosure of information relates to Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 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 the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

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 turnover or had capital or operating expenditure in the 2023 financial year; 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, wagons and components;
- Manufacture of low-carbon technologies for transport (diesel traction)  
Repair, maintenance, retrofitting, repurposing and upgrade of low-carbon diesel rolling stock;
- Manufacture of rail rolling stock constituents  
Manufacture, installation, technical consulting, retrofitting, upgrade, repair, maintenance and repurposing of products, equipment, systems and software related to rail constituents;
- Collection and transport of non-hazardous waste in source-segregated fractions  
Separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling;
- Passenger interurban rail transport  
Purchase, financing, rental, leasing and operation of inland and international rail passenger transport using railway rolling stock on mainline networks and sidings in 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  
Interregional 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, 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, leasing and operation of real estate.



Overview of Slovenske železnice Group companies that perform specific Taxonomy-aligned activities:

Economic activities	Company carrying out the activity
Manufacture of low-carbon technologies for transport (electric traction)	SŽ-VIT
Manufacture of rail rolling stock constituents	SŽ-VIT
Collection and transport of non-hazardous waste in source-segregated fractions	SŽ-VIT
Passenger interurban rail transport (electric traction)	SŽ-VIT
Freight rail transport (electric traction)	SŽ-VIT SŽ-TP
Infrastructure for personal mobility, cycle logistics	SŽ-Infrastruktura
Infrastructure for rail transport	SŽ-TP SŽ-Infrastruktura SŽ-ŽGP
Renovation of existing buildings <sup>1</sup>	SŽ-Infrastruktura SŽ-ŽIP
Manufacture of low-carbon technologies for transport (diesel traction)	SŽ-VIT
Passenger interurban rail transport	SŽ-PP
Passenger interurban rail transport (diesel traction)	SŽ-VIT
Freight rail transport (diesel traction)	SŽ-TP
Urban and suburban transport, road passenger transport	SŽ-PP SŽ-ŽIP
Transport by motorbikes, passenger cars and light commercial vehicles	SŽ-ŽIP
Freight transport services by road	SŽ-ŽIP
Acquisition and ownership of buildings	SŽ SŽ-VIT SŽ-PP SŽ-TP SŽ-ŽGP SŽ-ŽIP

<sup>1</sup> Renovation of existing buildings<sup>1</sup> is not a Taxonomy-aligned activity at SŽ-ŽIP storitve, d.o.o. on account of non-compliance with the technical screening criteria. However, the same activity is Taxonomy-aligned at SŽ-Infrastruktura, d.o.o.





I. Slovenske železnice Group

1. Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure for the Slovenske železnice Group covering 2023

2023 FINANCIAL YEAR			SUBSTANTIAL CONTRIBUTION CRITERIA				
Economic activities	Code	Turnover EUR thousand	Proportion of turnover 2023 %	Climate Change Mitigation YES; NO; N/EL	Climate Change Adaptation YES; NO; N/EL	Water YES; NO; N/EL	Pollution YES; NO; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Manufacture of low-carbon technologies for transport (electric traction)	CCM 3.3	9,636	1.4	YES	NO	N/EL	N/EL
Manufacture of rail rolling stock constituents	CCM 3.19	7,757	1.1	YES	NO	N/EL	N/EL
Collection and transport of non-hazardous waste in source-segregated fractions	CCM 5.5	1,574	0.2	YES	NO	N/EL	N/EL
Passenger interurban rail transport (electric traction)	CCM 6.1	0	0.0	YES	NO	N/EL	N/EL
Freight rail transport (electric traction)	CCM 6.2	154,628	22.3	YES	NO	N/EL	N/EL
Infrastructure for personal mobility, cycle logistics	CCM 6.13	2,398	0.3	YES	NO	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	187,553	27.0	YES	NO	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	8,134	1.2	YES	NO	N/EL	N/EL
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		371,679	53.5	100%	0%	0%	0%
Of which Enabling		199,586	53.7	100%	0%	0%	0%
Of which Transitional		8,134	2.2	100%	0%	0%	0%



		DNSH ('DO NO SIGNIFICANT HARM') CRITERIA									
Circular Economy YES; NO; N/EL	Biodiversity YES; NO; N/EL	Climate Change Mitigation YES/NO	Climate Change Adaptation YES/NO	Water YES/NO	Pollution YES/NO	Circular Economy YES/NO	Biodiversity YES/NO	Minimum Safeguards YES/NO	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover 2022 %	Category enabling activity E	Category transitional activity T
N/EL	N/EL	-	YES	YES	YES	YES	YES	YES	2.4	E	-
NO	N/EL	-	YES	YES	YES	YES	YES	YES	0.0		
N/EL	N/EL	-	YES	-	-	YES	-	YES	0.3	-	-
N/EL	N/EL	-	YES	-	YES	YES	-	YES	0.0	-	-
N/EL	N/EL	-	YES	-	YES	YES	-	YES	22.8	-	-
N/EL	N/EL	-	YES	YES	YES	YES	YES	YES	0.4	E	-
N/EL	N/EL	-	YES	YES	YES	YES	YES	YES	24.4	E	-
N/EL	N/EL	-	YES	YES	YES	YES		YES	1.2	-	T
0%	0%	YES	YES	YES	YES	YES	YES	YES	51.5	-	-
0%	0%	YES	YES	YES	YES	YES	YES	YES	52.8	E	-
0%	0%	YES	YES	YES	YES	YES	YES	YES	2.3	-	T



2023 FINANCIAL YEAR			SUBSTANTIAL CONTRIBUTION CRITERIA				
Economic activities	Code	Turnover EUR thousand	Proportion of turnover 2023 %	Climate Change Mitigation YES; NO; N/EL	Climate Change Adaptation YES; NO; N/EL	Water YES; NO; N/EL	Pollution YES; NO; N/EL
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>							
Manufacture of low-carbon technologies for transport (diesel traction)	CCM 3.3	275	0.0	EL	EL	N/EL	N/EL
Passenger interurban rail transport	CCM 6.1	132,895	19.1	EL	EL	N/EL	N/EL
Passenger interurban rail transport (diesel traction)	CCM 6.1	0	0.0	EL	EL	N/EL	N/EL
Freight rail transport (diesel traction)	CCM 6.2	13,723	2.0	EL	EL	N/EL	N/EL
Urban and suburban transport, road passenger transport	CCM 6.3	776	0.1	EL	EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0	0.0	EL	EL	N/EL	N/EL
Freight transport services by road	CCM 6.6	643	0.1	EL	EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	106	0.0	EL	EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	2,402	0.3	EL	EL	N/EL	N/EL
Turnover from Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		150,819	21.7	100%	0%	0%	0%
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		522,499	75.2	100%	0%	0%	0%
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>							
Turnover of Taxonomy-non-eligible activities		172,432	24.8				
TOTAL		694,931	100.0				



DNSH ('DO NO SIGNIFICANT HARM') CRITERIA											
Circular Economy YES; NO; N/EL	Biodiversity YES; NO; N/EL	Climate Change Mitigation YES/NO	Climate Change Adaptation YES/NO	Water YES/NO	Pollution YES/NO	Circular Economy YES/NO	Biodiversity YES/NO	Minimum Safeguards YES/NO	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover 2022 %	Category enabling activity E	Category transitional activity T
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	18.3	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	2.1	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.5	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.2	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.4	-	-
0%	0%	-	-	-	-	-	-	-	21.5	-	-
0%	0%	-	-	-	-	-	-	-	73.0	-	-





According to the accounting principles applied in the preparation of the consolidated annual financial statements, the Slovenske železnice Group generated turnover of EUR 694,931,000 in 2023. Of this, EUR 522,499,000 (or 73%) came from Taxonomy-eligible activities. The Group generated turnover of EUR 172,432,000 (24.8% of all turnover) 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 'Manufacture of low-carbon technologies for transport' activity 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). Similarly, we have divided the 'Passenger interurban rail transport' and 'Freight rail transport' activities, within which SŽ-Vleka in tehnika, d.o.o. provides electric and diesel traction services. We have divided the 'Freight rail transport' activity carried out 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 70:30 in favour of electric traction for passenger trains.

On the basis of the required technical criteria, we are also Taxonomy-aligned in the 'Manufacture of rail rolling stock constituents', 'Collection and transport of non-hazardous waste in source-segregated fractions', 'Infrastructure for personal mobility, cycle logistics' and 'Infrastructure for rail transport' activities. In terms of compliance with the technical screening criteria, the 'Renovation of existing buildings' activity is Taxonomy-aligned at SŽ Infrastruktura, d.o.o. but not at SŽ-ŽIP, d.o.o. Similarly, as a result of non-compliance with the substantial contribution criteria we are not Taxonomy-aligned in the 'Urban and suburban

transport, road passenger transport', 'Transport by motorbikes, passenger cars and light commercial vehicles', 'Freight transport services by road' and 'Acquisition and ownership of buildings' activities.

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). Turnover includes turnover recognised in accordance with paragraph 82A of International Accounting Standard (IAS) 1 as adopted by Regulation (EC) No 1126/2008 (1).

In 2023 we generated turnover of EUR 9,636,000 (1.4% of all turnover in the Slovenske železnice Group) from the 'Manufacture of low-carbon technologies for transport (electric traction)' activity, within which activity we repair, maintain, repurpose or upgrade trains and coaches with zero direct CO<sub>2</sub> emissions.

The 'Manufacture of rail rolling stock constituents' activity, which was subsequently recognised as a Taxonomy-eligible activity in accordance with Commission Delegated Regulation (EU) 2023/2485, was presented last year within the 'Manufacture of low-carbon technologies for transport (electric traction)' activity. In that activity, we generated turnover of EUR 7,757,000 in 2023 (1.1% of all turnover).

We generated turnover of EUR 1,574,000 (0.2% of all turnover) from the 'Collection and transport of non-hazardous waste in source-segregated fractions' activity in 2023.

Turnover of EUR 154,628,000 was generated in the 'Freight rail transport (electric traction)' activity in 2023 (22.3% of all turnover). This was generated in its entirety by SŽ-Tovorni promet, d.o.o. Net transport revenues of EUR 134,514,000 accounted for the bulk of turnover, followed by revenues from compensation from additional costs arising from PRI maintenance and the disruptions to traffic caused by those operations (EUR 11,079,000). The remaining turnover comprised revenues from Climate Change Fund subsidies for combined transport (EUR 3,072,000), from the electricity subsidy (EUR 1,055,000), from the flood recovery subsidy (EUR 2,427,000), from the use of wagons (EUR 2,455,000) and from wagon lease fees (EUR 26,000). We generated 2% of all turnover (EUR 13,723,000) from the same activity (but using diesel traction); of this total, EUR 11,697,000 came from net transport revenues and the remainder



was generated by the leasing of diesel locomotives (EUR 1,306,000) and by revenues from the Climate Change Fund for individual consignments (EUR 720,000).

Within the 'Infrastructure for personal mobility, cycle logistics' activity, we construct and operate Taxonomy-aligned infrastructure designed for personal mobility or cycling. In 2023 we generated turnover of EUR 2,398,000 (0.3% of all turnover of the Slovenske železnice Group) from the project to set up and construct bicycle parking areas (bicycle sheds) at railway stations.

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. 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 screening criteria of Commission Delegated Regulation (EU) 2021/2139 for a substantial contribution to climate change mitigation, the activity is Taxonomy-aligned. We generated turnover of EUR 120,684,000 from regular PRI maintenance and renovation, EUR 1,746,000 from the handling of containers and EUR 65,123,000 from the construction and modernisation of railways, giving a total of EUR 187,553,000 (27% of all turnover in 2023).

The 'Renovation of existing buildings' activity, 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 turnover of EUR 8,134,000 from this activity.

In 2023 we generated transport revenues of EUR 42,130,000 from the 'Passenger interurban rail transport' activity and other turnover of EUR 90,765,000, giving a total of EUR 132,895,000 (19.1% of all turnover in 2023).

The 'Urban and suburban transport, road passenger transport' activity is not Taxonomy-aligned because we do not meet the technical screening criteria for a substantial contribution to climate change mitigation.

We generated EUR 776,000 (or 0.1% of all turnover of the Slovenske železnice Group) from this activity: EUR 755,000 from the provision of scheduled bus services and the school transport by SŽ-ŽIP storitve, d.o.o. and EUR 21,000 from travel packages arranged by SŽ-Potniški promet, d.o.o.

We generated EUR 643,000 in turnover (0.1% of all turnover) in the 'Freight transport services by road' activity, and EUR 106,000 in the 'Renovation of existing buildings' activity.

The 'Acquisition and ownership of buildings' activity, which includes the leasing-out of the company's own real estate, is also responsible for a portion of Taxonomy-eligible turnover. We generated turnover of EUR 2,402,000 (0.3% of all turnover) from this activity in 2023. The bulk of these revenues was generated by SŽ-ŽIP storitve, d.o.o. (EUR 1,290,000), with the remainder coming from Slovenske železnice, d.o.o. (EUR 682,000), SŽ Tovorni promet, d.o.o. (EUR 308,000), SŽ-Potniški promet, d.o.o. (EUR 70,000), SŽ-Vleka in tehnika, d.o.o. (EUR 41,000) and SŽ-ŽGP Ljubljana, d.d. (EUR 11,000).



2. Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure for the Slovenske železnice Group covering 2023

2023 FINANCIAL YEAR			SUBSTANTIAL CONTRIBUTION CRITERIA				
Economic activities	Code	Turnover EUR thousand	Proportion of turnover 2023 %	Climate Change Mitigation YES; NO; N/EL	Climate Change Adaptation YES; NO; N/EL	Water YES; NO; N/EL	Pollution YES; NO; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Manufacture of low-carbon technologies for transport (electric traction)	CCM 3.3	62	0.1	YES	NO	N/EL	N/EL
Manufacture of rail rolling stock constituents	CCM 3.19	567	0.9	YES	NO	N/EL	N/EL
Collection and transport of non-hazardous waste in source-segregated fractions	CCM 5.5	0	0.0	YES	NO	N/EL	N/EL
Passenger interurban rail transport (electric traction)	CCM 6.1	0	0.0	YES	NO	N/EL	N/EL
Freight rail transport (electric traction)	CCM 6.2	33,717	55.5	YES	NO	N/EL	N/EL
Infrastructure for personal mobility, cycle logistics	CCM 6.13	0	0.0	YES	NO	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	4,245	7.0	YES	NO	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	0	0.0	YES	NO	N/EL	N/EL
Capex of environmentally sustainable activities (taxonomy-aligned) (A.1)		38,591	63.5	100%	0%	0%	0%
Of which Enabling		4,307	11.2	100%	0%	0%	0%
Of which Transitional		0	0.0	0%	0%	0%	0%



DNSH ('DO NO SIGNIFICANT HARM') CRITERIA											
Circular Economy YES; NO; N/EL	Biodiversity YES; NO; N/EL	Climate Change Mitigation YES/NO	Climate Change Adaptation YES/NO	Water YES/NO	Pollution YES/NO	Circular Economy YES/NO	Biodiversity YES/NO	Minimum Safeguards YES/NO	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover 2022 %	Category enabling activity E	Category transitional activity T
N/EL	N/EL	-	YES	YES	YES	YES	YES	YES	0.6	E	-
NO	N/EL	-	YES	YES	YES	YES	YES	YES	0.0		
N/EL	N/EL	-	YES			YES		YES	0.0	-	-
N/EL	N/EL	-	YES		YES	YES		YES	0.0	-	-
N/EL	N/EL	-	YES		YES	YES		YES	7.8	-	-
N/EL	N/EL	-	YES	YES	YES	YES	YES	YES	0.0	E	-
N/EL	N/EL	-	YES	YES	YES	YES	YES	YES	2.0	E	-
N/EL	N/EL	-	YES	YES	YES	YES		YES	0.0	-	T
0%	0%	YES	YES	YES	YES	YES	YES	YES	10.4	-	
0%	0%	YES	YES	YES	YES	YES	YES	YES	25.2	E	-
0%	0%	YES	YES	YES	YES	YES	YES	YES	0.0	-	T





2023 FINANCIAL YEAR			SUBSTANTIAL CONTRIBUTION CRITERIA				
Economic activities	Code	Turnover EUR thousand	Proportion of turnover 2023 %	Climate Change Mitigation YES; NO; N/EL	Climate Change Adaptation YES; NO; N/EL	Water YES; NO; N/EL	Pollution YES; NO; N/EL
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>							
Manufacture of low-carbon technologies for transport (diesel traction)	CCM 3.3	0	0.0	EL	EL	N/EL	N/EL
Passenger interurban rail transport	CCM 6.1	4,481	7.4	EL	EL	N/EL	N/EL
Passenger interurban rail transport (diesel traction)	CCM 6.1	0	0.0	EL	EL	N/EL	N/EL
Freight rail transport (diesel traction)	CCM 6.2	1,098	1.8	EL	EL	N/EL	N/EL
Urban and suburban transport, road passenger transport	CCM 6.3	0	0.0	EL	EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0	0.0	EL	EL	N/EL	N/EL
Freight transport services by road	CCM 6.6	0	0.0	EL	EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	44	0.1	EL	EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	405	0.7	EL	EL	N/EL	N/EL
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>6,028</b>	<b>9.9</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>A. CapEx of Taxonomy-eligible activities (A.1 + A.2) (A.1+A.2)</b>		<b>44,619</b>	<b>73.4</b>	0%	0%	0%	0%
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>							
<b>CapEx of Taxonomy-non-eligible activities</b>		<b>16,151</b>	<b>26.6</b>				
<b>TOTAL</b>		<b>60,769</b>	<b>100.0</b>				



DNSH ('DO NO SIGNIFICANT HARM') CRITERIA											
Circular Economy YES; NO; N/EL	Biodiversity YES; NO; N/EL	Climate Change Mitigation YES/NO	Climate Change Adaptation YES/NO	Water YES/NO	Pollution YES/NO	Circular Economy YES/NO	Biodiversity YES/NO	Minimum Safeguards YES/NO	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover 2022 %	Category enabling activity E	Category transitional activity T
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	84.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.5	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.1	-	-
0%	0%	-	-	-	-	-	-	-	84.6	-	-
0%	0%	-	-	-	-	-	-	-	95.0	-	-



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

- acquisition of property, plant and equipment (IAS 16);
- acquisition 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.

CapEx totalled EUR 60,769,000 in 2023. Taxonomy-aligned CapEx totalled EUR 38,591,000 (63.5% of all CapEx), while Taxonomy-eligible but not-Taxonomy-aligned CapEx totalled EUR 6,028,000 (9.9% of all CapEx in 2023). Taxonomy-non-eligible CapEx totalled EUR 16,151,000 (26.6% of all CapEx).

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 62,000 in 2023, with the bulk of that figure going towards investments in manufacturing equipment and facilities for commercial activities.

Investments in property, plant and equipment within the 'Manufacture of rail rolling stock constituents' activity totalled EUR 567,000 in 2023 (0.9% of all investments in property, plant and equipment).

Fixed assets totalling EUR 33,717,000 were acquired within the Taxonomy-aligned activity of the 'Freight rail transport (electric traction)' activity in 2023, with the bulk of that figure coming from the acquisition of right-of-use lease assets associated with leased wagons and locomotives (EUR 22,464,000). The remaining EUR 11,253,000 came from acquisitions of property, plant and equipment, with the inspection and adaptation of engines and rolling stock accounting for the largest share of that figure. CapEx on the acquisition of property, plant and equipment within the 'Freight rail transport (diesel traction)' activity totalled EUR 1,098,000 (1.8% of all CapEx).

CapEx on acquisitions of property, plant and equipment within the Taxonomy-aligned activity of 'Infrastructure for rail transport' totalled EUR 4,245,000 in 2023, with the bulk of this figure going towards investments in special-purpose rolling stock, construction machinery, road vehicles and manufacturing equipment. Acquisitions within the scope of this activity and relating to SŽ-Infrastruktura, d.o.o. amounted to EUR 2,811,000, with the remainder relating to SŽ-ŽGP Ljubljana, d.d. (EUR 864,000) and SŽ-Tovorni promet, d.o.o. (EUR 570,000).



Regarding CapEx in the 'Passenger interurban rail transport' activity, 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 units. Acquisitions of property, plant and equipment within the 'Passenger interurban rail transport' activity accounted for 7.4% of all investments by the Slovenske železnice Group in 2023 (EUR 4,481,000), with the bulk going towards investments in new purchases of engines and rolling stock (EUR 3,066,000).

Acquisitions of property, plant and equipment within the 'Renovation of existing buildings' activity totalled EUR 44,000.

We invested EUR 405,000 in property maintenance within the 'Acquisition and ownership of buildings' activity in 2023. SŽ-ŽIP storitve, d.o.o. invested EUR 181,000 in these activities, Slovenske železnice, d.o.o. EUR 104,000, SŽ-Potniški promet, d.o.o. EUR 71,000 and SŽ-Tovorni promet, d.o.o. EUR 49,000.





3. Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure for the Slovenske železnice Group covering 2023

2023 FINANCIAL YEAR			SUBSTANTIAL CONTRIBUTION CRITERIA				
Economic activities	Code	Turnover EUR thousand	Proportion of turnover 2023 %	Climate Change Mitigation YES; NO; N/EL	Climate Change Adaptation YES; NO; N/EL	Water YES; NO; N/EL	Pollution YES; NO; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Manufacture of low-carbon technologies for transport (electric traction)	CCM 3.3	649	0.5	YES	NO	N/EL	N/EL
Manufacture of rail rolling stock constituents	CCM3.19	135	0.1	YES	NO	N/EL	N/EL
Collection and transport of non-hazardous waste in source-segregated fractions	CCM 5.5	0	0.0	YES	NO	N/EL	N/EL
Passenger interurban rail transport (electric traction)	CCM6.1	11	0.0	YES	NO	N/EL	N/EL
Freight rail transport (electric traction)	CCM 6.2	16,595	13.9	YES	NO	N/EL	N/EL
Infrastructure for personal mobility, cycle logistics	CCM 6.13	339	0.3	YES	NO	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	55,594	46.6	YES	NO	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	2,097	1.8	YES	NO	N/EL	N/EL
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		75,420	63.3	100%	0%	0%	0%
Of which Enabling		56,582	75.0	100%	0%	0%	0%
Of which Transitional		2,097	2.8	100%	0%	0%	0%



DNSH ('DO NO SIGNIFICANT HARM') CRITERIA											
Circular Economy YES; NO; N/EL	Biodiversity YES; NO; N/EL	Climate Change Mitigation YES/NO	Climate Change Adaptation YES/NO	Water YES/NO	Pollution YES/NO	Circular Economy YES/NO	Biodiversity YES/NO	Minimum Safeguards YES/NO	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover 2022 %	Category enabling activity E	Category transitional activity T
N/EL	N/EL	-	YES	YES	YES	YES	YES	YES	0.3	E	-
NO	N/EL	-	YES	YES	YES	YES	YES	YES	0.0	-	-
N/EL	N/EL	-	YES			YES		YES	0.0	-	-
N/EL	N/EL	-	YES		YES	YES		YES	0.0	-	-
N/EL	N/EL	-	YES		YES	YES		YES	16.4	-	-
N/EL	N/EL	-	YES	YES	YES	YES	YES	YES	2.3	E	-
N/EL	N/EL	-	YES	YES	YES	YES	YES	YES	32.8	E	-
N/EL	N/EL	-	YES	YES	YES	YES		YES	2.0	-	T
0%	0%	YES	YES	YES	YES	YES	YES	YES	53.8		
0%	0%	YES	YES	YES	YES	YES	YES	YES	65.7	E	-
0%	0%	YES	YES	YES	YES	YES	YES	YES	3.8	-	T



2023 FINANCIAL YEAR			SUBSTANTIAL CONTRIBUTION CRITERIA				
Economic activities	Code	Turnover EUR thousand	Proportion of turnover 2023 %	Climate Change Mitigation YES; NO; N/EL	Climate Change Adaptation YES; NO; N/EL	Water YES; NO; N/EL	Pollution YES; NO; N/EL
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>							
Manufacture of low-carbon technologies for transport (diesel traction)	CCM3.3	88	0.1	EL	EL	N/EL	N/EL
Passenger interurban rail transport	CCM 6.1	13,091	11.0	EL	EL	N/EL	N/EL
Passenger interurban rail transport (diesel traction)	CCM 6.1	7	0.0	EL	EL	N/EL	N/EL
Freight rail transport (diesel traction)	CCM 6.2	78	0.1	EL	EL	N/EL	N/EL
Urban and suburban transport, road passenger transport	CCM 6.3	79	0.1	EL	EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM6.5	0	0.0	EL	EL	N/EL	N/EL
Freight transport services by road	CCM 6.6	3	0.0	EL	EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	23	0.0	EL	EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	223	0.2	EL	EL	N/EL	N/EL
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>13,592</b>	<b>11.4</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>A. OpEx of Taxonomy-eligible activities (A.1 + A.2)</b>		<b>89,012</b>	<b>74.7</b>	100%	0%	0%	0%
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>							
<b>OpEx of Taxonomy-non-eligible activities</b>		<b>30,175</b>	<b>25.3</b>				
<b>TOTAL</b>		<b>119,187</b>	<b>100.0</b>				



		DNSH ('DO NO SIGNIFICANT HARM') CRITERIA									
Circular Economy YES; NO; N/EL	Biodiversity YES; NO; N/EL	Climate Change Mitigation YES/NO	Climate Change Adaptation YES/NO	Water YES/NO	Pollution YES/NO	Circular Economy YES/NO	Biodiversity YES/NO	Minimum Safeguards YES/NO	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover 2022 %	Category enabling activity E	Category transitional activity T
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	9.9	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.7	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.0	-	-
N/EL	N/EL	-	-	-	-	-	-	-	0.3	-	-
0%	0%	-	-	-	-	-	-	-	10.9	-	-
0%	0%	-	-	-	-	-	-	-	64.7	-	-





The denominator of the key performance indicator of operating expenditure (OpEx) in conjunction with the EU Taxonomy 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.

OpEx totalled EUR 119,187,000 in 2023: 63.3% in Taxonomy-aligned activities (EUR 75,420,000), 11.4% in Taxonomy-eligible but not Taxonomy-aligned activities (EUR 13,592,000) and 25.3% in Taxonomy-non-eligible activities (EUR 30,175,000).

OpEx in the 'Manufacture of low-carbon technologies for transport (electric traction)' activity amounted to EUR 649,000 in 2023, or 0.5% of all OpEx. This figure was EUR 88,000 for transport with diesel traction.

OpEx in the 'Manufacture of rail rolling stock constituents' activity amounted to EUR 135,000 in 2023 (0.1% of all OpEx).

OpEx in the 'Passenger interurban rail transport' activity comprised maintenance costs of EUR 11,000 for electric traction and EUR 7,000 for diesel traction.

In 2023 the part of the 'Freight rail transport' activity relating to electric traction generated OpEx of EUR 16,595,000 (13.9% of all OpEx), with SŽ-Vleka in tehnika, d.o.o. accounting for EUR 11,000, while the part relating to diesel traction generated OpEx of EUR 78,000 (0.1% of all OpEx), with SŽ-Vleka in tehnika, d.o.o. accounting for EUR 6,000.

The 'Infrastructure for personal mobility, cycle logistics' activity generated OpEx of EUR 339,000 in 2023 (0.3% of all OpEx). These expenditures related to services in the field of PRI renovation and regeneration.

The OpEx within the 'Infrastructure for rail transport' activity related to short-term leases totalling EUR 216,000 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 55,378,000). These expenditures totalled EUR 55,594,000, or 46.6% of all OpEx. In 2023 SŽ-Infrastruktura, d.o.o. generated OpEx of EUR 35,603,000, with the remainder generated by SŽ-ŽGP Ljubljana, d.d. (EUR 19,991,000).

OpEx in the 'Renovation of existing buildings' activity comprised the costs of materials and services for the regular maintenance and renovation of buildings (EUR 2,097,000 or 1.8% of all OpEx).

In 2023 the 'Passenger interurban rail transport' activity generated OpEx of EUR 13,091,000 (11% of all OpEx). These expenditures related to the costs of services and replacement parts for the maintenance of rolling stock totalling EUR 2,636,000 and leases totalling EUR 10,455,000.

The 'Urban and suburban transport, road passenger transport' activity generated OpEx of EUR 79,000, which was 0.1% of all OpEx.

The 'Renovation of existing buildings' activity generated OpEx of EUR 23,000 in 2023.

The 'Acquisition and ownership of buildings' activity generated OpEx of EUR 223,000 (0.2% of all OpEx) in 2023. These investments related to the ongoing maintenance of buildings being leased out. The bulk of the OpEx in this activity was generated by Slovenske železnice, d.o.o. (EUR 156,000), with the remainder coming from SŽ-ŽIP storitve, d.o.o. (EUR 29,000), SŽ-Potniški promet, d.o.o. (EUR 11,000), SŽ-ŽGP Ljubljana, d.d. (EUR 16,000) and SŽ-Tovorni promet, d.o.o. (EUR 11,000).



We prepared these disclosures after studying the relevant Taxonomy documents and on the basis of our current understanding, the available data and an assessment of the requirements. We are aware that Commission Delegated Regulation (EU) 2021/2178 is to 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 in that category.



II. Slovenske železnice, d.o.o.

1. Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure for Slovenske železnice, d.o.o. covering 2023

2023 FINANCIAL YEAR			SUBSTANTIAL CONTRIBUTION CRITERIA				
Economic activities	Code	Turnover EUR thousand	Proportion of turnover 2023 %	Climate Change Mitigation YES; NO; N/EL	Climate Change Adaptation YES; NO; N/EL	Water YES; NO; N/EL	Pollution YES; NO; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0	0.0%	0.0%	0.0%	0.0%
Of which Enabling		0	0.0	0.0%	0.0%	0.0%	0.0%
Of which Transitional		0	0.0	0.0%	0.0%	0.0%	0.0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
Acquisition and ownership of buildings	CCM 7.7	1,058	2.9	EL	EL	N/EL	N/EL
Turnover from Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,058	2.9	100.0%	0.0%	0.0%	0.0%
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		1,058	2.9	100.0%	0.0%	0.0%	0.0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES							
Turnover of Taxonomy-non-eligible activities		35,348	97.1				
TOTAL		36,406	100.0				

In 2023 Slovenske železnice, d.o.o. generated turnover of EUR 36,406,000, with EUR 1,058,000 of this (or 2.9%) coming from Taxonomy-eligible activities. The company generated turnover of EUR 35,348,000 (92% of turnover) from Taxonomy-non-eligible activities.

Following a careful review of the technical screening criteria, our assessment is that the 'Acquisition and ownership of buildings' activity is Taxonomy-eligible but not Taxonomy-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). Turnover includes turnover recognised in accordance with paragraph 82A of International Accounting Standard (IAS) 1 as adopted by Regulation (EC) No 1126/2008 (1).



		DNSH ('DO NO SIGNIFICANT HARM') CRITERIA									
Circular Economy YES; NO; N/EL	Biodiversity YES; NO; N/EL	Climate Change Mitigation YES/NO	Climate Change Adaptation YES/NO	Water YES/NO	Pollution YES/NO	Circular Economy YES/NO	Biodiversity YES/NO	Minimum Safeguards YES/NO	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover 2022 %	Category enabling activity E	Category transitional activity T
0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	0.0		
0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	0.0	E	-
0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	0.0	-	T
N/EL	N/EL	-	-	-	-	-	-	-	3.0	-	-
0.0%	0.0%	-	-	-	-	-	-	-	3.0	-	-
0.0%	0.0%	-	-	-	-	-	-	-	3.0	-	-

We generated turnover of EUR 1,058,000 in the 'Acquisition and ownership of buildings' activity (2.9% of all turnover of the company). This turnover related to rents from business premises and other buildings in ownership.





2. Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure for Slovenske železnice, d.o.o. covering 2023

2023 FINANCIAL YEAR			SUBSTANTIAL CONTRIBUTION CRITERIA				
Economic activities	Code	Turnover EUR thousand	Proportion of turnover 2023 %	Climate Change Mitigation YES; NO; N/EL	Climate Change Adaptation YES; NO; N/EL	Water YES; NO; N/EL	Pollution YES; NO; N/EL
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%	0.0%	0.0%	0.0%
Of which Enabling		0	0.0	0.0%	0.0%	0.0%	0.0%
Of which Transitional		0	0.0	0.0%	0.0%	0.0%	0.0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
Acquisition and ownership of buildings	CCM7.7	104	1.2	EL	EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) ( (A.2)		104	1.2	100.0%	0.0%	0.0%	0.0%
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		104	1.2	100.0%	0.0%	0.0%	0.0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES							
CapEx of Taxonomy-non-eligible activities		8,565	98.8				
TOTAL		8,669	100.0				

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

- acquisition of property, plant and equipment (IAS 16);
- acquisition 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.

CapEx totalled EUR 8,669,000 in 2023. Taxonomy-eligible CapEx totalled EUR 104,000. Taxonomy-non-eligible CapEx totalled EUR 8,565,000, or 98.8% of all CapEx.



DNSH ('DO NO SIGNIFICANT HARM') CRITERIA											
Circular Economy YES; NO; N/EL	Biodiversity YES; NO; N/EL	Climate Change Mitigation YES/NO	Climate Change Adaptation YES/NO	Water YES/NO	Pollution YES/NO	Circular Economy YES/NO	Biodiversity YES/NO	Minimum Safeguards YES/NO	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover 2022 %	Category enabling activity E	Category transitional activity T
0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	0.0		
0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	0.0	E	-
0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	0.0	-	T
N/EL	N/EL	-	-	-	-	-	-	-	2.8	-	-
0.0%	0.0%	-	-	-	-	-	-	-	2.8	-	-
0.0%	0.0%	-	-	-	-	-	-	-	2.8	-	-

Acquisitions of property, plant and equipment within the Taxonomy-eligible activity of 'Acquisition and ownership of buildings' totalled EUR 104,000 in 2023 (investments in holiday units).



### 3. Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure for Slovenske železnice, d.o.o. covering 2023

2023 FINANCIAL YEAR				SUBSTANTIAL CONTRIBUTION CRITERIA			
Economic activities	Code	Turnover EUR thousand	Proportion of turnover 2023 %	Climate Change Mitigation YES; NO; N/EL	Climate Change Adaptation YES; NO; N/EL	Water YES; NO; N/EL	Pollution YES; NO; N/EL
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>							
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>							
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0	0.0%	0.0%	0.0%	0.0%
Of which Enabling		0	0.0	0.0%	0.0%	0.0%	0.0%
Of which Transitional		0	0.0	0.0%	0.0%	0.0%	0.0%
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>							
Acquisition and ownership of buildings	CCM 7.7	248	6.4	EL	EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		248	6.4	100.0%	0.0%	0.0%	0.0%
<b>A. A. OpEx of Taxonomy-eligible activities (A.1+A.2)</b>		248	6.4	100.0%	0.0%	0.0%	0.0%
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>							
OpEx of Taxonomy-non-eligible activities		3,634	93.6				
<b>TOTAL</b>		3,882	100.0				

The denominator of the key performance indicator of operating expenditure (OpEx) in conjunction with the EU Taxonomy 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.

OpEx totalled EUR 3,882,000 in 2023: 6.4% in Taxonomy-eligible activities (EUR 248,000) and 93.6% in Taxonomy-non-eligible activities (EUR 3,634,000).

The 'Acquisition and ownership of buildings' activity generated OpEx of EUR 248,000 (6.4% of all OpEx) in 2023. These investments related to the ongoing maintenance of buildings being leased out.

[illegible]

We prepared these disclosures after studying the relevant Taxonomy documents and on the basis of 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.





05

# Financial report



# 1. Consolidated financial statements of the Slovenske železnice Group

## 1.1 Consolidated statement of financial position

		Balance as at	
in EUR	Note	31 December 2023	31 December 2022
<b>ASSETS</b>		<b>1,271,549,048</b>	<b>1,218,893,581</b>
<b>A. Non-current assets</b>		<b>914,880,251</b>	<b>791,510,963</b>
Intangible assets	2.3.1.1	29,566,553	26,733,926
Right-of-use lease assets	2.3.1.2	25,079,002	19,782,182
Property, plant and equipment	2.3.1.3	592,575,098	616,367,925
Investment property	2.3.1.4	41,782,949	36,658,847
Investments in associates	2.3.1.5	32,566,741	37,491,603
Other investments	2.3.1.5	2,144,340	2,144,340
Financial receivables	2.3.1.6	42,532,458	39,031,501
Operating receivables	2.3.1.12	141,077,137	5,799,902
Deferred tax assets	2.3.1.7	3,899,218	2,921,147
Other non-current assets	2.3.1.8	3,656,755	4,579,590
<b>B. Current assets</b>		<b>356,668,797</b>	<b>427,382,618</b>
Assets held for sale	2.3.1.9	15,323	19,268,770
Inventories	2.3.1.10	42,112,191	43,347,160
Financial receivables	2.3.1.6	98,202,136	130,702,160
Trade receivables	2.3.1.11	65,496,319	54,248,207
Other trade receivables	2.3.1.12	22,054,545	19,269,134
Other current assets	2.3.1.13	48,830,698	42,254,071
Cash and cash equivalents	2.3.1.14	79,957,585	118,293,116
<b>EQUITY AND LIABILITIES</b>		<b>1,271,549,048</b>	<b>1,218,893,581</b>
<b>A. Equity</b>	2.3.1.15	<b>864,346,585</b>	<b>834,109,083</b>
<b>a) Equity of the owners of the controlling company</b>		<b>759,433,459</b>	<b>737,865,366</b>
Called-up capital		509,529,921	509,529,921
Share premium account		45,002,140	45,002,140
Legal reserves		4,637,603	4,066,111
Other profit reserves		50,314,305	49,185,127
Fair value reserves		3,194,184	4,860,750
Retained earnings		146,755,052	125,220,976
1. Net profit brought forward		117,711,772	100,219,953
2. Undistributed net profit for the financial year		29,043,280	25,001,023
Translation differences		254	341
<b>b) Non-controlling interest</b>		<b>104,913,126</b>	<b>96,243,717</b>



		Balance as at	
in EUR	Note	31 December 2023	31 December 2022
<b>B. Non-current liabilities</b>		<b>222,390,275</b>	<b>213,256,632</b>
Provisions for jubilee benefits and termination benefits	2.3.1.16	26,752,935	22,157,346
Other provisions	2.3.1.16	1,582,189	1,257,160
Non-current deferred income	2.3.1.17	13,114,533	7,136,624
Financial liabilities	2.3.1.18	88,010,668	81,699,606
Lease liabilities	2.3.1.19	12,108,322	7,380,578
Operating liabilities	2.3.1.20	80,821,628	93,625,318
<b>C. Current liabilities</b>		<b>184,812,188</b>	<b>171,527,866</b>
Financial liabilities	2.3.1.18	33,473,557	35,956,262
Lease liabilities	2.3.1.19	10,035,934	9,885,394
Trade payables	2.3.1.22	42,812,779	43,808,101
Other operating liabilities	2.3.1.20	78,505,485	66,070,943
Other current liabilities	2.3.1.21	18,672,769	14,916,807
Income tax liabilities	2.3.2.10	1,311,664	890,359

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	2023	2022
1. Revenues from contracts with customers	2.3.2.1	528,207,833	468,217,493
2. Change in the value of inventories of finished goods and work in progress		2,007,576	-764,371
3. Capitalised own products and services	2.3.2.2	20,695,970	25,595,703
4. Other operating revenues	2.3.2.3	144,019,213	120,298,882
5. Costs of goods, materials and services	2.3.2.4	284,315,088	248,436,383
6. Labour costs	2.3.2.5	291,981,986	256,456,525
7. Write-downs	2.3.2.6	68,971,953	62,609,169
8. Other operating expenses	2.3.2.7	3,143,977	5,019,975
<b>9. Operating profit (1 ± 2 + 3 + 4 - 5 - 6 - 7 - 8)</b>		<b>46,517,588</b>	<b>40,825,655</b>
10. Finance income	2.3.2.8	7,760,143	5,138,292
11. Finance expenses	2.3.2.9	5,416,174	5,074,081
<b>12. Net finance income/costs (10 - 11)</b>		<b>2,343,969</b>	<b>64,211</b>
<b>13. Earnings before tax (9 + 12)</b>		<b>48,861,557</b>	<b>40,889,866</b>
14. Current tax		5,590,630	4,527,305
15. Deferred taxes	2.3.1.7	-978,070	973,544
<b>16. Corporate income tax</b>	2.3.2.10	<b>4,612,560</b>	<b>5,500,849</b>
<b>17. Net profit for the accounting period</b>		<b>44,248,997</b>	<b>35,389,017</b>
Net profit for the accounting period attributable to:			
a) owners of the controlling company		35,043,950	27,274,638
b) non-controlling interest		9,205,047	8,114,379

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	2023	2022
<b>Net profit for the accounting period</b>	1.2	<b>44,248,997</b>	<b>35,389,017</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>		<b>-1,525,732</b>	<b>13,204,406</b>
Actuarial gains/losses		-1,525,732	13,204,406
<b>Items that may be reclassified subsequently to profit or loss</b>		<b>7,691</b>	<b>156,669</b>
Exchange rate differences		1,344	1,214
Changes in equity of associates		6,347	155,455
<b>Other comprehensive income for the financial year</b>		<b>-1,518,041</b>	<b>13,361,075</b>
<b>Total comprehensive income for the accounting period</b>		<b>42,730,956</b>	<b>48,750,092</b>
Total comprehensive income for the accounting period attributable to:			
a) owners of the controlling company		33,657,557	39,581,529
b) non-controlling interest		9,073,399	9,168,563

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	2023	2022
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>a) Net profit</b>		<b>44,248,998</b>	<b>35,389,017</b>
Pre-tax profit	1.2	48,861,557	40,889,866
Corporate income tax and other taxes not included in operating expenses		4,612,559	5,500,849
<b>b) Adjustments by</b>		<b>59,222,968</b>	<b>57,147,194</b>
Amortisation/depreciation (+)	2.3.2.6	67,961,385	61,867,650
Revaluation operating revenues (-)		-9,261,735	-8,014,523
Revaluation operating expenses (+)	2.3.2.6	1,010,568	741,520
Finance income, excluding finance income from operating receivables (-)	2.3.2.8	-7,664,564	-4,918,987
Finance expenses, excluding finance expenses from operating liabilities (+)	2.3.2.9	5,310,605	4,936,547
Actuarial calculation of provisions for employee benefits		3,874,676	2,110,771
Calculation of other provisions		221,495	702,815
Tax expenses		-701,146	398,193
Reversal of accrued revenues and expenses		-749,664	-238,789
Revenues from materials acquired		-529,239	-424,071
Other adjustments to revenues and expenses		-249,413	-13,932
<b>c) Change in net working capital (and provisions and deferred tax assets and liabilities) from balance sheet operating items</b>		<b>-13,948,021</b>	<b>13,327,468</b>
Opening less closing operating receivables		-19,063,467	23,328,445
Opening less closing inventories		1,342,194	-1,814,152
Closing less opening operating liabilities		-857,861	-12,904,962
Closing less opening provisions		4,631,113	4,718,137
<b>d) Net cash flows from operating activities (a + b + c)</b>		<b>89,523,945</b>	<b>105,863,679</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>a) Inflows from investing activities</b>		<b>674,136,169</b>	<b>59,447,707</b>
Inflows from interest received and shares in the profit of others		9,375,903	3,031,271
Inflows from the disposal of intangible assets		1,676,750	0
Inflows from the disposal of property, plant and equipment	2.3.1.3	5,951,955	6,161,155
Inflows from disposal of investment property	2.3.1.4	1,620,257	247,461
Inflows from the disposal of financial receivables		655,511,304	50,007,820
<b>b) Outflows from investing activities</b>		<b>-794,192,682</b>	<b>-347,025,200</b>
Outflows for the acquisition of intangible assets	2.3.1.1	-6,279,295	-3,030,815
Outflows for the acquisition of property, plant and equipment	2.3.1.3	-160,961,470	-103,882,821
Outflows for the acquisition of investment property	2.3.1.4	-162,714	-112,280
Outflows for the acquisition of a stake in the associate NOMAGO, d.o.o.		-3,777,455	-20,860,957
Outflows for the acquisition of financial assets and financial receivables		-623,011,748	-219,138,327
<b>c) Net cash flows from investing activities (a + b)</b>		<b>-120,056,513</b>	<b>-287,577,493</b>



in EUR	Note	2023	2022
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>a) Inflows from financing activities</b>		<b>50,500,000</b>	<b>274,130,497</b>
Inflows from paid-up capital		0	209,430,497
Inflows from the increase in financial liabilities	2.3.1.18	50,500,000	64,700,000
<b>b) Outflows from financing activities</b>		<b>-58,302,168</b>	<b>-101,315,737</b>
Outflows for interest paid on leases		-767,945	-490,763
Outflows for other interest paid		-1,846,123	-2,758,923
Outflows for the repayment of financial liabilities	2.3.1.18	-43,735,360	-87,928,604
Outflows for the repayment of lease liabilities	2.3.1.19	-11,548,750	-9,733,457
Outflows for the payment of dividends and other shares in profit	2.3.1.15	-403,990	-403,990
<b>c) Net cash flows from financing activities (a + b)</b>		<b>-7,802,168</b>	<b>172,814,760</b>
<b>D. Closing balance of cash</b>	2.3.1.14	<b>79,957,585</b>	<b>118,293,116</b>
x) Net cash flow for the period (sum of Ad, Bc and Cc)		-38,334,736	-8,899,054
+/- Calculated exchange rate differences from foreign currency assets		-795	-1,516
y) Opening balance of cash	2.3.1.14	118,293,116	127,193,686

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 2023

in EUR	Share capital	Share premium account	Legal reserves	Other profit reserves	Fair value reserves
Balance at end of previous reporting period	509,529,921	45,002,140	4,066,111	49,185,127	4,860,750
Retroactive recalculations					
Opening balance for the reporting period	509,529,921	45,002,140	4,066,111	49,185,127	4,860,750
Changes in equity (transactions with owners)	0	0	0	0	0
Payment of shares in profit and dividends					
Changes in total comprehensive income for the reporting period	0	0	0	0	-1,666,566
Entry of net profit for the reporting period					
Items that will not be reclassified subsequently to profit or loss					-1,666,566
Items that can be recognised in future profit or loss					
Changes in equity	0	0	571,492	1,129,178	0
Allocation of remaining portion of net profit for the comparable reporting period to other components of equity					
Allocation of a portion of net profit from the reporting period to other components of equity			571,492	5,429,178	
Allocation of reserves to other components of equity				-4,300,000	
Closing balance for the reporting period	509,529,921	45,002,140	4,637,603	50,314,305	3,194,184

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

Retained earnings					
Net profit brought forward	Undistributed net profit for the financial year	Translation differences	Equity of the owners of the controlling company	Non-controlling interest	Total
100,219,953	25,001,023	341	737,865,366	96,243,717	834,109,083
	-2,263,476		-2,263,476		-2,263,476
100,219,953	22,737,547	341	735,601,890	96,243,717	831,845,607
-9,825,988	0	0	-9,825,988	-403,990	-10,229,978
-9,825,988	0	0	-9,825,988	-403,990	-10,229,978
280,260	35,043,950	-87	33,657,557	9,073,399	42,730,956
	35,043,950		35,043,950	9,205,047	44,248,997
252,018			-1,414,548	-111,184	-1,525,732
28,242		-87	28,155	-20,464	7,691
27,037,547	-28,738,217	0	0	0	0
22,737,547	-22,737,547				0
	-6,000,670				0
4,300,000					0
117,711,772	29,043,280	254	759,433,459	104,913,126	864,346,585



From 1 January to 31 December 2022

in EUR	Share capital	Share premium account	Legal reserves	Other profit reserves	Fair value reserves
Opening balance for the reporting period	359,529,921	45,002,140	3,849,576	47,128,047	-7,957,886
Changes in equity (transactions with owners)	150,000,000	0	0	0	0
Entry of additional paid-up capital	150,000,000				
Payment of shares in profit and dividends					
Changes in total comprehensive income for the reporting period	0	0	0	0	12,229,982
Entry of net profit for the reporting period					
Items that will not be reclassified subsequently to profit or loss					12,229,982
Items that can be recognised in future profit or loss					
Changes in equity	0	0	216,535	2,057,080	588,654
Allocation of remaining portion of net profit for the comparable reporting period to other components of equity					
Allocation of a portion of net profit from the reporting period to other components of equity			216,535	2,057,080	
Other changes in equity					588,654
Closing balance for the reporting period	509,529,921	45,002,140	4,066,111	49,185,127	4,860,750

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 2023;
- an adjustment of the non-controlling interest of other companies in the amount of EUR 22,199.



Retained earnings					
Net profit brought forward	Undistributed net profit for the financial year	Translation differences	Equity of the owners of the controlling company	Non-controlling interest	Total
94,322,607	27,802,650	-2,421	569,674,634	6,657,851	576,332,485
0	0	0	150,000,000	59,026,506	209,026,506
			150,000,000	59,430,496	209,430,496
			0	-403,990	-403,990
74,147	27,274,638	2,762	39,581,529	9,168,563	48,750,092
	27,274,638		27,274,638	8,114,379	35,389,017
-79,519			12,150,463	1,053,943	13,204,406
153,666		2,762	156,428	241	156,669
5,823,199	-30,076,265	0	-21,390,797	21,390,797	0
27,802,650	-27,802,650				0
	-2,273,615				0
-21,979,451			-21,390,797	21,390,797*	0
100,219,953	25,001,023	341	737,865,366	96,243,717	834,109,083





## 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 2023 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 2023 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 more detailed overview of the composition of the SŽ Group can be found in the organisational chart in the business section of this 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 financial statements of Slovenske železnice, d.o.o. and the consolidated financial statements of the Slovenske železnice Group for 2023 on 24 May 2024.

#### Basis of measurement

The financial statements have been compiled on an 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 judgments

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. Judgment 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.



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 2.3.1.12).

- Post-employment benefits

The present value of employee jubilee benefits and termination benefits at retirement 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, and based on assumptions and estimates valid at the time of the calculation. The 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 2.3.1.16).

- 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 2.3.1.7).



## 2.2 Important information on the accounting policies

### Important information on the 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.

SŽ-ŽGP, d.o.o., Podgorica ceased operating following fast-track liquidation proceedings and was removed from the companies register on 2 August 2023.

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) that had not yet entered into force on the day these financial statements were approved are presented below. The SŽ Group/SŽ, d.o.o did not take up the option of early application of any of the standards.

Standard/Note	Effective from	Impact on financial statements
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024	No material effect
Amendments to IAS 1 Classification of Liabilities with Covenants as Current or Non-current	1 January 2024	No material effect
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	1 January 2024	No material effect
Amendments to IAS 21 Lack of Exchangeability	1 January 2025	No material effect
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (and further amendments)	Deferred indefinitely	Being studied

#### 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.

#### Amendments to IAS 1 Classification of Liabilities with Covenants as Current or Non-current

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 2023, clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

#### Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments add requirements regarding disclosures and policies within existing disclosure requirements so as to provide qualitative and quantitative information on supplier finance arrangements.

#### Amendments to IAS 21 Lack of Exchangeability

The amendments give guidance on specifying when a currency is exchangeable and how to determine the exchange rate when it is not.





Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (and further amendments)

The amendments relate to a conflict between the requirements of IAS 28 and IFRS 10, and clarify that the gain or loss recognition for transactions with an associate or joint venture depends on whether the sold assets constitute a business.

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

Standard/Note	Effective from	Impact on financial statements
Amendments to IAS 1 Classification of Liabilities with Covenants as Current or Non-current	1 January 2024	No material effect
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	1 January 2024	No material effect
Amendments to IAS 21 Lack of Exchangeability	1 January 2025	No material effect
IFRS 14 Regulatory Deferral Accounts	The European Commission has decided that it will not commence the procedure to adopt this transitional standard and will instead wait for the final standard.	Being studied
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (and further amendments)	The approval process has been deferred indefinitely until a research project on the equity method has been completed.	Being studied

IFRS 14 Regulatory Deferral Accounts

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

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

Standard/Note	Effective from	Impact on financial statements
IFRS 17 Insurance Contracts (including the amendments from June 2020 and December 2021)	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 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023	No material effect
Amendments to IAS 12 International Tax Reform Pillar Two Model Rules	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 introduction of the amendments to IFRS 17 did not have a material impact on the financial statements of the Slovenske železnice Group and Slovenske železnice, d.o.o.

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 introduction of the amendments to IAS 1 will not have a material impact on the financial statements of the SŽ Group/SŽ d.o.o.

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

The company might 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 more 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 can change in the light of additional information. The introduction of the amendments to IAS 8 will not have a material impact on the financial statements of the SŽ Group/SŽ d.o.o.

Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

According to the 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 introduction of the amendments to IAS 12 will not have a material impact on the financial statements of the SŽ Group/SŽ d.o.o.

Amendments to IAS 12 International Tax Reform

The amendments have introduced a temporary exception from accounting for deferred taxes arising from the jurisdictional implementation of the global tax rules, and requirements regarding a company's disclosure of exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date. The introduction of the amendments to IAS 12 will not have a material impact on the financial statements of the SŽ Group/SŽ d.o.o.



## Information on the 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 Slovenske železnice Group companies are compiled for the same reporting period as the parent company and applying the same accounting policies.

#### 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.

A 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. 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 an agreement.

#### 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) Translation 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 that are disclosed at historical cost less amortisation and any impairment loss, and intangible assets with indeterminable useful lives that 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 2023, 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 11% and the long-term growth in net cash flows after the period of projection (after 2028) was 2%. 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.

Annual depreciation rates applied in 2023:

	Lowest	Highest
1. Buildings	2%	34%
2. Production equipment	2%	50%
3. Computer equipment	14%	50%
4. Motor vehicles	10%	33%
5. Other equipment	7%	25%
6. Non-current intangible assets	5%	50%

The depreciation rates applied in 2023 were unchanged from the previous year. The revaluation of an item of property, plant and equipment entails a change in its carrying amount as a 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.

Lease terms vary, as follows:

- for land: up to 45 years;
- for business premises and buildings: up to 27 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 as follows in relation to the period of lease:

	Lowest	Highest
1. Land	2%	100%
2. Buildings	4%	100%
3. Rolling stock	5%	100%
4. Other equipment	3%	20%
5. Vehicles	10%	100%

If at the conclusion of a lease ownership of the leased asset is transferred to a Slovenske železnice Group company or a Slovenske železnice Group company exercises the purchase option, depreciation is calculated on the basis of the estimated 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 are 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 owned to generate rental income and/or increase the value of a non-current investment. 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 either as investment property or as 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, in proportion to the respective types of 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), that 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 classed 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 its carrying amount exceeds its 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 100,000.

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 investment property.

**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 according to age by between 20% and 90%
- inventories of replacement parts are impaired according to age by between 4% and 92%
- small inventory and packaging are impaired according 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 and 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 to calculate impairments of financial instruments.

• **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 in accordance with the matching principal (accrual basis). 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 and forward-looking information, actual losses may in fact be higher or lower than those assumed based on past developments.



The estimated impairment loss percentages are 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:

	2023	2022
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:

	2023	2022
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.

Material receivables may be impaired on an individual basis. The impairment of receivables from specific customers may exceptionally be waived for duly substantiated reasons. Decisions relating to this 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 2019–2023 period, we estimate that the percentages chosen remain appropriate.

• **Cash and cash equivalents**

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.

• **Liabilities**

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 borrowings 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 and security deposits received, 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 borrowings and current lease liabilities. Current operating liabilities comprise advances and security deposits from customers, domestic and foreign trade payables, 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 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 by any impairment.

**Provisions and non-current deferred income**

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 termination benefits at retirement, 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 is to cover projected expenses over a period of more than one year is disclosed under non-current deferred income. It also includes government grants 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 termination benefits at retirement 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 termination benefits at retirement 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 the 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 contract costs that are likely to be compensated;
- contract 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 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 of the compiling 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.

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 account 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 comprises 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.).
- 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 and 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 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 range of 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 2023	31 December 2022
Long-term property rights	25,871,946	23,021,267
Goodwill	3,568,239	3,568,239
Non-current deferred development costs	126,368	144,420
<b>Total</b>	<b>29,566,553</b>	<b>26,733,926</b>

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
<b>Historical cost</b>					
<b>Balance as at 1 January 2022</b>	<b>27,829,342</b>	<b>4,025,878</b>	<b>3,568,239</b>	<b>369,864</b>	<b>35,793,323</b>
Acquisitions	724,880	2,422,698	0	0	3,147,578
Decreases	-1,149,885	0	0	0	-1,149,885
<b>Balance as at 31 December 2022</b>	<b>27,404,337</b>	<b>6,448,576</b>	<b>3,568,239</b>	<b>369,864</b>	<b>37,791,016</b>
<b>Balance as at 1 January 2023</b>	<b>27,404,337</b>	<b>6,448,576</b>	<b>3,568,239</b>	<b>369,864</b>	<b>37,791,016</b>
Acquisitions	1,389,893	4,956,236	0	0	6,346,129
Decreases	-1,620,919	0	0	0	-1,620,919
<b>Balance as at 31 December 2023</b>	<b>27,173,311</b>	<b>11,404,812</b>	<b>3,568,239</b>	<b>369,864</b>	<b>42,516,226</b>
<b>Value adjustments</b>					
<b>Balance as at 1 January 2022</b>	<b>9,748,054</b>	<b>0</b>	<b>0</b>	<b>207,391</b>	<b>9,955,445</b>
Decreases	-1,149,885	0	0	0	-1,149,885
Amortisation	2,233,477	0	0	18,053	2,251,530
<b>Balance as at 31 December 2022</b>	<b>10,831,646</b>	<b>0</b>	<b>0</b>	<b>225,444</b>	<b>11,057,090</b>
<b>Balance as at 1 January 2023</b>	<b>10,831,646</b>	<b>0</b>	<b>0</b>	<b>225,444</b>	<b>11,057,090</b>
Decreases	-306,497	0	0	0	-306,497
Amortisation	2,181,028	0	0	18,052	2,199,080
<b>Balance as at 31 December 2023</b>	<b>12,706,177</b>	<b>0</b>	<b>0</b>	<b>243,496</b>	<b>12,949,673</b>
<b>Carrying amount</b>					
<b>Balance as at 1 January 2022</b>	<b>18,081,288</b>	<b>4,025,878</b>	<b>3,568,239</b>	<b>162,473</b>	<b>25,837,878</b>
<b>Balance as at 31 December 2022</b>	<b>16,572,691</b>	<b>6,448,576</b>	<b>3,568,239</b>	<b>144,420</b>	<b>26,733,926</b>
<b>Balance as at 1 January 2023</b>	<b>16,572,691</b>	<b>6,448,576</b>	<b>3,568,239</b>	<b>144,420</b>	<b>26,733,926</b>
<b>Balance as at 31 December 2023</b>	<b>14,467,134</b>	<b>11,404,812</b>	<b>3,568,239</b>	<b>126,368</b>	<b>29,566,553</b>



The Slovenske železnice Group had commitments for the purchase of intangible assets in the amount of EUR 425,236 as at 31 December 2023 (EUR 406,993 as at 31 December 2022). The Slovenske železnice Group has not pledged any intangible assets as collateral.

A total of 24.6% of all intangible assets in use as at 31 December 2023 has been amortised in full (20.8% as at 31 December 2022). 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 2023	31 December 2022
Right-of-use assets (land)	1,051,213	1,120,554
Right-of-use assets (buildings)	1,914,880	2,317,615
Right-of-use assets (equipment)	22,112,909	16,344,013
<b>Total</b>	<b>25,079,002</b>	<b>19,782,182</b>

#### Changes in right-of-use assets

in EUR	Right-of-use assets (land)	Right-of-use assets (buildings)	Right-of-use assets (equipment)	Total
<b>Historical cost</b>				
<b>Balance as at 1 January 2022</b>	<b>1,387,147</b>	<b>3,861,939</b>	<b>24,559,417</b>	<b>29,808,503</b>
Acquisitions	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
<b>Balance as at 31 December 2022</b>	<b>1,732,951</b>	<b>3,882,194</b>	<b>35,346,410</b>	<b>40,961,555</b>
<b>Balance as at 1 January 2023</b>	<b>1,732,951</b>	<b>3,882,194</b>	<b>35,346,410</b>	<b>40,961,555</b>
Acquisitions	256,610	259,165	23,869,700	24,385,475
Decreases	-164,331	-539,683	-22,794,069	-23,498,083
Transfers	0	0	-684,176	-684,176
<b>Balance as at 31 December 2023</b>	<b>1,825,230</b>	<b>3,601,676</b>	<b>35,737,865</b>	<b>41,164,771</b>
<b>Value adjustments</b>				
<b>Balance as at 1 January 2022</b>	<b>430,133</b>	<b>1,275,247</b>	<b>11,051,926</b>	<b>12,757,306</b>
Decreases	-10,144	-144,700	-87,734	-242,578
Depreciation	192,408	434,032	8,841,996	9,468,436
Transfers	0	0	-803,791	-803,791
<b>Balance as at 31 December 2022</b>	<b>612,397</b>	<b>1,564,579</b>	<b>19,002,397</b>	<b>21,179,373</b>
<b>Balance as at 1 January 2023</b>	<b>612,397</b>	<b>1,564,579</b>	<b>19,002,397</b>	<b>21,179,373</b>
Decreases	-39,189	-276,283	-15,627,205	-15,942,677
Depreciation	200,809	398,500	10,790,071	11,389,380
Transfers	0	0	-540,307	-540,307
<b>Balance as at 31 December 2023</b>	<b>774,017</b>	<b>1,686,796</b>	<b>13,624,956</b>	<b>16,085,769</b>





in EUR	Right-of-use assets (land)	Right-of-use assets (buildings)	Right-of-use assets (equipment)	Total
<b>Carrying amount</b>				
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
Balance as at 1 January 2023	1,120,554	2,317,615	16,344,013	19,782,182
Balance as at 31 December 2023	1,051,213	1,914,880	22,112,909	25,079,002

The Group had liabilities from right-of-use lease assets in the amount of EUR 22,144,257 as at 31 December 2023 (EUR 17,265,971 as at 31 December 2022). 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 2023	31 December 2022
Land	11,417,670	10,553,259
Buildings	53,906,722	54,507,790
Equipment	515,641,952	542,931,563
• rolling stock	485,484,845	513,122,618
• other equipment	30,157,107	29,808,945
Property, plant and equipment in acquisition	11,608,754	8,375,313
<b>Total</b>	<b>592,575,098</b>	<b>616,367,925</b>

### Changes in property, plant and equipment

in EUR	Land	Buildings	Plant and equipment	Property, plant and equipment in acquisition	Total property, plant and equipment
<b>Historical cost</b>					
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
<b>Balance as at 31 December 2022</b>	<b>10,553,259</b>	<b>135,870,654</b>	<b>1,171,374,446</b>	<b>8,375,313</b>	<b>1,326,173,672</b>
Balance as at 1 January 2023	10,553,259	135,870,654	1,171,374,446	8,375,313	1,326,173,672
Acquisitions	0	1,901,500	24,736,700	3,233,441	29,871,641
Decreases	-204,357	-1,142,008	-17,845,538	0	-19,191,903
Transfers from finance leasing	0	0	684,176	0	684,176
Transfers from/to investment property	1,068,768	270,848	0	0	1,339,616
Transfers of investments in foreign fixed assets	0	-33,656	33,656	0	0
<b>Balance as at 31 December 2023</b>	<b>11,417,670</b>	<b>136,867,338</b>	<b>1,178,983,440</b>	<b>11,608,754</b>	<b>1,338,877,202</b>



in EUR	Land	Buildings	Plant and equipment	Property, plant and equipment in acquisition	Total property, plant and equipment
<b>Value adjustments</b>					
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
<b>Balance as at 31 December 2022</b>	<b>0</b>	<b>81,362,864</b>	<b>628,442,883</b>	<b>0</b>	<b>709,805,747</b>
Balance as at 1 January 2023	0	81,362,864	628,442,883	0	709,805,747
Acquisitions	0	0	762,218	0	762,218
Decreases	0	-863,161	-17,766,337	0	-18,629,498
Depreciation	0	2,483,240	51,339,278	0	53,822,518
Transfers from finance leasing	0	0	540,307	0	540,307
Transfers from/to investment property	0	812	0	0	812
Transfers of investments in foreign fixed assets	0	-23,139	23,139	0	0
<b>Balance as at 31 December 2023</b>	<b>0</b>	<b>82,960,616</b>	<b>663,341,488</b>	<b>0</b>	<b>746,302,104</b>
<b>Carrying amount</b>					
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
Balance as at 1 January 2023	10,553,259	54,507,790	542,931,563	8,375,313	616,367,925
Balance as at 31 December 2023	11,417,670	53,906,722	515,641,952	11,608,754	592,575,098

Moveable property (wagons and locomotives) valued at EUR 39,308,637 were pledged as guarantees for long-term loans as at 31 December 2023 (EUR 42,072,225 as at 31 December 2022).

The Group had commitments for the purchase of property, plant and equipment in the amount of EUR 86,109,291 as at 31 December 2023 (EUR 94,228,624 as at 31 December 2022).

A total of 30.7% of all items of property, plant and equipment in use as at 31 December 2023 have been depreciated in full (that proportion was 29.4% as at 31 December 2022). That proportion is calculated with due regard to the historical cost of property, plant and equipment.



### 2.3.1.4 Investment property

in EUR	31 December 2023	31 December 2022
Investment property	41,782,949	36,658,847
<b>Total</b>	<b>41,782,949</b>	<b>36,658,847</b>

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

#### Changes in investment property

in EUR	Land	Buildings	Total
<b>Historical cost</b>			
<b>Balance as at 1 January 2022</b>	<b>36,327,119</b>	<b>24,736,360</b>	<b>61,063,479</b>
Acquisitions	0	112,280	112,280
Decreases	-90,360	-530,947	-621,307
Transfer to sale	-5,263,908	-2,224,358	-7,488,266
<b>Balance as at 31 December 2022</b>	<b>30,972,851</b>	<b>22,093,335</b>	<b>53,066,186</b>
Reconciliation between assets	5,117,578	-18,979,793	-13,862,215
<b>Balance as at 1 January 2023</b>	<b>36,090,429</b>	<b>3,113,542</b>	<b>39,203,971</b>
Acquisitions	0	166,027	166,027
Decreases	-7,439	-344,641	-352,080
Transfers from/to property, plant and equipment	5,270,839	2,206,619	7,477,458
<b>Balance as at 31 December 2023</b>	<b>41,353,829</b>	<b>5,141,547</b>	<b>46,495,376</b>
<b>Value adjustments</b>			
<b>Balance as at 1 January 2022</b>	<b>0</b>	<b>18,983,893</b>	<b>18,983,893</b>
Depreciation	0	108,552	108,552
Decreases	0	-2,685,106	-2,685,106
<b>Balance as at 31 December 2022</b>	<b>0</b>	<b>16,407,339</b>	<b>16,407,339</b>
Reconciliation between assets	0	-13,862,215	-13,862,215
<b>Balance as at 1 January 2023</b>	<b>0</b>	<b>2,545,124</b>	<b>2,545,124</b>
Depreciation	0	550,407	550,407
Decreases	0	-306,350	-306,350
Transfers from/to property, plant and equipment	0	1,923,246	1,923,246
<b>Balance as at 31 December 2023</b>	<b>0</b>	<b>4,712,427</b>	<b>4,712,427</b>
<b>Carrying amount</b>			
<b>Balance as at 1 January 2022</b>	<b>36,327,119</b>	<b>5,752,467</b>	<b>42,079,585</b>
<b>Balance as at 31 December 2022</b>	<b>30,972,851</b>	<b>5,685,996</b>	<b>36,658,847</b>
<b>Balance as at 1 January 2023</b>	<b>36,090,429</b>	<b>568,418</b>	<b>36,658,847</b>
<b>Balance as at 31 December 2023</b>	<b>41,353,829</b>	<b>429,120</b>	<b>41,782,949</b>



The increase in investment property is the result of transfers between assets. The Group has not pledged investment property as collateral.

The Group generated rental income of EUR 1,736,524 in 2023 (EUR 1,390,605 in 2022).

The fair value of investment property was determined with the help of certified real estate valuers and amounted to EUR 67,154,759 as at 31 December 2023 (EUR 66,637,526 as at 31 December 2022).

### 2.3.1.5 Non-current financial assets

in EUR	31 December 2023	31 December 2022
Investments in associates	32,566,741	37,491,603
Other investments	2,144,340	2,144,340
<b>Total</b>	<b>34,711,081</b>	<b>39,635,943</b>

#### Information on associates as at 31 December 2023

Business name of associate	Business address of associate	Activity	Ownership as at 31 December 2022	Ownership as at 31 December 2022
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%	31.41%
NOMAGO, d.o.o., Ljubljana	Vošnjakova ulica 3, Ljubljana	Road passenger transport and travel organisation	50.00%	50.00%

in EUR	Total equity		Profit or loss for the year	
	31 December 2023	31 December 2022	2023	2022
Adria Kombi, d.o.o., Ljubljana	13,445,992	12,490,135	2,513,574	1,689,607
CKTZ, d.d., Zagreb	2,186,917	2,289,334	310,613	666,877
NOMAGO d.o.o. (group)	17,998,653	26,627,741	9,258,659	6,423,022
<b>Total</b>	<b>33,631,562</b>	<b>41,407,210</b>	<b>12,082,846</b>	<b>8,779,506</b>

#### Balance of investments in associates

in EUR	31 December 2023	31 December 2022
Adria Kombi, d.o.o., Ljubljana	4,533,988	4,211,674
CKTZ, d.d., Zagreb	686,950	719,121
NOMAGO d.o.o., Ljubljana (group)	27,345,803	32,560,808
<b>Total investments in associates</b>	<b>32,566,741</b>	<b>37,491,603</b>



Changes in investments in associates

in EUR	SŽ Group	
	31 December 2023	31 December 2022
Balance as at 31 December previous period	37,491,603	14,246,338
Revaluation of investment in NOMAGO, d.o.o.	-2,263,476	0
Balance as at 1 January	35,228,127	14,246,338
Attributable profit/loss	3,993,617	2,481,249
Dividends received	-6,661,350	-596,844
Impairment of investment in Terme Olimia	0	-485,454
Transfer of investment in Terme Olimia to non-current assets held for sale	0	-9,825,988
Investment in CKTZ Zagreb – purchase of 510 shares	0	17,000
Investment in NOMAGO, d.o.o.	0	31,500,000
Attributable changes in equity of associates	6,347	155,302
Balance as at 31 December	32,566,741	37,491,603

		Value of investment in EUR	
Other financial assets	Participating interest in %	31 December 2023	31 December 2022
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	4,977
Total		2,144,340	2,144,340

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. The second instalment of the variable part of the purchase price (EUR 3,777,455) was paid on 28 June 2023. For the difference to the full purchase price under the agreement (EUR 6,878,588), non-current financial investments and other current financial liabilities are recognised in the Slovenske železnice, d.o.o. statements for 2023 (Note 2.3.1.18). The third instalment of the purchase price for a 50% stake will be paid in 2024.



The goodwill resulting from the investment amounts to EUR 3,258,783.

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 2023 is close to EUR 0. These options are therefore not recognised in the SŽ Group's financial statements.

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 2023 are quoted on a regulated securities market. Other financial assets are not used as collateral and are free from encumbrances.

2.3.1.6 Financial receivables

in EUR	31 December 2023	31 December 2022
Long-term loans to Group companies in the rest of the world	39,529,954	38,430,000
Receivables for funds paid to an institution (Železniški zdravstveni dom)	2,401,003	0
Deposits at banks	591,409	591,409
Other financial receivables	10,092	10,092
Total non-current financial receivables	42,532,458	39,031,501
Short-term deposits at domestic banks	98,000,000	50,500,000
Short-term deposits at banks in the rest of the world	199,605	80,200,073
Receivables from short-term loans to employees	2,531	2,087
Total current financial receivables	98,202,136	130,702,160
Total	140,734,594	169,733,661

The following account for the bulk of the financial receivables:

- a long-term loan granted and approved by SŽ EP Logistika for EP Logistics International, a.s. in the amount of EUR 38,430,000 and the accrued interest on the loan of EUR 1,099,954;
- short-term deposits at domestic banks from Slovenske železnice companies, SŽ-Potniški promet, SŽ-Tovorni promet, SŽ EP Logistika and Fersped in the amount of EUR 98,000,000.

On 31 December 2023 a receivable from an institution, SŽ-Železniški zdravstveni dom (Ljubljana railways health centre) was transferred in its entirety from assets held for sale to non-current financial receivables, as SDH, d.d. had not adopted a resolution on the payment of a material dividend, part of which was an investment in SŽ-Železniški zdravstveni dom.

Non-current financial receivables are not secured or pledged as collateral.





2.3.1.7 Deferred tax assets

in EUR	31 December 2023	31 December 2022
Deferred tax assets	3,899,218	2,921,148
<b>Total</b>	<b>3,899,218</b>	<b>2,921,148</b>

	Consolidated 31 December 2023	Consolidated 31 December 2022
SŽ, d.o.o.	1,251,801	608,696
SŽ-Infrastruktura, d.o.o.	574,112	535,940
SŽ-VIT, d.o.o.	757,933	562,972
SŽ-Potniški promet, d.o.o.	150,072	138,563
EP Group	1,008,340	935,093
• SŽ-Tovorni promet, d.o.o.	322,095	305,978
• Fersped, d.o.o.	684,412	627,206
• VV-LOG, d.o.o.	1,833	1,909
SŽ-ŽGP Group	121,242	132,858
• SŽ-ŽGP, d.d.	118,633	88,232
• Kamnolom Verd, d.o.o.	2,609	44,626
Prometni institut Ljubljana, d.o.o.	7,836	7,026
Consolidation adjustment	27,882	0
<b>Total</b>	<b>3,899,218</b>	<b>2,921,148</b>

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 to the extent of revenues from positive tax bases for the next five years. A 22% tax rate is applied to the calculation.

The tax loss amounts to EUR 16,826,318 (EUR 16,826,318 in 2022) and, together with tax allowances for investments, represents the unrecognised basis for deferred tax assets in the amount of EUR 29,636,413 (EUR 32,859,522 in 2022).

Changes in deferred tax assets within the Slovenske železnice Group

in EUR	Tax loss	Provisions	Tax allowances for investments	Value adjustments to receivables	Consolidation adjustment	Total
<b>Balance as at 1 January 2022</b>	<b>661,577</b>	<b>3,001,047</b>	<b>199,862</b>	<b>32,205</b>	<b>0</b>	<b>3,894,691</b>
Drawn	-59,145	-1,307,820	0	-1,621	0	-1,368,586
Created	0	0	395,043	0	0	395,043
<b>Balance as at 31 December 2022</b>	<b>602,432</b>	<b>1,693,227</b>	<b>594,905</b>	<b>30,584</b>	<b>0</b>	<b>2,921,148</b>
Drawn	0	0	0	-10,302	0	-10,302
Created	55,775	136,477	768,238	0	27,882	988,372
<b>Balance as at 31 December 2023</b>	<b>658,207</b>	<b>1,829,704</b>	<b>1,363,143</b>	<b>20,282</b>	<b>27,882</b>	<b>3,899,218</b>



2.3.1.8 Other non-current assets

in EUR	31 December 2023	31 December 2022
Deferred costs relating to passenger multiple units	3,135,540	4,164,719
Deferred costs for the reserve fund for leased housing	438,727	414,871
Other deferred costs	82,488	0
<b>Total</b>	<b>3,656,755</b>	<b>4,579,590</b>

Deferred costs relating to passenger multiple units comprise 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.

Since January 2023 the costs of the discount following completion of the delivery of the last passenger multiple units purchased under NAB agreement no 40/2018/08/INV have been charged to profit or loss in the current period.

2.3.1.9 Assets held for sale

in EUR	31 December 2023	31 December 2022
Fixed assets held for sale	15,323	1,738,064
Investment property held for sale	0	5,303,716
Other non-current assets held for sale	0	12,226,990
<b>Assets held for sale</b>	<b>15,323</b>	<b>19,268,770</b>

Non-current assets held for sale fell in 2023 mainly on account of the transfer of the investment in Terme Olimia, d.d. to the owner of the company as a material dividend, the transfer of the financial receivable from SŽ-Železniški zdravstveni dom back to non-current financial receivables, and the transfer of fixed assets and investment property held for sale.

2.3.1.10 Inventories

in EUR	31 December 2023	31 December 2022
Materials	14,253,658	16,606,647
Replacement parts	20,161,525	20,887,359
Small inventory and packaging	1,214,366	1,320,424
Work in progress	5,434,987	3,189,585
Products and merchandise	1,047,655	1,343,145
<b>Total</b>	<b>42,112,191</b>	<b>43,347,160</b>

Write-offs of obsolete inventories and impairments of inventories amounted to EUR 94,728 and EUR 315,780 respectively in 2023 (write-offs of inventories amounted to EUR 3,733, while impairments of inventories totalled EUR 280,641 in 2022). There are no liens on inventories. The carrying amount of inventories did not exceed their realisable value.



## 2.3.1.11 Trade receivables

in EUR	31 December 2023	31 December 2022
Current trade receivables from domestic customers	49,629,579	36,822,846
Current trade receivables from customers in the rest of the world	15,866,740	17,425,361
<b>Total</b>	<b>65,496,319</b>	<b>54,248,207</b>

	2023			2022		
in EUR	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
Current trade receivables from domestic customers	53,405,108	3,775,529	49,629,579	40,886,078	4,063,232	36,822,846
Current trade receivables from customers in the rest of the world	17,068,991	1,202,251	15,866,740	18,600,236	1,174,875	17,425,361
<b>Total</b>	<b>70,474,099</b>	<b>4,977,780</b>	<b>65,496,319</b>	<b>59,486,314</b>	<b>5,238,107</b>	<b>54,248,207</b>

Receivables were not pledged as collateral as at 31 December 2023, while secured receivables amounted to EUR 3,992,250 (EUR 1,560,491 in 2022).

Net value adjustments to current trade receivables were created as follows:

in EUR	2023	2022
<b>Balance as at 1 January</b>	<b>5,238,107</b>	<b>6,221,191</b>
Reduction for written-off receivables	-328,526	-693,276
Reversal of value adjustments	-284,807	-504,510
Creation of value adjustments	353,006	214,702
<b>Balance as at 31 December</b>	<b>4,977,780</b>	<b>5,238,107</b>

## Maturity breakdown of trade receivables

	SŽ Group	
in EUR	31 December 2023	31 December 2022
<b>Non-past-due receivables</b>	<b>61,663,633</b>	<b>48,120,080</b>
<b>Past-due receivables</b>	<b>8,810,466</b>	<b>11,366,234</b>
• up to 30 days	2,147,569	4,791,127
• 31 to 90 days	1,101,060	707,277
• 91 to 365 days	976,318	339,092
• more than 365 days	4,585,519	5,528,738
<b>Total</b>	<b>70,474,099</b>	<b>59,486,314</b>



## 2.3.1.12 Other operating receivables

in EUR	31 December 2023	31 December 2022
Non-current advances for the purchase of fixed assets	135,852,237	259,207
Trade receivables	597	119
Loans for the purchase of property	2,969,585	3,396,843
Other trade receivables	2,254,718	2,143,733
<b>Total non-current operating receivables</b>	<b>141,077,137</b>	<b>5,799,902</b>
Receivables from government and other institutions	11,353,831	7,742,540
Receivables from employees	145,255	148,105
Receivables from others associated with finance income	88,795	81,394
Current operating receivables based on advances	1,681,054	1,534,156
Current security deposits	200,115	9,697
Other current operating receivables from others	8,585,495	9,753,242
<b>Total current operating receivables</b>	<b>22,054,545</b>	<b>19,269,134</b>
<b>Total</b>	<b>163,131,682</b>	<b>25,069,036</b>

Receivables for loans for the purchase of property are secured in full by mortgages. These receivables are not pledged as collateral.

Current operating receivables based on advances are largely disclosed at SŽ-Potniški promet, d.o.o. and comprise an advance for the purchase of new passenger multiple units amounting to EUR 133,470,000, which as at 31 December 2023 had been increased by interest charged of EUR 2,124,397.

Other current operating receivables from others in the amount of EUR 8,585,495 (EUR 9,753,242 as at 31 December 2022) consist almost entirely (EUR 7,703,657) 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 2023.

Write-offs and impairments of trade receivables and other current operating receivables that are disclosed in operating expenses amounted to EUR 396,353 in 2023 (EUR 211,006 in 2022).

## 2.3.1.13 Other current assets

in EUR	31 December 2023	31 December 2022
Contract assets	19,334,216	15,714,073
Other current assets	29,496,482	26,539,998
<b>Total</b>	<b>48,830,698</b>	<b>42,254,071</b>



Other current assets are mainly comprised of:

in EUR	31 December 2023	31 December 2022
the accrued proportion of a contractual penalty	2,340,330	2,340,330
accrued compensation to carriers for the reimbursement of costs arising from the performance of investment works on PRI in 2023	4,479,000	269,954
accrued revenues from the Climate Change Fund	0	2,322,887
accrued revenues from the remediation of the effects of the floods of 2023	2,022,646	0
accrued revenues from claims for damages	1,386,031	1,383,114
other accrued revenues	19,268,475	20,223,713
<b>Total</b>	<b>29,496,482</b>	<b>26,539,998</b>

Contract assets are mainly comprised of:

- assets from the costs incurred by the operator from the remediation of the effects of the emergency events on PRI amounting to EUR 833,925 (EUR 1,675,706 in 2022)
- assets for services under contracts with the government amounting to EUR 14,183,614 (EUR 15,843,210 as at 31 December 2022) and
- assets for covering the costs of the purchase of new machinery for December 2023 amounting to EUR 508,333 (EUR 508,333 in 2022)

2.3.1.14 Cash and cash equivalents

in EUR	31 December 2023	31 December 2022
Cash on hand	489,891	379,426
Cash on bank accounts	79,467,694	117,913,690
<b>Total</b>	<b>79,957,585</b>	<b>118,293,116</b>

2.3.1.15 Equity

in EUR	31 December 2023	31 December 2022
Called-up capital	509,529,921	509,529,921
Share premium account	45,002,140	45,002,140
Legal reserves	4,637,603	4,066,111
Other profit reserves	50,314,305	49,185,127
Fair value reserves	3,194,184	4,860,750
Net profit brought forward	117,711,772	100,219,953
Undistributed net profit for the financial year	29,043,280	25,001,023
Translation differences	254	341
Non-controlling interest	104,913,126	96,243,717
<b>Total</b>	<b>864,346,585</b>	<b>834,109,083</b>



Changes in equity

Changes in equity	in EUR
<b>Balance as at 1 January 2022</b>	<b>576,332,485</b>
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
<b>Balance as at 31 December 2022</b>	<b>834,109,083</b>
Retroactive recalculations – NOMAGO, d.o.o.	-2,263,476
<b>Balance as at 1 January 2023</b>	<b>831,845,607</b>
Net profit for the financial year	44,248,997
Payment of shares in profit	-403,990
Payment of shares in profit (material dividend)	-9,825,988
Actuarial gains and losses	-1,525,732
Exchange rate differences from the conversion of financial statements of firms in the rest of the world	1,344
Other changes	6,347
<b>Balance as at 31 December 2023</b>	<b>864,346,585</b>

Following a decision by the owner Slovenske železnice, d.o.o., the investment in Terme Olimia, d.d. was transferred to SDH, d.d. on 1 September 2023 as a real dividend in the amount of EUR 9,825,988.

Retroactive calculations are connected with the valuation adjustment of the investment, using the equity method, in NOMAGO, d.o.o. for 2022 (EUR 2,263,476). The adjustment is an immaterial error in terms of the amount involved. For this reason, comparable amounts in the statement of financial position and the income statement for the comparable period are not recalculated.





2.3.1.16 Provisions

Provisions for jubilee benefits and termination benefits:

in EUR	31 December 2023	31 December 2022
Provisions for termination benefits	22,743,976	18,820,669
Provisions for jubilee benefits	4,008,959	3,336,677
<b>Total</b>	<b>26,752,935</b>	<b>22,157,346</b>

Changes in provisions for jubilee benefits and termination benefits

in EUR	Termination benefits	Jubilee benefits	Total
<b>Balance as at 1 January 2022</b>	<b>28,528,949</b>	<b>4,230,018</b>	<b>32,758,967</b>
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
<b>Balance as at 31 December 2022</b>	<b>18,820,669</b>	<b>3,336,677</b>	<b>22,157,346</b>
<b>Balance as at 1 January 2023</b>	<b>18,820,669</b>	<b>3,336,677</b>	<b>22,157,346</b>
Used	-1,020,583	-467,324	-1,487,907
Current employment costs	2,839,947	1,056,900	3,896,847
Interest (expenses)	584,101	98,986	683,087
Reversal of provisions (closure, rights) (revenues)	-5,891	-16,280	-22,171
Actuarial gains/losses	1,525,733	0	1,525,733
<b>Balance as at 31 December 2023</b>	<b>22,743,976</b>	<b>4,008,959</b>	<b>26,752,935</b>

The following material assumptions were taken into account when calculating provisions for termination benefits at retirement and jubilee benefits:

in EUR	2023	2022
Average monthly gross wage in Slovenia	EUR 2,250	EUR 2,030
Discount rate	3.185%	3.821%
Overall wage growth	1.0%	1.0%
Retirement conditions (age)		
• 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 as at 31 December 2023.

Other provisions:

in EUR	31 December 2023	31 December 2022
Provisions for litigation	672,790	548,131
Provisions for guarantees issued	828,965	638,478
Provisions for quarry restoration	80,434	70,551
<b>Total</b>	<b>1,582,189</b>	<b>1,257,160</b>

Changes in other provisions

in EUR	Provisions for litigation	Provisions for guarantees issued	Provisions for quarry restoration	Total
<b>Balance as at 1 January 2022</b>	<b>460,779</b>	<b>546,917</b>	<b>49,524</b>	<b>1,057,220</b>
Created	124,653	102,556	21,027	248,236
Reversed	-32,704	0	0	-32,704
Used	-4,597	-10,995	0	-15,592
<b>Balance as at 31 December 2022</b>	<b>548,131</b>	<b>638,478</b>	<b>70,551</b>	<b>1,257,160</b>
<b>Balance as at 1 January 2023</b>	<b>548,131</b>	<b>638,478</b>	<b>70,551</b>	<b>1,257,160</b>
Created	195,012	194,875	9,883	399,770
Reversed	-42,792	0	0	-42,792
Used	-27,561	-4,388	0	-31,949
<b>Balance as at 31 December 2023</b>	<b>672,790</b>	<b>828,965</b>	<b>80,434</b>	<b>1,582,189</b>

Sixty-six legal proceedings with claims totalling EUR 47,043,960, primarily in relation to compensation, labour and commercial disputes, were in progress against six companies in the Slovenske železnice Group in 2023. Thirteen of those proceedings were completed in the course of the year.

According to estimates of the possible outcomes of the disputes made on the basis of reports drafted by law firms, provisions totalling EUR 672,789 had been created for 21 cases as at 31 December 2023. In 32 cases, the assessment is either that the case will be dismissed, that the outcome of proceedings cannot be estimated, or that it is highly likely that the defendant will be successful.

Provisions had not been recognised as at 31 December 2023 for the commercial dispute against SŽ-ŽGP Ljubljana, d.d., the value of which the plaintiff assesses at EUR 40 million and which relates to the contracting authority's demand that defects be eliminated in construction work (defects in concrete sleepers installed). It is believed that success in these proceedings will depend on the findings of the court-appointed expert.

The company has already apprised the supplier and manufacturer (which joined the case) of the dispute. It has also already filed an action against the supplier on the basis of which, should the original dispute end unfavourably for the company, any liabilities from that original dispute shall pass to the supplier. Meanwhile, the supplier has filed an action against the manufacturer and transferred any liabilities from the original dispute to it.



At the same time, a mediation procedure is taking place before a court in relation to other proceedings against the supplier. The procedure involves the parties to all three proceedings: the contracting authority, the company, the supplier and the manufacturer of the concrete sleepers. No final agreement has yet been reached in the mediation procedure. For the company, only a settlement that transfers the liability to the supplier or manufacturer of the sleepers is acceptable. The outcome of the mediation procedure is expected to be known by the end of May 2024.

The Management Board of SŽ ŽGP Ljubljana, d.d. estimates, on the basis of the facts known so far, that there is a less than 50% chance that the plaintiff will succeed with its claim, i.e. that there is a more than 50% chance that the claim will be dismissed in its entirety.

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 grants	Non-current contract liabilities in connection with construction services	Total
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
Balance as at 1 January 2023	830,864	6,129,807	175,954	7,136,625
Created	5,819,160	6,100,000	86,765	12,005,925
Used and/or transferred to current portion	-5,953,510	-40,040	-34,467	-6,028,017
Balance as at 31 December 2023	696,514	12,189,767	228,252	13,114,533

Under the Agreement on the Provision of Services by the Public Railway Infrastructure Manager for 2021–2030 and Addendum 7 to that agreement, SŽ-Infrastruktura, d.o.o. received EUR 6,100,000 in 2023 for the purchase of new machinery for the performance of the PSO of PRI maintenance.

Waived contributions comprise incentives for employing persons with disabilities (exemption from the payment of contributions, and bonuses for exceeding the quota of persons with disabilities employed).

2.3.1.18 Financial liabilities

in EUR	31 December 2023	31 December 2022
Non-current financial liabilities to domestic banks	88,010,668	81,366,273
Non-current financial liabilities to banks in the rest of the world	0	333,333
Total non-current financial liabilities	88,010,668	81,699,606
Current financial liabilities to domestic banks	25,355,604	21,235,360
Current financial liabilities to banks in the rest of the world	333,333	4,000,000
Other current financial liabilities	7,784,620	10,720,902
Total current financial liabilities	33,473,557	35,956,262
Total	121,484,225	117,655,868



Changes in financial liabilities

in EUR	2023	2022
Non-current financial liabilities		
Balance as at 1 January	81,699,606	106,934,966
• transfer to current portion	-15,688,938	-25,235,360
• loan received	22,000,000	0
Balance as at 31 December	88,010,668	81,699,606
Current financial liabilities		
Balance as at 1 January	35,956,262	23,329,216
• transfer to current portion	15,688,938	25,235,360
• payment of interest	-2,463,250	-1,721,286
• repayment of loan	-43,735,360	-87,928,604
• calculation of interest	2,468,811	1,685,533
• loan received	28,500,000	64,700,000
• purchase price under the contract for NOMAGO, d.o.o.	-3,777,455	10,656,043
• fair value	835,611	0
Balance as at 31 December	33,473,557	35,956,262
Total	121,484,225	117,655,868

Non-current financial liabilities

in EUR	Date of agreement or addendum	Payment due date	Balance as at 31 December 2023	Insurance
• Financing of locomotive purchases	5 September 2019	15 September 2030	68,905,405	Rolling stock pledged as collateral, bills of exchange
• Financing of the purchase of a stake in NOMAGO, d.o.o.	13 February 2023	31 March 2033	19,105,263	Bills of exchange
Total			88,010,668	

Current financial liabilities

in EUR	Date of agreement or addendum	Payment due date	Balance as at 31 December 2023	Insurance
• Financing of locomotive purchases	5 September 2019	31 December 2024	8,783,784	Rolling stock pledged as collateral, bills of exchange
• Financing of rolling stock purchases	5 April 2018	6 December 2024	2,760,417	Rolling stock pledged as collateral, bills of exchange
• Financing of measures to optimise business processes	23 December 2019	3 January 2024	1,250,000	Bills of exchange
• Financing of the purchase of a stake in NOMAGO, d.o.o.	13 February 2023	31 December 2024	2,894,737	Bills of exchange
• Short-term loan (revolving)	27 December 2023	20 December 2024	10,000,000	Bills of exchange
• Other current liabilities (interest)			70,420	
• Liabilities from the flexible component of the purchase price for the acquisition of a stake in the associate NOMAGO, d.o.o.			6,878,588	
• Liabilities from the fair value of interest rate swaps (IRS)			835,611	
Total			33,473,557	



## 2.3.1.19 Lease liabilities

in EUR	31 December 2023	31 December 2022
Non-current lease liabilities	12,108,322	7,380,578
Current lease liabilities	10,035,934	9,885,394
<b>Total</b>	<b>22,144,256</b>	<b>17,265,972</b>

## Changes in lease liabilities

in EUR	2023	2022
<b>Balance as at 1 January</b>	<b>17,265,972</b>	<b>14,736,139</b>
increase	22,224,999	12,686,113
decrease	-5,797,965	-422,823
payments	-12,121,363	-10,097,482
interest	572,613	364,025
<b>Balance as at 31 December</b>	<b>22,144,256</b>	<b>17,265,972</b>

## Changes in financial liabilities and lease liabilities (cash flow)

in EUR	2023	2022
<b>Balance as at 1 January</b>	<b>134,921,840</b>	<b>145,000,321</b>
Inflows from loans raised	50,500,000	64,700,000
Outflows from loans raised	-43,735,360	-87,928,604
Liabilities for the purchase price under contract (NOMAGO, d.o.o.)	-3,777,455	10,656,043
Fair value	835,611	0
Outflows for the repayment of lease liabilities	-11,548,750	-9,733,457
Changes in lease liabilities	16,427,034	12,263,290
Changes in liabilities for interest	5,561	-35,753
<b>Balance as at 31 December</b>	<b>143,628,481</b>	<b>134,921,840</b>

The Group disclosed non-current financial liabilities and non-current lease liabilities with a maturity of more than five years of EUR 46,673,000 as at 31 December 2023 (EUR 59,190,173 as at 31 December 2022).



## 2.3.1.20 Other operating liabilities

in EUR	31 December 2023	31 December 2022
Other non-current operating liabilities	2,314	468
Non-current operating liabilities (sale of receivables)	80,594,650	93,380,650
Non-current liabilities in connection with superficieses	224,664	244,200
<b>Total non-current operating liabilities</b>	<b>80,821,628</b>	<b>93,625,318</b>
Liabilities based on advances	2,086,241	1,792,918
Liabilities to employees	19,848,630	16,736,554
Liabilities to the government and government institutions	9,891,559	8,921,746
Liabilities to others	33,893,055	25,833,725
Current operating liabilities – sale of receivables	12,786,000	12,786,000
<b>Total current operating liabilities</b>	<b>78,505,485</b>	<b>66,070,943</b>
<b>Total</b>	<b>159,327,113</b>	<b>159,696,261</b>

Non-current operating liabilities in the amount of EUR 80,594,650 (EUR 93,380,650 in 2022) 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 of the Inland and Cross-border Regional Transport of Passengers by Rail 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 of the Inland and Cross-border Regional Transport of Passengers by Rail 2017–2031. The current portion of these liabilities, which falls due for payment in 2024, was disclosed under current operating liabilities in the amount of EUR 12,786,000 as at 31 December 2023 (EUR 12,786,000 in 2022).

Liabilities to others are mainly disclosed by SŽ-Infrastruktura, d.o.o. and represent a liability to the government from the access charge, specifically in relation to the charge, not yet billed or used, for access to PRI (tracks) that the company charges undertakings, on behalf and for the account of the government and on a monthly basis. As at 31 December 2023, this charge amounted to a total of EUR 28,125,223 (31 December 2022: EUR 19,844,672).





## 2.3.1.21 Other current liabilities

in EUR	31 December 2023	31 December 2022
Contractual obligations	3,478,903	2,627,074
Other current liabilities	15,193,866	12,289,733
<b>Total</b>	<b>18,672,769</b>	<b>14,916,807</b>

## Other current liabilities mainly comprise:

in EUR	31 December 2023	31 December 2022
Unused annual leave	10,611,706	9,109,560
Contractual obligations for uncompleted works on projects	233,768	58,368
Use of freight wagons	526,652	903,755
Accrued services of foreign railway operators	19,574	228,905
Accrued concession fees	156,754	163,081
Accrued costs of hours worked	143,550	120,714
Accrued compensation in international freight transport	10,000	10,000
Accrued positioning costs for individual work orders	130,988	207,916
Accrued damages according to waybills	20,000	40,000
Accrued costs of the auditing of financial statements	188,637	179,196
Accrued provisions for onerous contracts	0	623,750
Other	3,152,237	644,488
<b>Total</b>	<b>15,193,866</b>	<b>12,289,733</b>

## 2.3.1.22 Trade payables

in EUR	31 December 2023	31 December 2022
Domestic trade payables	32,967,268	32,105,740
Foreign trade payables	9,845,511	11,702,361
<b>Total</b>	<b>42,812,779</b>	<b>43,808,101</b>

in EUR	31 December 2023	31 December 2022
<b>Non-past-due liabilities</b>	<b>41,521,863</b>	<b>41,199,722</b>
<b>Past-due liabilities</b>	<b>1,290,916</b>	<b>2,608,379</b>
• up to 30 days	907,260	2,117,837
• 31 to 90 days	268,361	116,025
• 91 to 365 days	62,172	191,964
• more than 365 days	53,123	182,553
<b>Total</b>	<b>42,812,779</b>	<b>43,808,101</b>



## Contingent receivables and contingent liabilities

in EUR	31 December 2023	31 December 2022
Mortgages and liens received	4,526,461	2,933,298
Bank guarantees received, of which:	177,098,886	33,574,705
• for the purchase of passenger multiple units	38,423,022	0
• for performance bonds and warranties	5,060,920	29,074,705
• other (tender guarantees)	133,614,944	4,500,000
Bills of exchange and enforcements received as collateral for advances, performance bonds and warranties	133,114	213,335
Merchandise on consignment	0	5,864
Withheld dividend payments	14,768	14,768
<b>Total contingent receivables</b>	<b>181,773,229</b>	<b>36,741,970</b>
Bank guarantees issued, of which:	36,010,917	31,841,123
• collateral for contractual liabilities, warranties and performance bonds	22,485,788	15,164,370
• transit insurance and customs guarantees	13,050,000	10,050,000
• other	375,129	6,526,753
• excise guarantees	100,000	100,000
Bills of exchange and enforcements issued as performance bonds and warranties	55,209	650,279
Liabilities for merchandise on consignment	0	5,864
Contingent liabilities for lawsuits	45,321,871	45,440,686
<b>Total contingent liabilities</b>	<b>81,387,997</b>	<b>77,937,952</b>

The disclosures relating to contingent liabilities for lawsuits that do not meet the conditions for the creation of provisions are explained in Note 2.3.1.16.



2.3.2 Notes to the income statement

2.3.2.1 Revenue from contracts with customers

in EUR	2023	2022
Revenues on the domestic market	331,238,974	277,409,259
Services and products	327,697,461	273,573,941
• services and products in connection with associates	1,159,706	399,557
• services and products in connection with others	326,537,755	273,174,384
Merchandise and materials	3,541,513	3,835,318
• merchandise and materials in connection with others	3,541,513	3,835,318
Revenues on the foreign market	196,968,859	190,808,234
Services and products	196,968,859	190,793,349
• services and products in connection with others	196,968,859	190,793,349
Merchandise and materials	0	14,885
Total	528,207,833	468,217,493

Revenue from contracts with customers comprises:

	Consolidated 2023	Consolidated 2023
Slovenske železnice, d.o.o.	3,310,829	2,723,592
SŽ-EP Group	192,711,777	187,970,805
SŽ-Potniški promet, d.o.o.	44,541,677	41,226,181
SŽ-Infrastruktura, d.o.o.	191,900,027	167,020,887
SŽ-VIT, d.o.o.	17,963,606	16,491,514
SŽ-ŽIP Group	5,815,646	5,161,147
Prometni institut Ljubljana, d.o.o.	96,015	222,895
SŽ-Železniška tiskarna Ljubljana, d.d.	85,253	70,846
SŽ-ŽGP Group	71,783,003	47,329,626
Total	528,207,833	468,217,493

The majority of the SŽ Group's entire revenue from contracts with customers is generated by the SŽ-EP Group, SŽ-Potniški promet, d.o.o., SŽ-Infrastruktura, d.o.o. and the SŽ-ŽGP Group.

Transport revenues in the amount of EUR 198,616,532 (EUR 186,023,320 in 2022) were mostly generated on domestic and foreign markets by SŽ-Tovorni promet (EUR 156,375,403, up from EUR 147,601,784 in 2022) and SŽ-Potniški promet, d.o.o. (EUR 42,130,140, up from EUR 38,379,404 in 2022).



SŽ-Infrastruktura, d.o.o. generated the majority of its revenue on the basis of agreements with the Slovenian government:

in EUR	2023	2022
Public service obligation of the maintenance of the PRI	122,410,731	112,911,777
Public service obligation of PRI operation	43,300,000	37,823,804
Performance of tasks as the PRI manager	2,732,400	2,513,156
Operation, management and maintenance of housing and buildings that are not part of PRI	730,768	804,884
Total	169,173,899	154,053,621

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	2023	2022
Capitalised own products and services	20,695,970	25,595,703
Total	20,695,970	25,595,703

The capitalised own products and services of the Slovenske železnice Group comprise capitalised costs of labour and materials associated with the sale of assets and services between Group companies. The majority of capitalised own products and services relate to major repairs of rolling stock, and replacement parts for locomotives, passenger multiple units, freight wagons and passenger coaches.

2.3.2.3 Other operating revenues

in EUR	2023	2022
Revenues from the discharge of the public service obligation of passenger transport by rail	102,167,000	84,356,591
Revenues from state aid (Covid-19)	608	332,148
Compensation and fines	18,039,405	15,170,864
• of this, revenues from compensation for the reimbursement of costs incurred as a result of investment works on PRI	14,705,938	11,044,111
Revenues from assigned contributions for the employment of persons with disabilities	5,479,125	4,894,137
Revenues from other subsidies	8,618,286	5,656,582
Revenues from the reversal of provisions	985,992	1,392,190
Revenues from the sale of property, plant and equipment, and the revaluation of receivables and liabilities	6,163,715	8,465,330
Revenues from interest for advance paid for new trains	2,124,398	0
Other revenues	440,684	31,040
Total	144,019,213	120,298,882



Revenues from subsidiaries mainly relate to:

- grant to promote freight rail transport amounting to EUR 3,792,089 (2022: EUR 5,123,797) at SŽ-Tovorni promet, d.o.o. The company is entitled to these funds on the basis of an agreement (and addendum thereto) signed with the Ministry of the Environment and Spatial Planning and the Ministry of Infrastructure, which undertook to allocate funds on the basis of the Ordinance on the Climate Change Funding Programme for 2022 and 2023;
- subsidies from the Spirit public agency of EUR 1,826,011 (no funds allocated in 2022) pursuant to the Act Determining the Aid to the Economy to Mitigate the Impact of the Energy Crisis; and
- subsidies from the damage estimated to have been caused by the August floods, pursuant to the Natural Disaster Recovery Act (calculation based on the simplified methodology prescribed by the Ministry of the Economy, Tourism and Sport) and relating to loss of income as a result of the complete four-day shutdown of railway lines and the 15-day partial shutdown of the Sava–Litija line (EUR 2,427,175).

2.3.2.4 Costs of goods, materials and services

in EUR	2023	2022
Historical cost of goods sold and costs of materials used	2,989,848	2,933,200
Costs of materials	51,082,933	42,897,880
Energy costs	52,805,576	38,845,595
Costs of replacement parts	5,882,297	5,178,209
Write-off of small inventory	3,215,124	1,977,346
Costs of office materials	493,226	515,343
Other material costs	579,756	873,143
<b>Total historical cost of goods and materials sold and cost of materials used</b>	<b>117,048,760</b>	<b>93,220,716</b>
Costs from the manufacture of products and provision of services	54,353,169	48,442,639
Transport services	12,183,920	16,253,761
Maintenance services	32,598,096	29,667,064
Reimbursement of employee expenses	3,565,974	2,978,042
Payment transaction and banking services	460,837	1,004,097
Intellectual and personal services	3,546,898	3,217,382
Insurance premiums	8,684,317	7,748,357
Advertising, publicity and representation	2,203,255	1,784,288
Costs under the RIV Rules	4,672,126	5,111,532
Costs under the RIC Rules	1,245,313	1,396,368



in EUR	2023	2022
Costs of other services:	43,752,423	37,612,137
• current rental costs	20,811,847	18,912,974
• of which fee for access to public railway infrastructure	17,344,041	15,306,809
• of which low-value leases	78,633	80,011
• of which short-term leases	3,389,173	3,526,154
• costs of utility services	2,140,215	1,945,937
• costs of Port of Koper services	3,963,942	3,080,901
• costs of student services, hiring of labour	6,620,072	5,033,578
• costs of transport services (traction) provided by foreign operators	480,742	414,156
• unclaimed VAT in the part where SŽ-Infrastruktura performs its PSO	1,740,486	1,740,722
• cleaning costs for premises, external areas and clothing, and property surveillance	1,474,742	1,163,828
• costs of services associated with contracted work	2,412,591	1,845,076
• membership fees and contributions paid to international organisations and other associations	527,934	509,683
• administrative fees, administrative announcements and court fees	355,737	394,689
• engineering services (ancillary activities in the maintenance of PRI)	59,758	103,007
• border services provided by foreign railway administrations	108,962	107,882
• other costs	3,055,395	2,359,704
<b>Total costs of services</b>	<b>167,266,328</b>	<b>155,215,667</b>
<b>Total</b>	<b>284,315,088</b>	<b>248,436,383</b>

The costs of goods, materials and services comprise:

	Consolidated 2023	Consolidated 2022
Slovenske železnice, d.o.o.	9,183,024	9,047,088
SŽ-EP Group	56,945,114	64,515,935
SŽ-Potniški promet, d.o.o.	27,189,389	23,560,665
SŽ-Infrastruktura, d.o.o.	86,752,936	69,139,740
SŽ-VIT, d.o.o.	33,436,849	32,482,082
SŽ-ŽIP Group	18,586,394	12,612,197
Prometni institut Ljubljana, d.o.o.	137,694	222,315
SŽ-Železniška tiskarna Ljubljana, d.d.	194,611	172,664
SŽ-ŽGP Group	51,889,077	36,683,697
<b>Total</b>	<b>284,315,088</b>	<b>248,436,383</b>

The most significant energy costs comprise the electricity and other fuels used to drive rolling stock. In 2023 they amounted to EUR 42,572,974 (EUR 30,388,976 in 2022).





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:

	Consolidated 2023	Consolidated 2022
SŽ-VIT, d.o.o.	4,042,772	3,527,237
SŽ-ŽIP Group	12,556,481	7,859,837
SŽ-ŽGP Group	25,475,375	20,547,762
SŽ-EP Group	12,191,155	16,393,521
<b>Total</b>	<b>54,265,783</b>	<b>48,328,357</b>

Costs of auditor

in EUR	2023	2022
Auditing of financial statements	180,362	170,022
• separate financial statements of SŽ Group companies	171,741	161,812
• consolidated financial statements of SŽ Group companies	8,621	8,210
Other assurance services	46,730	17,934
<b>Total</b>	<b>227,092</b>	<b>187,956</b>

The costs of auditing the financial statements include the contractual amounts of costs for 2023 on the basis of the contracts signed for the auditing of financial statements for the 2022–2024 period.

Other assurance services largely comprise, in addition to contractual sums for the auditing of criteria, the auditing of the use of assets and the auditing of the report on relations with affiliates under Article 545 of the ZGD-1 for 2023, the sum of EUR 3,500 for the costs associated with an additional audit for the January–March 2023 period at SŽ ŽGP, d.d. and EUR 32,672 for the costs of the auditing of the reporting package of the SŽ EP Logistika Group for the January–November 2022 period. Non-deductible VAT is also included in the costs of SŽ Infrastruktura d.o.o. There were no other auditor-related costs.

2.3.2.5 Labour costs

in EUR	2023	2022
Costs of wages and salaries	205,882,466	180,969,795
Pension insurance costs	26,605,788	23,667,542
Other social security insurance costs	15,151,640	13,298,066
Other labour costs	44,342,092	38,521,122
• reimbursements	22,407,613	20,390,163
• annual leave allowance	15,461,876	13,925,356
• termination benefits	627,838	894,935
• compensation	1,421,097	33,054
• provisions for jubilee benefits and termination benefits (actuarial calculation)	3,896,847	3,064,669
• other costs	526,821	212,945
<b>Total</b>	<b>291,981,986</b>	<b>256,456,525</b>



The higher labour costs in 2023 were mainly the result of the requirement to increase the basic wage in line with the rise in living costs in January and July, the change to the method by which basic wages are calculated (special payments are now included in the basic wage), the increase in the minimum wage, the alignment of reimbursements with the Decree on the tax treatment of reimbursements of expenses and other income from employment, and the increase in annual leave allowance and performance-related payments.

2.3.2.6 Write-downs

in EUR	2023	2022
Amortisation of intangible assets and depreciation of property, plant and equipment	56,572,006	52,399,215
Depreciation of right-of-use lease assets	11,389,380	9,468,435
Operating expenses for intangible assets and property, plant and equipment	192,200	245,860
Operating expenses for working capital	818,367	495,659
• revaluation of inventories	422,014	284,374
• revaluation of receivables	379,648	191,014
• write-downs of other assets	16,705	20,271
<b>Total</b>	<b>68,971,953</b>	<b>62,609,169</b>

2.3.2.7 Other operating expenses

in EUR	2023	2022
Fees for the use of building land, and other taxes and levies	1,258,777	1,212,029
Fines and compensation for damage incurred by legal and natural persons	552,050	235,999
Scholarships and awards for pupils and students on compulsory job training	419,546	366,458
Donations (for sporting, cultural and humanitarian activities)	420,267	291,665
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	76,064	81,726
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	0	1,532,172
Provisions for onerous contracts, guarantees issued and remediation of the quarry	204,758	747,334
Other expenses	212,515	552,592
<b>Total</b>	<b>3,143,977</b>	<b>5,019,975</b>



## 2.3.2.8 Finance income

in EUR	2023	2022
Finance income from participating interests in associates	3,993,617	4,481,249
Finance income from participating interests in other companies	11,640	33,360
Finance income from other investments	59,504	0
<b>Total finance income from participating interests</b>	<b>4,064,761</b>	<b>4,514,609</b>
Finance income from loans to others	3,599,802	404,378
<b>Total finance income from loans granted</b>	<b>3,599,802</b>	<b>404,378</b>
Finance income from operating receivables from others	95,580	219,305
<b>Total finance income from operating receivables</b>	<b>95,580</b>	<b>219,305</b>
<b>Total</b>	<b>7,760,143</b>	<b>5,138,292</b>

## 2.3.2.9 Finance expenses

in EUR	2023	2022
Finance expenses from impairments and write-downs of financial assets at other companies	0	485,454
<b>Finance expenses from impairments and write-offs of investments</b>	<b>0</b>	<b>485,454</b>
Finance expenses from bank loans	1,852,151	1,431,784
Finance expenses from leases	767,945	490,763
Finance expenses from other financial liabilities	2,690,509	2,528,546
<b>Total finance expenses from financial liabilities</b>	<b>5,310,605</b>	<b>4,451,093</b>
Finance expenses from trade payables	55,905	48,433
Finance expenses from other operating liabilities	49,664	89,101
<b>Total finance expenses from operating liabilities</b>	<b>105,569</b>	<b>137,534</b>
<b>Total</b>	<b>5,416,174</b>	<b>5,074,081</b>

Finance expenses from other financial liabilities comprise:

- expenses 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 1,171,810 (EUR 1,291,385 in 2022). Since January 2023, the discount has been charged to the profit or loss of SŽ-Potniški promet, d.o.o.;
- interest resulting from actuarial calculations in the amount of EUR 683,087 (EUR 1,237,161 in 2022);
- expenses in connection with derivatives in the amount of EUR 835,612.



## 2.3.2.10 Corporate income tax

in EUR	2023	2022
Current tax	5,590,630	4,527,306
Deferred tax	-978,070	973,543
<b>Total corporate income tax</b>	<b>4,612,560</b>	<b>5,500,849</b>
Pre-tax profit	48,861,557	40,889,866
Tax calculated at effective tax rate	12,433,846	7,786,294
Tax from decrease in revenues	1,858,302	-987,432
Tax from decrease in expenses	1,226,377	1,125,899
Tax from increase in expenses	-362,884	-117,609
Tax from change in tax base	142,374	1,385,301
Tax from tax allowances	-5,339,091	-4,754,565
Tax credits	-4,368,294	89,418
<b>Total corporate income tax</b>	<b>4,612,560</b>	<b>5,500,849</b>
Effective tax rate	9.44%	13.45%

The effective corporate income tax rate in Slovenia in 2023 was 19%. Under the Act on Reconstruction, Development and the Provision of Financial Resources (ZORZFS), this will rise to 22% in the 2024–2028 period. For the Group the annual tax rate fluctuated between 10% and 19%.



2.3.3 Related party transactions

The related parties in relation to whom we are disclosing transactions in this report are:

- the controlling company and other SŽ Group companies, including associates;
- the key management personnel and their immediate family members;
- companies at which the government exerts considerable influence (participating interest of more than 20%);
- the government (direct transactions: PSO, construction activities).

Gross remuneration of groups of persons

in EUR	2023	2022
Management Board of the controlling company	420,285	574,558
Supervisory Board of the controlling company	186,777	178,428
External members of the committees of the controlling company's supervisory board	10,396	10,660
Members of management bodies of subsidiaries	2,048,132	1,799,836
Supervisory boards of subsidiaries	379,784	349,180
External members of the committees of subsidiaries' supervisory boards	38,383	35,695
Group employees under individual contracts	9,633,569	8,492,448
Total	12,717,326	11,440,805

The remuneration of members of the controlling company's Management Board and the directors of subsidiaries includes wages and salaries, bonuses and any other earnings.

The remuneration of supervisory bodies comprises 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.

Companies within the SŽ Group did not approve advances and loans to the members of their management boards, supervisory bodies, other workers and employees on individual contract, to whom the tariff part of the collective agreement does not apply, nor did they issue guarantees for the liabilities of those persons.





Remuneration of the Management Board in the 2023 financial year – Slovenske železnice Group

in EUR		Variable remuneration – gross			
Full name/company	Position	Fixed remuneration – gross	Based on quantitative criterial	Based on qualitative criteria	Total
		1			2
Controlling company Slovenske železnice, d.o.o.					
Dušan Mes	Director-General	139,588	0	0	0
Tomaž Kraškovic	Member of the Management Board (Director)	136,277	0	0	0
Nina Avbelj Lekič	Workers' Director	134,023	0	0	0
Total		409,888	0	0	0
SŽ EP Logistika, d.o.o.					
Zbigniew Klepacki	Chair of the Management Board	18,000	0	0	0
Melita Rozman Dacar	Member of the Management Board	18,000	0	0	0
Roman Šilha	Member of the Management Board	18,000	0	0	0
Tomas Novotny	Deputy Chair of the Management Board	18,000	0	0	0
Dušan Žičkar	Member of the Management Board	18,000	0	0	0
Total		90,000	0	0	0
SŽ-Tovorni promet, d.o.o.					
Melita Rozman Dacar	Chair of the Management Board (Director)	131,166	0	0	0
Zbigniew Klepacki	Member of the Management Board (Director) (1 January–1 March 2023)	5,000	0	0	0
Remigiusz Jan Paszkiewicz	Member of the Management Board (Director) (2 March–31 December 2023)	99,353	0	0	0
Tamara Luskovec	Workers' Director	93,793	0	0	0
Total		329,312	0	0	0
SI Cargo Logistic, d.o.o., Belgrade					
Dragan Grujić	Director	61,013	0	0	0
SŽ-Potniški promet, d.o.o.					
Darja Kocjan	Director	122,520	0	0	0
Igor Birčaković	Workers' Director	91,258	0	0	0
Total		213,778	0	0	0
SŽ-Infrastruktura, d.o.o.					
Matjaž Kranjc	Director	126,686	0	0	0
Matjaž Skutnik	Workers' Director	92,940	0	0	0
Total		219,626	0	0	0
SŽ-Vleka in tehnika, d.o.o.					
Dušan Žičkar	Director	126,438	0	0	0
Zdravko Skrbiš	Workers' Director	93,619	0	0	0
Total		220,057	0	0	0



Deferred remuneration	Termination benefits	Fringe benefits	Repayment of previously paid bonuses (clawback)	Total (gross)	Total (net)
3	4	5	6	(1 to 6)	
0	0	6,178	0	145,766	74,533
0	0	2,070	0	138,346	70,553
0	0	2,149	0	136,173	70,334
0	0	10,397		420,285	215,420
0	0	123	0	18,123	12,807
0	0	123	0	18,123	12,605
0	0	123	0	18,123	12,807
0	0	123	0	18,123	12,807
0	0	123	0	18,123	12,605
0	0	615	0	90,615	63,631
0	0	5,453	0	136,619	66,756
0	0	1,988	0	6,988	3,253
0	0	5,510	0	104,863	51,390
0	0	123	0	93,916	54,164
0	0	13,074	0	342,386	175,563
0	0	0	0	61,013	44,935
0	0	4,135	0	126,655	62,496
0	0	123	0	91,381	52,824
0	0	4,258	0	218,036	115,320
0	0	7,196	0	133,882	63,171
0	0	4,057	0	96,997	51,202
0	0	11,253	0	230,879	114,374
0	0	8,697	0	135,135	62,303
0	0	2,611	0	96,230	52,476
0	0	11,308	0	231,365	114,779



in EUR		Variable remuneration – gross			
Full name/company	Position	Fixed remuneration – gross	Based on quantitative criterial	Based on qualitative criteria	Total
		1			2
SŽ-ŽIP storitve, d.o.o.					
Vojka Martinčič	Director	129,589	0	0	0
Vesna Ritlop	Workers' Director	88,307	0	0	0
Total		217,896	0	0	0
Fersped, d.o.o.					
Dean Peršić	Chair of the Management Board (Director)	112,011	0	0	0
Martin Lunak	Member of the Management Board (Director)	32,192	0	0	0
Total		144,202	0	0	0
VV-LOG, d.o.o.					
Dean Peršić	Director	0	0	0	0
Prometni institut Ljubljana, d.o.o.					
Peter Verlič	Director	85,645	0	0	0
SŽ-Železniška tiskarna, d.d.					
Majda Železnik	Director	59,398	0	0	0
SŽ-ŽGP, d.d.					
Anton Žagar	Director	126,307	0	0	0
Pavel Piškur	Workers' Director	93,388	0	0	0
Total		219,695	0	0	0
Kamnolom Verd, d.o.o.					
Uroš Močnik	Director (1 March–31 December 2023)	72,904	0	0	0
Sergij Grmek	Authorised Signatory (1 March–31 December 2023)	8,000	0	0	0
Total		80,904	0	0	0
SŽ-ŽGP Podgorica, d.o.o.					
Veljko Flis	Director (1 January–31 July 2023)	4,099	0	0	0
Grand total:		2,355,515	0	0	0
Other employees on individual contracts		9,567,991	0	0	0

Sergij Grmek was employed at SŽ-ŽGP Ljubljana, d.d. in 2023. Up until 28 February 2023 he was a member of the Kamnolom Verd, d.o.o. supervisory board and that company’s director. On that day his suspension as member and deputy chair of the supervisory board was lifted and he resigned from these positions on the same day. He was appointed authorised signatory of the company from 1 March 2023 to 1 March 2027.

The director of VV-LOG, d.o.o. is also the director of Fersped, d.o.o. He receives no special payments for managing VV-LOG, d.o.o.



Deferred remuneration	Termination benefits	Fringe benefits	Repayment of previously paid bonuses (clawback)	Total (gross)	Total (net)
3	4	5	6	(1 to 6)	
0	0	5,415	0	135,004	72,442
0	0	5,759	0	94,066	48,291
0	0	11,174	0	229,070	120,733
0	0	4,399	0	116,410	59,726
0	0	21,919	0	54,111	17,333
0	0	26,318	0	170,521	77,059
0	0	0	0	0	0
0	0	5,045	0	90,699	47,485
0	0	173	0	59,571	37,074
0	0	7,958	0	134,265	62,916
0	0	5,218	0	98,606	51,057
0	0	13,176	0	232,871	113,973
0	0	6,105	0	79,009	39,829
0	0	0	0	8,000	5,818
0	0	6,105	0	87,009	45,647
0	0	0	0	4,099	3,542
0	0	112,902	0	2,468,417	1,289,534
0	0	65,578	0	9,633,569	5,856,964



Remuneration of the Management Board in the 2022 financial year – Slovenske železnice Group

in EUR		Variable remuneration – gross			
Full name/company	Position	Fixed remuneration – gross	Based on quantitative criterial	Based on qualitative criteria	Total
		1			2
Controlling company Slovenske železnice, d.o.o.					
Dušan Mes	Director-General	133,774	37,931	27,932	65,863
Tomaž Kraškovic	Member of the Management Board (Director)	128,183	36,035	26,535	62,570
Nina Avbelj Lekič	Workers' Director	127,401	25,211	18,816	44,027
Total		389,358	99,177	73,283	172,460
SŽ EP Logistika, d.o.o.					
Zbigniew Klepacki	Chair of the Management Board (13 January to 31 December 2022)	17,419	0	0	0
Melita Rozman Dacar	Member of the Management Board (13 January to 31 December 2022)	17,419	0	0	0
Roman Šilha	Member of the Management Board (13 January to 31 December 2022)	17,419	0	0	0
Tomas Novotny	Deputy Chair of the Management Board (13 January to 31 December 2022)	17,419	0	0	0
Dušan Žičkar	Member of the Management Board (13 January to 31 December 2022)	17,419	0	0	0
Total		87,095	0	0	0
SŽ-Tovorni promet, d.o.o.					
Melita Rozman Dacar	Chair of the Management Board (Director)	122,932	0	0	0
Zbigniew Klepacki	Member of the Management Board (Director) (13 January to 31 December 2022)	34,090			
Tamara Luskovec	Workers' Director	89,216	0	0	0
Total		246,238	0	0	0
SI Cargo Logistic, d.o.o., Beograd					
Dragan Grujić	Director	54,233	0	0	0
SŽ-Potniški promet, d.o.o.					
Darja Kocjan	Director	117,051	0	0	0
Igor Birčaković	Workers' Director	83,427	0	0	0
Total		200,478	0	0	0
SŽ-Infrastruktura, d.o.o.					
Matjaž Kranjc	Director	122,796	0	0	0
Matjaž Skutnik	Workers' Director	86,585	0	0	0
Total		209,381	0	0	0
SŽ-Vleka in tehnika, d.o.o.					
Dušan Žičkar	Director	121,503	0	0	0
Zdravko Skrbiš	Workers' Director	89,561	0	0	0
Total		211,064	0	0	0



Deferred remuneration	Termination benefits	Fringe benefits	Repayment of previously paid bonuses (clawback)	Total (gross)	Total (net)
3	4	5	6	(1 to 6)	
0	0	7,521	0	207,158	95,482
0	0	2,575	0	193,328	93,025
0	0	2,644	0	174,072	85,045
0	0	12,740		574,558	273,552
0	0	106	0	17,525	13,038
0	0	87	0	17,506	12,208
0	0	106	0	17,525	13,038
0	0	106	0	17,525	13,038
0	0	87	0	17,506	12,208
0	0	493	0	87,588	63,530
0	0	6,654	0	129,586	65,883
		6,300		40,390	25,257
0	0	116	0	89,332	51,998
0	0	13,070	0	259,308	143,138
0	0	0	0	54,233	40,032
0	0	5,019	0	122,070	62,248
0	0	116	0	83,543	49,874
0	0	5,135	0	205,613	112,122
0	0	7,995	0	130,791	62,936
0	0	4,460	0	91,045	47,819
0	0	12,455	0	221,836	110,755
0	0	4,452	0	125,955	63,528
0	0	3,488	0	93,049	50,205
0	0	7,940	0	219,004	113,733





in EUR		Variable remuneration – gross			
Full name/company	Position	Fixed remuneration – gross	Based on quantitative criterial	Based on qualitative criteria	Total
		1			2
SŽ-ŽIP storitve, d.o.o.					
Vojka Martinčič	Director	114,288	0	0	0
Vesna Ritlop	Workers' Director	83,275	0	0	0
Total		197,563	0	0	0
Fersped, d.o.o.					
Dean Peršić	Chair of the Management Board (Director)	106,401	0	0	0
Martin Lunak	Member of the Management Board (Director) (13 January to 31 December 2022)	31,040	0	0	0
Total		137,441	0	0	0
VV-LOG, d.o.o.					
Dean Peršić	Director	0	0	0	0
Prometni institut Ljubljana, d.o.o.					
Peter Verlič	Director	82,001	0	0	0
SŽ-Železniška tiskarna, d.d.					
Majda Železnik	Director	56,567	0	0	0
SŽ-ŽGP, d.d.					
Anton Žagar	Director	121,603	0	0	0
Pavel Piškur	Workers' Director	87,711	0	0	0
Total		209,314	0	0	0
Kamnolom Verd, d.o.o.					
Uroš Močnik	Director (1 January–28 February 2022)	12,825	0	0	0
Sergij Grmek	Director (1 March–31 December 2022)	0	0	0	0
Total		12,825	0	0	0
SŽ-ŽGP Podgorica, d.o.o.					
Veljko Flis	Director	7,186	0	0	0
Grand total:		2,100,744	99,177	73,283	172,460
Other employees on individual contracts		8,421,566			



Deferred remuneration	Termination benefits	Fringe benefits	Repayment of previously paid bonuses (clawback)	Total (gross)	Total (net)
3	4	5	6	(1 to 6)	
0	0	6,654	0	120,942	61,540
0	0	6,809	0	90,084	45,443
0	0	13,463	0	211,026	106,983
0	0	4,473	0	110,874	57,087
0	0	12,705	0	43,745	20,606
0	0	17,178	0	154,619	77,693
0	0	0	0	0	0
0	0	2,438	0	84,439	47,040
0	0	166	0	56,733	35,145
0	0	9,566	0	131,169	60,656
0	0	6,317	0	94,028	47,497
0	0	15,883	0	225,198	108,153
0	0	228	0	13,053	7,327
0	0	0	0	0	0
0	0	228	0	13,053	7,327
0	0	0	0	7,186	6,072
		101,189		2,374,394	1,245,275
		70,882		8,492,448	5,132,233



Remuneration of Supervisory Board members in 2023

in EUR			
Full name/company	Position	Gross annual remuneration for performance of function	Gross annual attendance fees for Supervisory Board and committee meetings
		1	2
Slovenske železnice, d.o.o.			
Aleksander Mervar	Member and Chair of the Supervisory Board (1–13 January 2023)	498	220
Franci Matoz	Member and Deputy Chair of the Supervisory Board, Member and Chair of the HRC (1 January–14 February 2023)	1,899	891
Aleksander Nagode	Member of the Supervisory Board, Member and Chair of the SIC (21 February–31 December 2023)	15,450	6,437
Melita Malgaj	Member of the Supervisory Board, Member and Chair of the AC	14,162	6,116
Gabrijel Škof	Member and Chair of the Supervisory Board (21 February–31 December 2023), Member of the HRC, Member of the SIC	19,864	6,437
Boris Markočič	Member of the Supervisory Board, Member and Chair of the SIC, Member of the AC (1 January–14 February 2023)	2,092	1,111
Marko Babič	Member of the Supervisory Board, Member of the SIC (15 February–31 December 2023)	11,220	5,060
Vinko Filipič	Member of the Supervisory Board, Member of the AC (15 February–31 December 2023)	11,220	5,500
Hilda Pipan	Member and Deputy Chair of the Supervisory Board, Member and Chair of the HRC (15 February–31 December 2023)	13,206	4,620
Silvo Berdajs	Member of the Supervisory Board (Employee Representative), Member of the AC, Member of the SIC	15,450	6,437
Zlatko Ratej	Member of the Supervisory Board (Employee Representative), Member of the HRC	12,875	5,511
Jože Pavšek	Member of the Supervisory Board (Employee Representative)	10,300	4,235
Barbara Nose	External Member of the Audit Committee	8,240	2,156
Total		136,476	54,731
SŽ-Infrastruktura, d.o.o.			
Urška Grmek	Member and Chair of the Supervisory Board (1 January–16 November 2023)	13,562	3,960
Matjaž Trontelj	Member and Deputy Chair of the Supervisory Board, Member and Chair of the AC (1 January–16 November 2023)	13,335	5,060
Tjaša Ribič Urh	Member of the Supervisory Board, Member and Chair of the AC (17 November–31 December 2023)	1,803	1,265
Jernej Pavlič	Member and Chair of the Supervisory Board (17 November–31 December 2023)	1,889	1,045
Milorad Šljivič	Member of the Supervisory Board (Employee Representative), Member of the AC	12,875	6,325
Barbara Nose	External Member of the AC	8,240	1,320
Total		51,704	18,975



Fringe benefits	Total (gross)	Total (net)	Travel expenses
3	(1 to 3)		
10	728	520	0
19	2,809	2,024	0
123	22,010	15,885	0
123	20,401	14,715	0
123	26,424	19,096	0
19	3,222	2,324	0
108	16,388	12,748	1,288
108	16,828	13,983	2,546
108	17,934	13,678	1,022
123	22,010	15,885	0
123	18,509	13,339	0
123	14,658	10,538	0
0	10,396	7,561	0
1,110	192,317	142,296	4,856
107	17,629	12,714	0
107	18,502	13,350	0
15	3,083	2,227	0
15	2,949	2,129	0
123	19,323	13,931	0
0	9,560	6,593	0
367	71,046	50,944	0



in EUR			
Full name/company	Position	Gross annual remuneration for performance of function	Gross annual attendance fees for Supervisory Board and committee meetings
		1	2
SŽ-ŽGP Ljubljana, d.d.			
Gorazd Podbevšek	Chair of the Supervisory Board, Member of the AC	18,025	3,905
Dušan Mes	Member and Deputy Chair of the Supervisory Board	11,330	2,860
Bernarda Babič	Member of the Supervisory Board, Member and Chair of the AC	14,162	4,180
Silvo Berdajs	Member of the Supervisory Board (Employee Representative), Member of the AC (1 January–14 November 2023)	11,230	3,465
Stanislav Debeljak	Member of the Supervisory Board (Employee Representative), Member of the AC (1 January–16 November 2023)	11,301	3,465
Simon Kokalj	Member of the Supervisory Board (Employee Representative), Member of the AC (16 November–31 December 2023)	1,523	495
Miha Černe	Member of the Supervisory Board (Employee Representative) (16 November–31 December 2023)	1,287	495
Barbara Nose	External Member of the AC	7,119	1,320
Total		75,977	20,185
SŽ-Železniška tiskarna Ljubljana, d.d.			
Boštjan Koren	Chair of the Supervisory Board	0	301
Daniel Vasiljevič	Member of the Supervisory Board	0	226
Miran Parkelj	Member of the Supervisory Board (Employee Representative)	0	226
Total		0	753
SŽ EP Logistika, d.o.o.			
Dušan Mes	Member and Chair of the Supervisory Board	27,000	2,035
Tomaž Kraškovic	Member of the Supervisory Board	18,000	2,035
Milan Jelenc	Member and Deputy Chair of the Supervisory Board, Member of the AC, Chair of the IDC	27,900	4,499
Michal Antonin	Member of the Supervisory Board, Chair of the AC, Member of the IDC	26,100	4,499
Miodrag Maksimović	Member of the Supervisory Board	18,000	935
Silvo Berdajs	Member of the Supervisory Board, Member of the AC, Member of the IDC	23,400	4,499
Petra Finžgar	External Member of the AC	4,500	1,628
Total		144,900	20,130
SŽ-Potniški promet, d.o.o.			
Tomaž Kraškovic	Member and Chair of the Supervisory Board	5,250	552
Bernarda Babič	Member and Deputy Chair of the Supervisory Board, Member and Chair of the AC	5,250	1,104
Leon Didič	Member of the Supervisory Board (Employee Representative), Member of the AC	5,250	1,104
Simona Korošec Lavrič	External Member of the AC	4,200	552
Total		19,950	3,312



Fringe benefits	Total (gross)	Total (net)	Travel expenses
3	(1 to 3)		
123	22,053	15,916	0
123	14,313	10,287	0
123	18,465	13,307	0
107	14,802	10,658	0
107	14,873	10,710	0
16	2,034	1,464	0
16	1,798	1,292	0
0	8,439	6,137	0
615	96,777	69,771	0
123	424	186	0
123	349	131	0
123	349	131	0
369	1,122	448	0
123	29,158	21,084	0
123	20,158	14,538	0
123	32,522	23,530	0
123	30,722	22,562	0
123	19,058	13,936	0
123	28,022	20,258	0
0	6,128	4,457	0
738	165,768	120,365	0
123	5,925	4,186	0
123	6,477	4,588	0
123	6,477	4,588	0
0	4,752	3,456	0
369	23,631	16,818	0





in EUR

Full name/company	Position	Gross annual remuneration for performance of function	Gross annual attendance fees for Supervisory Board and committee meetings
		1	2
SŽ-Vleka in tehnika, d.o.o.			
Jožef Petrovič	Member and Chair of the Supervisory Board (1–31 January 2023)	437	0
Jana Končar	Member and Deputy Chair of the Supervisory Board, Member and Chair of the AC	5,250	1,104
Zdenko Lorber	Member of the Supervisory Board (Employee Representative), Member of the AC	5,250	1,104
Petra Finžgar	External Member of the AC	4,200	552
Total		15,137	2,760
SŽ-ŽIP Storitve, d.o.o.			
Miha Butara	Member and Chair of the Supervisory Board	5,250	552
Andreja Košir	Member and Deputy Chair of the Supervisory Board, Member and Chair of the AC	5,250	1,104
Jože Pavšek	Member of the Supervisory Board (Employee Representative), Member of the AC	5,250	1,104
Simona Korošec Lavrič	External Member of the AC	4,200	552
Total		19,950	3,312
Kamnolom Verd, d.o.o.			
Anton Žagar	Member and Chair of the Supervisory Board	6,300	990
Gašper Marc	Member of the Supervisory Board	4,200	990
Pavel Piškur	Member (Employee Representative) and Deputy Chair of the Supervisory Board (3 August–31 December 2023)	4,200	990
Total		14,700	2,970
Grand total		478,794	127,128



Fringe benefits	Total (gross)	Total (net)	Travel expenses
3	(1 to 3)		
10	447	315	0
123	6,477	4,588	0
123	6,477	4,588	0
0	4,752	3,456	0
256	18,153	12,947	0
123	5,925	4,186	0
123	6,477	4,588	0
123	6,477	4,588	0
0	4,752	3,456	0
369	23,631	16,818	0
123	7,413	5,269	0
123	5,313	3,741	0
123	5,313	3,741	0
369	18,039	12,751	0
4,562	610,484	443,158	4,856



Remuneration of Supervisory Board members in 2022

in EUR			
Full name/company	Position	Gross annual remuneration for performance of function	Gross annual attendance fees for Supervisory Board and committee meetings
		1	2
Slovenske železnice, d.o.o.			
Aleksander Mervar	Member and Chair of the Supervisory Board	15,450	2,860
Franci Matoz	Member and Deputy Chair of the Supervisory Board, Member and Chair of the HRC	15,192	4,411
Aleksander Nagode	Member of the Supervisory Board, Member of the AC, Member of the SIC	15,450	6,437
Melita Malgaj	Member of the Supervisory Board, Member and Chair of the AC	14,162	6,050
Gabrijel Škof	Member of the Supervisory Board, Member of the HRC, Member of the SIC	15,450	6,437
Boris Markočič	Member of the Supervisory Board, Member and Chair of the SIC, Member of the AC	15,450	6,437
Silvo Berdajs	Member of the Supervisory Board (Employee Representative), Member of the AC, Member of the SIC	15,450	6,437
Zlatko Ratej	Member of the Supervisory Board (Employee Representative), Member of the HRC	12,875	4,906
Jože Pavšek	Member of the Supervisory Board (Employee Representative)	10,300	3,630
Barbara Nose	External Member of the Audit Committee	8,240	2,420
Total		138,019	50,025
SŽ-Infrastruktura, d.o.o.			
Urška Grmek	Member and Chair of the Supervisory Board	15,450	4,345
Matjaž Trontelj	Member and Deputy Chair of the Supervisory Board, Member and Chair of the AC	15,192	6,380
Milorad Šljivić	Member of the Supervisory Board (Employee Representative), Member of the AC	12,875	5,885
Barbara Nose	External Member of the AC	8,240	1,760
Total		51,757	18,370
SŽ-ŽGP Ljubljana, d.d.			
Gorazd Podbevšek	Chair of the Supervisory Board, Member of the AC	18,025	4,631
Dušan Mes	Member and Deputy Chair of the Supervisory Board	11,330	2,915
Nina Marin	Member of the Supervisory Board, Member of the AC (1 January–14 September 2022)	10,622	3,641
Silvo Berdajs	Member of the Supervisory Board (Employee Representative), Member of the AC	12,875	4,851
Stanislav Debeljak	Member of the Supervisory Board, Member of the AC	12,875	4,851
Bernarda Babič	Member of the Supervisory Board, Member and Chair of the AC (11 October–31 December 2022)	3,139	715
Barbara Nose	External Member of the AC	5,150	1,936
Total		74,016	23,540



Fringe benefits	Total (gross)	Total (net)	Travel expenses
3	(1 to 3)		
116	18,426	13,285	0
116	19,719	14,226	0
116	22,003	15,887	0
116	20,328	14,669	0
116	22,003	15,887	0
116	22,003	15,887	0
116	22,003	15,887	0
116	17,897	12,900	0
116	14,046	10,100	0
0	10,660	7,753	0
1,044	189,088	136,481	0
116	19,911	14,365	0
116	21,688	15,658	0
116	18,876	13,612	0
0	10,000	7,273	0
348	70,475	50,908	0
116	22,772	16,446	0
116	14,361	10,329	0
87	14,350	10,350	0
116	17,842	12,860	0
116	17,842	12,860	0
29	3,883	2,795	0
0	7,086	5,154	0
580	98,136	70,794	0



in EUR

Full name/company	Position	Gross annual remuneration for performance of function	Gross annual attendance fees for Supervisory Board and committee meetings
		1	2
SŽ-Železniška tiskarna Ljubljana, d.d.			
Boštjan Koren	Chair of the Supervisory Board	0	409
Daniel Vasiljevič	Member of the Supervisory Board	0	307
Miran Parkelj	Member of the Supervisory Board (Employee Representative)	0	307
Total		0	1,023
SŽ EP Logistika, d.o.o.			
Dušan Mes	Member and Chair of the Supervisory Board (13 January–31 December 2022)	21,992	770
Tomaž Kraškovic	Member of the Supervisory Board (13 January–31 December 2022)	14,661	550
Milan Jelenc	Member and Deputy Chair of the Supervisory Board, Member of the AC, Chair of the IDC (13 January–31 December 2022)	22,725	1,210
Michal Antonin	Member of the Supervisory Board, Chair of the AC, Member of the IDC (13 January–31 December 2022)	21,259	1,210
Miodrag Maksimović	Member of the Supervisory Board (13 January–31 December 2022)	14,661	770
Silvo Berdajs	Member of the Supervisory Board, Member of the AC, Member of the IDC (13 January–31 December 2022)	19,060	1,210
Petra Finžgar	External Member of the AC (8 March–31 December 2022)	3,665	220
Total		118,023	5,940
SŽ-Tovorni promet, d.o.o.			
Dušan Mes	Member and Chair of the Supervisory Board (1–12 January 2022)	169	0
Bernarda Babič	Member and Deputy Chair of the Supervisory Board (1–12 January 2022)	169	0
Silvo Berdajs	Member of the Supervisory Board (Employee Representative), Member of the AC (1–12 January 2022)	169	0
Petra Finžgar	External Member of the AC (1–12 January 2022)	135	0
Total		642	0
SŽ-Potniški promet, d.o.o.			
Tomaž Kraškovic	Member and Chair of the Supervisory Board	5,250	552
Bernarda Babič	Member and Deputy Chair of the Supervisory Board	5,250	1,214
Leon Didič	Member of the Supervisory Board (Employee Representative), Member of the AC	5,250	1,214
Simona Korošec Lavrič	External Member of the AC	4,200	552
Total		19,950	3,532



Fringe benefits	Total (gross)	Total (net)	Travel expenses
3	(1 to 3)		
116	525	266	0
116	423	192	0
116	423	192	0
348	1,371	650	0
106	22,868	16,526	0
106	15,317	11,034	0
106	24,041	17,379	0
106	22,575	17,389	0
106	15,537	11,935	0
106	20,376	14,713	0
0	3,885	2,826	0
636	124,599	91,802	0
4	173	122	0
4	173	122	0
4	173	122	0
0	135	98	0
12	654	464	0
116	5,918	4,188	0
116	6,580	4,670	0
116	6,580	4,670	0
0	4,752	3,456	0
348	23,830	16,984	0





in EUR

Full name/company	Position	Gross annual remuneration for performance of function	Gross annual attendance fees for Supervisory Board and committee meetings
		1	2
SŽ-Vleka in tehnika, d.o.o.			
Jožef Petrovič	Member and Chair of the Supervisory Board	5,250	552
Jana Končar	Member and Deputy Chair of the Supervisory Board	5,250	1,214
Zdenko Lorber	Member of the Supervisory Board (Employee Representative), Member of the AC	5,250	1,214
Petra Finžgar	External Member of the AC	4,200	662
Total		19,950	3,642
SŽ-ŽIP Storitve, d.o.o.			
Miha Butara	Member and Chair of the Supervisory Board	5,250	552
Andreja Košir	Member and Deputy Chair of the Supervisory Board	5,250	1,192
Jože Pavšek	Member of the Supervisory Board (Employee Representative), Member of the AC	5,250	1,192
Simona Korošec Lavrič	External Member of the AC	4,200	640
Total		19,950	3,576
Fersped, d.o.o.			
Tomaž Kraškovic	Member and Chair of the Supervisory Board (1–12 January 2022)	169	0
Gašper Marc	Member and Deputy Chair of the Supervisory Board (1–12 January 2022)	169	0
Darja Koleto	Member of the Supervisory Board (Employee Representative), Member of the AC (1–12 January 2022)	169	0
Petra Finžgar	External Member of the AC (1–12 January 2022)	135	0
Total		642	0
Kamnolom Verd, d. o. o.			
Anton Žagar	Member and Chair of the Supervisory Board	6,300	690
Sergij Grmek	Member and Deputy Chair of the Supervisory Board (1 January–28 February 2022)	770	300
Gašper Marc	Member of the Supervisory Board (17 February–31 December 2022)	3,650	390
Pavel Piškur	Member of the Supervisory Board (Employee Representative)	4,200	690
Total		14,920	2,070
Grand total		457,869	111,718

In accordance with Article 15 of the Articles of Association of SŽ-Tovorni promet, d.o.o., the company is governed by the sole shareholder directly and via the company's Management Board. The Supervisory Board operated until 13 January 2022, when the new Articles of Association, which abolished the Supervisory Board as one of the bodies of the company, came into force.



Fringe benefits	Total (gross)	Total (net)	Travel expenses
3	(1 do 3)		
116	5,918	4,188	0
116	6,580	4,670	0
116	6,580	4,670	0
0	4,862	3,536	0
348	23,940	17,064	0
116	5,918	4,188	0
116	6,558	4,654	0
116	6,558	4,654	0
0	4,840	3,520	0
348	23,874	17,016	0
4	173	122	0
4	173	122	0
4	173	122	0
0	135	98	0
12	654	464	0
116	7,106	5,052	0
19	1,089	773	0
101	4,141	2,911	0
116	5,006	3,525	0
352	17,342	12,261	0
4,376	573,963	414,888	0

In accordance with Article 14 of the Articles of Association of Fersped, d.o.o., the company is governed by the sole shareholder directly and via the company's governing bodies. The Supervisory Board operated until 13 January 2022, when the new Articles of Association, which abolished the Supervisory Board as one of the bodies of the company, came into force.



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
2023		
Adria kombi, d. o. o, Ljubljana	14,205,057	422,065
Terme Olimia, d.d.	0	84,829
NOMAGO, d.o.o.	115,339	473,467
CKTZ, d.d., Zagreb	95,441	4,466
Total	14,415,837	984,827
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

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. relate to bus passenger transport.

in EUR	Customers	Suppliers
Balance as at 31 December 2023		
Adria kombi, d.o.o., Ljubljana	2,952,156	10,446
NOMAGO, d.o.o.	10,444	35,826
CKTZ, d.d., Zagreb	0	143
Total	2,962,600	46,415
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



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 2023 and 2022, 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	2023	2022
Public service obligation of the maintenance of the PRI	122,410,731	112,911,777
Public service obligation of traffic control	43,300,000	37,823,804
Performance of tasks as the PRI manager	2,732,400	2,513,156
Operation, management and maintenance of housing and buildings that are not part of PRI	730,768	804,884
Total	169,173,899	154,053,621

Transactions are performed on the basis of the Agreement on the Provision of Services by the Public Railway Infrastructure Manager for 2021–2030 and Addenda 7 and 8 to that agreement for services rendered between 1 January and 31 December 2023.

Revenues from transactions between the government and the subsidiary SŽ-Potniški promet, d.o.o.

in EUR	2023	2022
Revenues from the discharge of the PSO of passenger transport provision	102,167,000	84,356,591
Total	102,167,000	84,356,591

Under the Agreement on the Performance of the Public Service Obligation of the Inland and Cross-border Regional Transport of Passengers by Rail 2017–2031, Addenda 8, 9 and 10 to that agreement for the period 1 January to 31 December 2023 and the amendments to the agreement concluded with the Slovenian government, the company received net compensation of EUR 91,040,295 for PSO services provided in 2023 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 11,126,705 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	2023	2022
Performance of construction activities for the Ministry of Infrastructure	16,812,937	4,326,612
Total	16,812,937	4,326,612

Transactions with associates of the owner

in EUR	31 December 2023	31 December 2022
Balance of current trade and other operating receivables	2,460,253	2,778,832
Balance of current trade and other operating liabilities	9,420,853	2,889,130

in EUR	2023	2022
Revenues	16,304,404	13,846,002
Expenses (costs)	54,080,995	26,925,183

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%.

Transactions with companies in which key management personnel (management and supervisory bodies) in the SŽ Group or their family members have a participating interest of more than 20%

in EUR	31 December 2023	31 December 2022
Balance of current trade and other operating receivables	2,862	856
Balance of current trade and other operating liabilities	28,433	45,518

in EUR	2023	2022
Revenues	24,227	20,949
Expenses (costs)	185,495	201,317



2.3.4 Events after the accounting period

In March 2024 Adventura Investments, upravljanje družb, d.o.o., Slovenske železnice, d.o.o., and NOMAGO, storitve mobilnosti in potovanj, d.o.o. signed the Agreement on the Method of Providing Access to Data for the Purpose of Exercising Option Rights.

The purpose of the agreement is to enable Adventura Investments, d.o.o. and Slovenske železnice, d.o.o., for the realisation of the option rights and commitments agreed upon in the Shareholders' Agreement (put options of Adventura Investments, d.o.o. and put and call options of Slovenske železnice, d.o.o.), to each calculate the value of a 100% participating interest in NOMAGO, d.o.o. The agreement regulates the equivalent manner and deadline for access of both owners of participating interests in NOMAGO, d.o.o. to all the necessary financial and legal information on the operations of NOMAGO, d.o.o.

The Agreement on the Method of Providing Access to Data for the Purpose of Exercising Option Rights does not change the options rights and commitments agreed in the Shareholders' Agreement. Instead it sets the deadline by which the right to exercise the put option by Adventura Investments, d.o.o. and the right to exercise the call option by Slovenske železnice, d.o.o. shall cease.

Kamnolom Verd d.o.o. was the holder of a mining right and concession until 10 June 2023. With the aim of maintaining its operations, the company requested, prior to expiry, that the validity of the mining right and concession contract be extended. As no decision was taken on the request, it submitted a request to extend the validity of the concession contract and mining right under the terms of the Act on Emergency Measures to Prevent Harmful Effects in the Extension of Mining Rights and Concessions, which enables concession-holders to extend their mining rights by 30 months at their own initiative. On 11 March 2024 the ministry issued a decision rejecting the application. As this was done without justification, the company filed an administrative dispute, and the concession and mining right were subject to a decision by the Administrative Court.

The national Inspectorate for Natural Resources and Spatial Planning prohibited the company from carrying out mining works from the day it submitted its decision, i.e. 23 April 2024. The company filed an appeal with the inspectorate, and submitted a motion for extraordinary annulment of an inspection decision with the Ministry of Natural Resources and Spatial Planning.

Following an opinion obtained from the law firm that represents the company in administrative and other proceedings, the Kamnolom Verd, d.o.o. management board concluded that the legal arguments supported the position that the administrative dispute and appeal filed by the company should be successful.

For the purpose of continuing or expanding its operations, the company also undertook all the necessary procedures for expanding the quarry in order to extract minerals over a wider extraction area. The application for a mineral extraction mining right was, pursuant to the Act on Reconstruction, Development and the Provision of Financial Resources, placed on the priority list of mining right applications by the Ministry of Natural Resources and Spatial Planning at the end of April 2024.

There were no business events in the other Slovenske železnice Group companies after the end of the 2023 accounting period that would have a material impact on the financial statements or require further disclosure.





### 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. A large part of the Slovenske železnice Group's 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 2023	Balance as at 31 December 2022
Financial receivables	140,734,594	169,733,661
Financial liabilities	143,628,481	134,921,840
Net financial instruments	-2,893,887	34,811,821

The following instruments are used to hedge exposure to interest-rate risk:

- primarily loans with a fixed interest rate;
- in part through the forward market, by entering into interest-rate swaps; 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 2023	Balance as at 31 December 2022
Total loans (principal)	81,699,606	106,934,967
Other financial liabilities	26,564,932	24,308,566
Total financial liabilities with a fixed interest rate	108,264,538	131,243,533



##### Balance of financial liabilities with a variable interest rate:

in EUR	Balance as at 31 December 2023	Balance as at 31 December 2022
Financial liabilities to banks	32,000,000	0
Liabilities from finance leases	3,363,943	3,678,307
Financial liabilities with a variable interest rate	35,363,943	3,678,307

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 354,000.

#### 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 to transactions with subsidiaries in Serbia, the SŽ Group is less exposed to currency risk. Transactions abroad are also conducted in US dollars. We estimate that the SŽ Group is not exposed to major risks in this regard, as the volatility of the Serbian dinar (RSD) is relatively low, as the table below shows. 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 19,014 in 2023 and EUR 32,632 in 2022).

EUR 1	31 December 2023	31 December 2022
RSD	117.41	117.29
USD	1.1050	1.0666

31 December 2023					
in EUR	EUR	MKD	RSD	USD	Total
Cash and cash equivalents	79,790,608	1,438	96,104	69,435	79,957,585
Current operating receivables (excluding receivables from the government)	65,343,752		148,224	4,343	65,496,319
Non-current operating receivables	141,077,137				141,077,137
Current financial receivables	98,202,136				98,202,136
Non-current financial receivables	42,532,458				42,532,458
Non-current operating liabilities (excluding other liabilities)	80,821,628				80,821,628
Current operating liabilities (excluding liabilities to the government and employees, and liabilities from advances)	42,683,378		5,396	124,005	42,812,779
Non-current financial liabilities	100,118,990				100,118,990
Current financial liabilities	43,509,491				43,509,491
Exposure in the statement of financial position	159,812,604	1,438	238,932	-50,227	160,002,747



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

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 2023. 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 2023, and that liquidity risk was well-managed. Current credit lines are regularly rolled over.



Maturity distribution of liabilities:

Contractual cash flows						
in EUR	Carrying amount of liabilities	Total contractual obligations	0–6 months	6–12 months	1–3 years	More than 3 years
Long-term borrowings	88,010,668	95,324,804			24,024,921	71,299,883
Non-current lease liabilities	12,108,322	14,115,017			12,450,717	1,664,300
Other non-current operating liabilities	80,821,628	80,821,628			38,418,922	42,402,706
Short-term borrowings	25,688,937	27,719,313	19,907,911	7,811,402		
Current lease liabilities	10,035,934	10,147,829	5,619,426	4,528,403		
Other current financial liabilities	7,784,620	7,784,620	7,784,620			
Current operating liabilities (excluding liabilities to the government and employees, and liabilities from advances)	42,812,779	42,812,779	42,812,779			
Balance as at 31 December 2023	267,262,888	278,725,990	76,124,736	12,339,805	74,894,560	115,366,889

Contractual cash flows						
in EUR	Carrying amount of liabilities	Total contractual obligations	0–6 months	6–12 months	1–3 years	More than 3 years
Long-term borrowings	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
Short-term borrowings	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



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 making short-term cash investments for current operations.

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 managed in 2023, 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 2023 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 2.3.1.11).

Maturity of trade receivables (gross amount):

Maturity in EUR								
Past-due								
As at	Non-past-due	up to 30 days	31–90 days	91–365 days	more than 365 days	Total	Value adjustments to receivables	Net value of receivables
31 December 2023	61,663,633	2,147,569	1,101,060	976,318	4,585,519	70,474,099	4,977,780	65,496,319
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



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	2023	2022
Non-current financial liabilities	100,118,990	89,080,184
Current financial liabilities	43,509,491	45,841,656
Total financial liabilities	143,628,481	134,921,840
Total equity	864,346,585	834,109,083
Debt/equity	0.17	0.16
Cash and cash equivalents	79,957,585	118,293,116
Net financial liabilities	63,670,896	16,628,724
Net debt/equity	0.07	0.02





## 5. Carrying amount and fair value of financial instruments

The table below only includes information regarding classification to the fair value hierarchy for assets and financial liabilities measured at fair value and for which fair value is disclosed.

in EUR	31 December 2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Non-current financial assets</b>					
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	41,941,049	41,941,049			41,941,049
<b>Current financial assets</b>					
Trade receivables	65,496,319	65,496,319		65,496,319	
Financial receivables	98,202,136	98,202,136		98,202,136	
Cash and cash equivalents	79,957,585	79,957,585	79,957,585		
<b>Non-current financial liabilities</b>					
Loans received	88,010,668	107,452,678			107,452,678
Lease liabilities	12,108,322	12,108,322			12,108,322
<b>Current financial liabilities</b>					
Loans received	25,688,937	31,443,685		31,443,685	
Other financial liabilities	7,784,620	7,784,620		7,784,620	
Lease liabilities	10,035,934	10,035,934			10,035,934
Trade payables	42,812,779	42,812,779		42,812,779	



in EUR	31 December 2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Non-current financial assets</b>					
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
<b>Current financial assets</b>					
Trade receivables	54,248,207	54,248,207		54,248,207	
Financial receivables	130,702,160	130,702,160		130,702,160	
Cash and cash equivalents	118,293,116	118,293,116	118,293,116		
<b>Non-current financial liabilities</b>					
Loans received	81,699,606	91,962,899			91,962,899
Lease liabilities	7,380,578	7,380,578			7,380,578
<b>Current financial liabilities</b>					
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	

The Slovenske železnice Group did not record any transitions between fair value levels in 2023.



# 6. Separate financial statements of the company Slovenske železnice, d.o.o.

## 6.1 Separate statement of financial position

		Balance as at	
in EUR	Note	31 December 2023	31 December 2022
<b>ASSETS</b>		<b>804,961,742</b>	<b>892,592,605</b>
<b>A. Non-current assets</b>		<b>710,740,154</b>	<b>704,089,434</b>
Intangible assets	6.6.1.1	23,977,179	20,690,601
Right-of-use lease assets	6.6.1.2	160,788	251,632
Property, plant and equipment	6.6.1.3	21,891,538	16,556,472
Investment property	6.6.1.4	49,429,730	43,152,541
Investments in subsidiaries	6.6.1.5	572,454,516	583,392,416
Investments in associates	6.6.1.5	31,515,451	31,515,451
Other investments	6.6.1.5	2,140,782	2,140,782
Financial receivables	6.6.1.6	2,401,003	0
Operating receivables	6.6.1.11	5,034,154	5,376,065
Deferred tax assets	6.6.1.7	1,251,801	608,696
Other non-current assets	6.6.1.8	483,212	404,778
<b>B. Current assets</b>		<b>94,221,588</b>	<b>188,503,171</b>
Assets held for sale	6.6.1.9	15,323	5,798,931
Financial receivables	6.6.1.6	74,273,155	103,486,510
Trade receivables	6.6.1.10	5,008,857	41,336,611
Other trade receivables	6.6.1.11	922,478	931,995
Other current assets	6.6.1.12	362,308	979,579
Receivables for corporate income tax	6.6.1.13	95,339	0
Cash and cash equivalents	6.6.1.14	13,544,128	35,969,545
<b>EQUITY AND LIABILITIES</b>		<b>804,961,742</b>	<b>892,592,605</b>
<b>A. Equity</b>	6.6.1.15	<b>619,481,005</b>	<b>617,942,764</b>
Called-up capital		509,529,921	509,529,921
Share premium account		45,002,140	45,002,140
Legal reserves		4,637,603	4,066,110
Other profit reserves		50,314,305	49,185,127
Fair value reserves		138,312	216,027
Retained earnings		9,858,724	9,943,439
1. Net profit brought forward		4,429,546	7,886,359
2. Undistributed net profit for the financial year		5,429,178	2,057,080

		Balance as at	
in EUR	Note	31 December 2023	31 December 2022
<b>B. Non-current liabilities</b>		<b>62,423,962</b>	<b>43,810,025</b>
Provisions for jubilee benefits and termination benefits	6.6.1.16	1,884,211	1,733,240
Other provisions	6.6.1.16	195,773	58,500
Non-current deferred income	6.6.1.16	5,917	2,579
Financial liabilities	6.6.1.17	60,206,809	41,792,510
Lease liabilities	6.6.1.18	121,001	208,971
Operating liabilities	6.6.1.19	10,251	14,225
<b>C. Current liabilities</b>		<b>123,056,775</b>	<b>230,839,816</b>
Financial liabilities	6.6.1.17	111,355,511	218,058,170
Lease liabilities	6.6.1.18	47,243	51,053
Trade payables	6.6.1.21	8,103,354	9,427,405
Other operating liabilities	6.6.1.19	2,671,055	2,521,404
Other current liabilities	6.6.1.20	879,612	615,866
Income tax liabilities	6.6.1.22	0	165,918

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	2023	2022
1.	Revenues from contracts with customers	6.6.2.1	31,872,278	31,238,059
2.	Other operating revenues (including revaluation operating revenues)	6.6.2.2	4,534,214	5,210,848
3.	Costs of goods, materials and services	6.6.2.3	10,902,151	10,494,565
4.	Labour costs	6.6.2.4	18,907,824	16,884,357
5.	Write-downs	6.6.2.5	3,200,484	3,107,664
6.	Other operating expenses	6.6.2.6	3,150,792	4,905,230
7.	Operating profit (1 ± 2 + 3 + 4 - 5 - 6 - 7 - 8)		245,241	1,057,091
8.	Finance income	6.6.2.7	17,435,792	4,557,735
9.	Finance expenses	6.6.2.8	6,837,536	1,401,431
10.	Net finance income/costs (11 - 12)		10,598,256	3,156,304
11.	Earnings before tax (9 + 12)		10,843,497	4,213,395
12.	Current tax		56,752	165,918
13.	Deferred taxes	6.6.1.7	-643,104	-283,218
14.	Corporate income tax	6.6.2.9	-586,352	-117,300
15.	Net profit for the accounting period		11,429,849	4,330,695

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 other comprehensive income

	Note	2023	2022
Net profit for the accounting period	6.2	11,429,849	4,330,695
Items that will not be reclassified subsequently to profit or loss		-65,620	830,036
Actuarial gains/losses		-65,620	830,036
Other comprehensive income for the financial year		-65,620	830,036
Total comprehensive income for the accounting period		11,364,229	5,160,731

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	2023	2022
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>a) Net profit</b>	6.2	<b>11,429,849</b>	<b>4,330,695</b>
Pre-tax profit		10,843,497	4,213,395
Corporate income tax and other taxes not included in operating expenses		-586,352	-117,300
<b>b) Adjustments by</b>			<b>57,147,194</b>
Amortisation/depreciation (+)	6.6.2.5	3,144,656	2,893,912
Revaluation operating revenues (-)		-4,243,160	-4,984,724
Revaluation operating expenses (+)	6.6.2.5	55,828	213,752
Finance income, excluding finance income from operating receivables (-)	6.6.2.7	-17,432,210	-4,548,752
Finance expenses, excluding finance expenses from operating liabilities (+)	6.6.2.8	6,795,500	1,387,067
Actuarial calculation of provisions for employee benefits		139,712	180,606
Tax expenses		-904,362	-117,299
Calculation of other provisions		137,274	58,500
Revenues from the reversal of accrued audit expenses and unused annual leave		-1,000	-1,000
Other adjustments to revenues and expenses		-4,755	-7,039
<b>c) Change in net working capital (and provisions and deferred tax assets and liabilities) from balance sheet operating items</b>		<b>34,899,448</b>	<b>-4,728,412</b>
Opening less closing operating receivables		37,283,220	-9,264,535
Closing less opening operating liabilities		-2,279,180	4,551,393
Closing less opening provisions		-104,592	-15,270
<b>d) Net cash flows from operating activities (a + b + c)</b>		<b>34,016,780</b>	<b>-5,322,694</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>a) Inflows from investing activities</b>		<b>490,433,015</b>	<b>114,942,507</b>
Inflows from interest received and shares in the profit of others		10,591,258	4,547,972
Inflows from the disposal of intangible assets	6.6.1	3,353,500	0
Inflows from the disposal of property, plant and equipment	6.6.1.3	1,695,505	5,266,572
Inflows from disposal of investment property	6.6.1.4	1,013,764	104,028
Inflows from the disposal of financial assets	6.6.1.6	473,778,988	105,023,935
<b>b) Outflows from investing activities</b>		<b>-455,576,827</b>	<b>-359,971,401</b>
Outflows for the acquisition of intangible assets	6.6.1	-4,789,125	-2,711,455
Outflows for the acquisition of property, plant and equipment	6.6.1.3	-2,391,528	-4,548,392
Outflows for the acquisition of investment property	6.6.1.4	-53,086	-118,931
Outflows for the acquisition of financial assets – capital increase of SZ-Potniški promet, d.o.o.		0	-150,000,000
Outflows for the acquisition of a stake in the associate NOMAGO, d.o.o.		-3,777,455	-20,843,957
Outflows for the acquisition of financial assets	6.6.1.6	-444,565,633	-181,748,666
<b>c) Net cash flows from investing activities (a + b)</b>		<b>34,856,188</b>	<b>-245,028,894</b>



in EUR	Note	2023	2022
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>a) Inflows from financing activities</b>		<b>704,245,000</b>	<b>551,562,000</b>
Inflows from paid-up capital		0	150,000,000
Inflows from the increase in financial liabilities	6.6.1.17	704,245,000	401,562,000
<b>b) Outflows from financing activities</b>		<b>-795,543,385</b>	<b>-332,223,440</b>
Outflows for interest paid on leases		-11,631	-7,183
Outflows for other interest paid		-5,106,598	-732,464
Outflows for the repayment of financial liabilities	6.6.1.17	-790,379,608	-331,434,083
Outflows for the repayment of lease liabilities	6.6.1.18	-45,548	-49,710
<b>c) Net cash flows from financing activities (a + b)</b>		<b>-91,298,385</b>	<b>219,338,560</b>
<b>D. Closing balance of cash</b>	6.6.1.14	<b>13,544,128</b>	<b>35,969,545</b>
x) Net cash flow for the period (sum of Ad, Bc and Cc)		-22,425,417	-31,013,028
y) Opening balance of cash		35,969,545	66,982,573

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 2023

in EUR	Share capital	Share premium account	Legal reserves
<b>Opening balance for the reporting period</b>	<b>509,529,921</b>	<b>45,002,140</b>	<b>4,066,110</b>
<b>Changes in equity items (transactions with owners)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Payment of shares in profit (material dividend)			
<b>Changes in total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>
Entry of net profit for reporting period			
Actuarial gains/losses			
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>571,493</b>
Allocation of remaining portion of net profit for the comparable reporting period to other components of equity			
Allocation of a portion of net profit from the reporting period to other components of equity pursuant to resolution of management and supervisory bodies			571,493
Allocation of reserves to other components of equity			
<b>Closing balance for the reporting period</b>	<b>509,529,921</b>	<b>45,002,140</b>	<b>4,637,603</b>

From 1 January to 31 December 2022

in EUR	Share capital	Share premium account	Legal reserves
<b>Opening balance for the reporting period</b>	<b>359,529,921</b>	<b>45,002,140</b>	<b>3,849,575</b>
<b>Changes in equity items (transactions with owners)</b>	<b>150,000,000</b>	<b>0</b>	<b>0</b>
Additional paid-up capital	150,000,000		
<b>Changes in total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>
Entry of net profit for reporting period			
Actuarial gains/losses			
<b>Changes in equity</b>			<b>216,535</b>
Allocation of remaining portion of net profit for the comparable reporting period to other components of equity			
Allocation of a portion of net profit from the reporting period to other components of equity pursuant to resolution of management and supervisory bodies			216,535
<b>Closing balance for the reporting period</b>	<b>509,529,921</b>	<b>45,002,140</b>	<b>4,066,110</b>

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



Retained earnings				
Other profit reserves	Fair value reserves	Net profit brought forward	Undistributed net profit for the financial year	Total
<b>49,185,127</b>	<b>216,027</b>	<b>7,886,359</b>	<b>2,057,080</b>	<b>617,942,764</b>
<b>0</b>	<b>0</b>	<b>-9,825,988</b>	<b>0</b>	<b>-9,825,988</b>
		-9,825,988		-9,825,988
<b>0</b>	<b>-77,715</b>	<b>12,095</b>	<b>11,429,849</b>	<b>11,364,229</b>
			11,429,849	11,429,849
	-77,715	12,095		-65,620
<b>1,129,178</b>	<b>0</b>	<b>6,357,080</b>	<b>-8,057,751</b>	<b>0</b>
		2,057,080	-2,057,080	0
5,429,178			-6,000,671	0
-4,300,000		4,300,000		0
<b>50,314,305</b>	<b>138,312</b>	<b>4,429,546</b>	<b>5,429,178</b>	<b>619,481,005</b>

Retained earnings				
Other profit reserves	Fair value reserves	Net profit brought forward	Undistributed net profit for the financial year	Total
<b>47,128,047</b>	<b>-615,759</b>	<b>7,208,227</b>	<b>679,882</b>	<b>462,782,033</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000,000</b>
				150,000,000
<b>0</b>	<b>831,786</b>	<b>-1,750</b>	<b>4,330,695</b>	<b>5,160,731</b>
			4,330,695	4,330,695
	831,786	-1,750		830,036
<b>2,057,080</b>	<b>0</b>	<b>679,882</b>	<b>-2,953,497</b>	<b>0</b>
		679,882	-679,882	0
2,057,080			-2,273,615	0
<b>49,185,127</b>	<b>216,027</b>	<b>7,886,359</b>	<b>2,057,080</b>	<b>617,942,764</b>



Distributable profit

in EUR	31 December 2023	31 December 2022
<b>Mandatory use of net profit</b>		
Net profit (loss)	11,429,849	4,330,695
Creation of legal reserves	-571,493	-216,535
<b>Net profit following mandatory use</b>	<b>10,858,356</b>	<b>4,114,160</b>
Creation of other profit reserves	-5,429,178	-2,057,080
<b>Determination of distributable profit</b>		
Net profit	5,429,178	2,057,080
Net profit brought forward	129,546	7,886,359
Transfer of other reserves to profit brought forward	4,300,000	0
<b>Distributable profit</b>	<b>9,858,724</b>	<b>9,943,439</b>



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 2023	31 December 2022
Long-term property rights	23,977,179	20,690,601
<b>Total</b>	<b>23,977,179</b>	<b>20,690,601</b>

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
<b>Historical cost</b>				
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
Disposals	-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
Balance as at 1 January 2023	20,992,522	5,987,643	129,683	27,109,848
Acquisitions	1,294,401	4,835,984	0	6,130,385
Disposals	-1,618,675	0	0	-1,618,675
Balance as at 31 December 2023	20,668,248	10,823,627	129,683	31,621,558
<b>Value adjustments</b>				
Balance as at 1 January 2022	5,853,697	0	129,683	5,983,380
Disposals	-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
Balance as at 1 January 2023	6,289,564	0	129,683	6,419,247
Disposals	-304,253	0	0	-304,253
Amortisation	1,529,385	0	0	1,529,385
Balance as at 31 December 2023	7,514,696	0	129,683	7,644,379
<b>Carrying amount</b>				
Carrying amount as at 1 January 2022	15,814,677	3,635,090	0	19,449,767
Carrying amount as at 31 December 2022	14,702,958	5,987,643	0	20,690,601
Carrying amount as at 1 January 2023	14,702,958	5,987,643	0	20,690,601
Carrying amount as at 31 December 2023	13,153,552	10,823,627	0	23,977,179





SŽ, d.o.o. had commitments for the purchase of intangible assets in the amount of EUR 2,550,348 as at 31 December 2023 (EUR 711,200 as at 31 December 2022). SŽ, d.o.o. has not pledged any intangible assets as collateral.

A total of 16.7% of all intangible assets in use as at 31 December 2023 have been amortised in full (that proportion stood at 13.7% as at 31 December 2022). 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 2023	31 December 2022
Right-of-use assets (buildings)	146,890	250,844
Right-of-use assets (equipment)	13,898	788
Total	160,788	251,632

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 2022	467,767	54,753	522,520
Acquisitions	121,371	4,736	126,107
Decreases	-208,919	0	-208,919
Balance as at 31 December 2022	380,219	59,489	439,708
Balance as at 1 January 2023	380,219	59,489	439,708
Acquisitions	45,373	22,795	68,168
Decreases	-171,283	-63,799	-235,082
Balance as at 31 December 2023	254,309	18,485	272,794
Value adjustments			
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
Balance as at 1 January 2023	129,375	58,701	188,076
Decreases	-63,223	-62,214	-125,437
Depreciation	41,267	8,100	49,367
Balance as at 31 December 2023	107,419	4,587	112,006
Carrying amount			
Balance as at 1 January 2022	327,040	770	327,810
Balance as at 31 December 2022	250,844	788	251,632
Balance as at 1 January 2023	250,844	788	251,632
Balance as at 31 December 2023	146,890	13,898	160,788

The company had liabilities from right-of-use lease assets in the amount of EUR 168,244 as at 31 December 2023 (EUR 260,024 as at 31 December 2022).



6.6.1.3 Property, plant and equipment

in EUR	31 December 2023	31 December 2022
Land	7,715,734	3,908,886
Buildings	8,922,854	8,644,338
Equipment	2,826,399	2,708,671
Property, plant and equipment in acquisition	2,426,551	1,294,577
Total	21,891,538	16,556,472

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 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
Balance as at 1 January 2023	3,908,886	20,670,388	8,799,221	1,294,577	34,673,072
Acquisitions	0	415,397	879,256	1,131,974	2,426,627
Transfer between companies in the Group	4,011,206	266,644	0	0	4,277,850
Disposals	-204,358	-139,049	-321,395	0	-664,802
Balance as at 31 December 2023	7,715,734	21,213,380	9,357,082	2,426,551	40,712,747
Value adjustments					
Balance as at 1 January 2022	0	12,295,877	6,054,872	0	18,350,749
Disposals	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
Balance as at 1 January 2023	0	12,026,050	6,090,550	0	18,116,600
Disposals	0	-125,846	-321,178	0	-447,024
Depreciation	0	390,322	761,311	0	1,151,633
Balance as at 31 December 2023	0	12,290,526	6,530,683	0	18,821,209
Carrying amount					
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
Balance as at 1 January 2023	3,908,886	8,644,338	2,708,671	1,294,577	16,556,472
Balance as at 31 December 2023	7,715,734	8,922,854	2,826,399	2,426,551	21,891,538

The company's moveable property and real estate were not pledged as guarantees for long-term loans as at 31 December 2023, nor as at 31 December 2022.



The company had commitments for the purchase of property, plant and equipment in the amount of EUR 502,981 as at 31 December 2023 (EUR 691,994 as at 31 December 2022).

A total of 34.5% of all property, plant and equipment in use as at 31 December 2023 has been depreciated in full (28.5% as at 31 December 2022). That proportion is calculated with due regard to the historical cost of property, plant and equipment.

The increase in property, plant and equipment is chiefly the result of transfer between companies in the Group (Note 6.6.1.5).

#### 6.6.1.4 Investment property

in EUR	31 December 2023	31 December 2022
Investment property	49,429,730	43,152,541
<b>Total</b>	<b>49,429,730</b>	<b>43,152,541</b>

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

#### Changes in investment property

in EUR	Land	Buildings	Total
<b>Historical cost</b>			
<b>Balance as at 1 January 2022</b>	<b>35,158,152</b>	<b>17,324,165</b>	<b>52,482,317</b>
Acquisitions	0	112,280	112,280
Disposals	-89,253	-61,648	-150,901
<b>Balance as at 31 December 2022</b>	<b>35,068,899</b>	<b>17,374,797</b>	<b>52,443,696</b>
<b>Balance as at 1 January 2023</b>	<b>35,068,899</b>	<b>17,374,797</b>	<b>52,443,696</b>
Acquisitions	0	43,332	43,332
Disposals	-7,439	-116,913	-124,352
Transfer between companies in the Group	6,033,265	2,829,375	8,862,640
<b>Balance as at 31 December 2023</b>	<b>41,094,725</b>	<b>20,130,591</b>	<b>61,225,316</b>
<b>Value adjustments</b>			
<b>Balance as at 1 January 2022</b>	<b>0</b>	<b>9,097,137</b>	<b>9,097,137</b>
Depreciation	0	255,667	255,667
Disposals	0	-61,648	-61,648
<b>Balance as at 31 December 2022</b>	<b>0</b>	<b>9,291,156</b>	<b>9,291,156</b>
<b>Balance as at 1 January 2023</b>	<b>0</b>	<b>9,291,156</b>	<b>9,291,156</b>
Depreciation	0	414,271	414,271
Disposals	0	-112,431	-112,431
Transfer between companies in the Group	0	2,202,590	2,202,590
<b>Balance as at 31 December 2023</b>	<b>0</b>	<b>11,795,586</b>	<b>11,795,586</b>
<b>Carrying amount</b>			
<b>Balance as at 1 January 2022</b>	<b>35,158,152</b>	<b>8,227,028</b>	<b>43,385,180</b>
<b>Balance as at 31 December 2022</b>	<b>35,068,899</b>	<b>8,083,642</b>	<b>43,152,541</b>
<b>Balance as at 1 January 2023</b>	<b>35,068,899</b>	<b>8,083,642</b>	<b>43,152,541</b>
<b>Balance as at 31 December 2023</b>	<b>41,094,725</b>	<b>8,335,005</b>	<b>49,429,730</b>



The company has not pledged investment property as collateral.

Slovenske železnice, d.o.o. generated rental income of EUR 2,315,502 in 2023 (EUR 1,841,224 in 2022).

A total of 29.7% of all investment property in use as at 31 December 2023 has been depreciated in full (22.2% as at 31 December 2022). 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 91,813,635 as at 31 December 2023 (EUR 89,421,797 as at 31 December 2022).

The increase in investment property is chiefly the result of transfer between companies in the SŽ Group (Note 6.6.1.5).



6.6.1.5 Non-current financial assets

in EUR	31 December 2023	31 December 2022
Investments in subsidiaries	572,454,516	583,392,416
Investments in associates	31,515,451	31,515,451
Other investments	2,140,782	2,140,782
<b>Total</b>	<b>606,110,749</b>	<b>617,048,649</b>

The company's non-current financial assets were not pledged as guarantees for long-term loans as at 31 December 2023, nor as at 31 December 2022.

Changes to non-current financial assets

in EUR	Investments in subsidiaries	Investments in associates	Other financial assets
<b>Historical cost</b>			
<b>Balance as at 1 January 2022</b>	<b>433,392,416</b>	<b>5,609,252</b>	<b>2,160,260</b>
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
<b>Balance as at 31 December 2022</b>	<b>583,392,416</b>	<b>31,515,451</b>	<b>2,160,260</b>
<b>Balance as at 1 January 2023</b>	<b>583,392,416</b>	<b>31,515,451</b>	<b>2,160,260</b>
Reduction in share capital of SŽ-Potniški promet, d.o.o. following an SDH decision	-10,937,900	0	0
<b>Balance as at 31 December 2023</b>	<b>572,454,516</b>	<b>31,515,451</b>	<b>2,160,260</b>
<b>Value adjustments</b>			
<b>Balance as at 1 January 2022</b>	<b>0</b>	<b>2,529,629</b>	<b>19,478</b>
Transfer of participating interest in Terme Olimia to assets held for sale	0	-2,529,629	0
<b>Balance as at 31 December 2022</b>	<b>0</b>	<b>0</b>	<b>19,478</b>
<b>Balance as at 1 January 2023</b>	<b>0</b>	<b>0</b>	<b>19,478</b>
<b>Balance as at 31 December 2023</b>	<b>0</b>	<b>0</b>	<b>19,478</b>
<b>Carrying amount</b>			
<b>Balance as at 1 January 2022</b>	<b>433,392,416</b>	<b>3,079,623</b>	<b>2,140,782</b>
<b>Balance as at 31 December 2022</b>	<b>583,392,416</b>	<b>31,515,451</b>	<b>2,140,782</b>
<b>Balance as at 1 January 2023</b>	<b>583,392,416</b>	<b>31,515,451</b>	<b>2,140,782</b>
<b>Balance as at 31 December 2023</b>	<b>572,454,516</b>	<b>31,515,451</b>	<b>2,140,782</b>



Participating interests in subsidiaries

in EUR	Participating interest 31 December 2023	Share capital 31 December 2023	Total equity 31 December 2023	Carrying amount of participating interest		Profit or loss for the year	
				31 December 2023	31 December 2022	2023	2022
SŽ EP Logistika, d.o.o.	51%	10,000,000	136,811,586	77,137,624	77,137,624	660,686	-417,166
SŽ-Potniški promet, d.o.o.	100%	425,001,761	492,397,210	427,149,758	438,087,658	16,029,920	5,298,050
SŽ-Infrastruktura, d.o.o.	100%	15,828,186	43,874,509	17,411,005	17,411,005	6,623,843	5,530,115
SŽ-Vleka in tehnika, d.o.o.	100%	26,068,145	39,517,147	41,718,205	41,718,205	105,853	1,235,796
Prometni institut Ljubljana, d.o.o.	100%	162,328	841,946	338,846	338,846	73,206	30,987
SŽ-ŽIP, storitve, d.o.o.	100%	6,072,597	8,283,345	4,782,426	4,782,426	1,014,035	-50,856
SŽ-ŽGP Ljubljana, d.d.	79.82%	3,152,412	34,194,592	3,388,034	3,388,034	7,000,585	3,470,410
SŽ-Železniška tiskarna Ljubljana, d.d.	64.28%	265,160	410,579	528,618	528,618	-100,337	-119,405
<b>Total</b>		<b>486,550,589</b>	<b>756,330,914</b>	<b>572,454,516</b>	<b>583,392,416</b>	<b>31,407,791</b>	<b>14,977,931</b>

The investment in SŽ-Potniški promet, d.o.o. was reduced by EUR 10,937,900 in 2023. The reduction in the investment increased the assets of the company with the transfer of real estate from SŽ-Potniški promet, d.o.o. Fixed assets increased by EUR 4,277,850 and investment property increased by EUR 6,660,050.

Information regarding associates as at 31 December 2023

Business name of associate	Business address of associate	Activity	Ownership as at 31 December 2023	Ownership as at 31 December 2022
Terme Olimia, d.d.*	Zdraviliška cesta 24, Podčetrtek	Activities of hotels, campgrounds, catering, sports facilities and healthcare	-	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%	50%

in EUR	Total equity		Profit or loss for the year	
	31 December 2023	31 December 2022	2023	2022
Adria Kombi, d.o.o., Ljubljana	13,445,992	12,490,135	2,513,574	1,689,607
NOMAGO, d.o.o., Ljubljana	22,338,161	21,786,771	12,800,190	5,758,957
<b>Total investments in associates</b>	<b>35,784,153</b>	<b>34,276,906</b>	<b>15,313,764</b>	<b>7,448,564</b>

\*The investment in Terme Olimia, d.d. was transferred to non-current assets held for sale on 31 December 2022. In accordance with the decision of the Management Board of Slovenski državni holding, d.d. of 25 July 2023, shares in Terme Olimia, d.d. were transferred to the securities account of the sole shareholder for the purpose of paying out the distributable profit under the decision in question.





## Balance of investments in associates

in EUR	31 December 2023	31 December 2022
Adria Kombi, d.o.o., Ljubljana	15,451	15,451
NOMAGO, d.o.o.	31,500,000	31,500,000
<b>Total investments in associates</b>	<b>31,515,451</b>	<b>31,515,451</b>

## Other financial assets

in EUR	Participating interest	Value of investment	
		31 December 2023	31 December 2022
EUROFIMA	0.42%	2,084,000	2,084,000
HIT RAIL		54,439	54,439
Other shares and participating interests		2,343	2,343
<b>Total</b>		<b>2,140,782</b>	<b>2,140,782</b>

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 2023 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 2023	31 December 2022
Other financial receivables	2,401,003	0
<b>Total non-current financial receivables</b>	<b>2,401,003</b>	<b>0</b>
Financial receivables from Group companies	25,273,000	23,486,320
Financial receivables from others	49,000,155	80,000,190
<b>Total current financial receivables</b>	<b>74,273,155</b>	<b>103,486,510</b>
<b>Total</b>	<b>76,674,158</b>	<b>103,486,510</b>

A non-current financial receivable from SŽ-Železniški zdravstveni dom, which had been transferred in its entirety to non-current assets held for sale on 31 December 2022 in anticipation of an SDH, d.d. decision on the payment of a material dividend in the form of this investment, was reclassified as a non-current financial receivable on 31 December 2023.



## Changes in current financial receivables

in EUR	31 December 2023	31 December 2022
<b>Balance as at 1 January</b>	<b>103,486,510</b>	<b>31,084,710</b>
• Loans granted	444,565,633	181,748,666
• Transfer from non-current financial receivables	0	2,333,320
• Loan repayments received	-473,778,988	-105,023,935
• Reduction in financial receivables resulting from the transfer of liabilities directly to SŽ-Tovorni promet, d.o.o.	0	-6,656,251
<b>Balance as at 31 December</b>	<b>74,273,155</b>	<b>103,486,510</b>

Current financial receivables from companies in the Group comprise receivables established pursuant to cash-pooling agreements and relating to current credit lines granted to SŽ Group companies amounting to EUR 25,273,000 (EUR 21,153,000 as at 31 December 2022, with the difference of EUR 2,333,320 comprising the short-term portion of the long-term loans granted to SŽ-VIT, d.o.o. and SŽ-ŽIP, storitve, d.o.o.).

Current financial receivables from others comprise current assets held at banks in the amount of EUR 49,000,000 (2022: 80,000,000).

Interest is charged between Slovenske železnice Group companies at the tax-deductible interest rate applicable for related parties.

### 6.6.1.7 Deferred tax assets

in EUR	31 December 2023	31 December 2022
Deferred tax assets	1,251,801	608,696
<b>Total</b>	<b>1,251,801</b>	<b>608,696</b>

in EUR	Unclaimed tax allowances for investments	Provisions	Value adjustments to receivables	Total
<b>Balance as at 1 January 2022</b>	<b>0</b>	<b>309,629</b>	<b>15,849</b>	<b>325,478</b>
Debited/credited to profit or loss	449,027	-165,015	-794	283,218
<b>Balance as at 31 December 2022</b>	<b>449,027</b>	<b>144,614</b>	<b>15,055</b>	<b>608,696</b>
<b>Balance as at 1 January 2023</b>	<b>449,027</b>	<b>144,614</b>	<b>15,055</b>	<b>608,696</b>
Credited/debited to profit or loss	643,491	733	-1,119	643,105
<b>Balance as at 31 December 2023</b>	<b>1,092,518</b>	<b>145,347</b>	<b>13,936</b>	<b>1,251,801</b>

Given the projected results of operations over the next five years, we have not recognised deferred tax assets for tax losses in 2023. 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, which are accounted for at a rate of 22%.

The tax loss amounts to EUR 16,826,318 EUR (EUR 16,826,318 in 2022) and represents the unrecognised basis for deferred tax assets.



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 2022	2,363,303	761,127	79,236	3,203,666
Balance as at 31 December 2023	4,965,990	660,667	63,347	5,690,004

### 6.61.8 Other non-current assets

in EUR	31 December 2023	31 December 2022
Other non-current assets	483,212	404,778
<b>Total</b>	<b>483,212</b>	<b>404,778</b>

### 6.61.9 Assets held for sale

in EUR	31 December 2023	31 December 2022
Fixed assets held for sale	15,323	333,756
Non-current assets held for sale	0	5,465,175
<b>Total</b>	<b>15,323</b>	<b>5,798,931</b>

Non-current assets held for sale fell in 2023 on account of the transfer of the investment in Terme Olimia, d.d. to the owner of the company as a material dividend, and the transfer of the financial receivable from SŽ-Železniški zdravstveni dom back to non-current financial receivables.

### 6.61.10 Trade receivables

in EUR	31 December 2023	31 December 2022
Current receivables from Group companies	4,522,411	40,418,380
Current trade receivables from domestic customers	482,235	908,615
Current trade receivables from customers in the rest of the world	4,211	9,616
<b>Total</b>	<b>5,008,857</b>	<b>41,336,611</b>

The reduction in receivables from companies in the Group as at 31 December 2023 relative to the situation at the end of 2022 was chiefly on account of receivables from SŽ-Potniški promet, which were settled in 2023.



in EUR	Gross value as at 31 December 2023	Value adjustment 31 December 2023	Net value as at 31 December 2023	Net value as at 31 December 2022
Current receivables from Group companies	4,522,411	0	4,522,411	40,418,380
Current trade receivables from domestic customers	541,758	59,523	482,235	908,615
Current trade receivables from customers in the rest of the world	4,211	0	4,211	9,616
<b>Total</b>	<b>5,068,380</b>	<b>59,523</b>	<b>5,008,857</b>	<b>41,336,611</b>

Net value adjustments to current trade receivables were created as follows:

in EUR	2023	2022
<b>Balance as at 1 January</b>	<b>67,020</b>	<b>56,475</b>
Reduction for written-off receivables	-15,889	-4,065
Reversal of value adjustments	0	-59
Creation of value adjustments	8,392	14,669
<b>Balance as at 31 December</b>	<b>59,523</b>	<b>67,020</b>

### Maturity breakdown of receivables:

in EUR	31 December 2023	31 December 2022
<b>Non-past-due receivables</b>	<b>4,771,392</b>	<b>41,199,201</b>
<b>Past-due receivables</b>	<b>296,988</b>	<b>204,430</b>
• up to 30 days	197,950	94,799
• 31 to 90 days	46,503	56,906
• 91 to 365 days	26,008	12,375
• more than 365 days	26,527	40,350
<b>Total</b>	<b>5,068,380</b>	<b>41,403,631</b>

### 6.61.11 Other operating receivables

in EUR	31 December 2023	31 December 2022
Non-current operating receivables from undertakings in Group	197,549	216,007
Loans for the purchase of property	4,836,605	5,160,058
<b>Total non-current operating receivables</b>	<b>5,034,154</b>	<b>5,376,065</b>
Receivables from government and other institutions	733,061	726,376
Receivables from employees	103,476	125,488
Receivables from others associated with finance income	82,723	76,043
Current operating receivables based on advances	330	1,509
Other current operating receivables from others	2,888	2,579
<b>Total current operating receivables</b>	<b>922,478</b>	<b>931,995</b>
<b>Total</b>	<b>5,956,632</b>	<b>6,308,060</b>



In relation to non-current operating receivables, the company's view is that non-current loans for the purchase of real estate secured by a mortgage are not exposed to risks.

The company did not disclose any receivables from members of management and supervisory bodies.

Write-downs and impairments of current operating receivables in 2023 are disclosed under operating expenses in the amount of EUR 12,596 (EUR 32,541 in 2022).

6.6.1.12 Other non-current assets

in EUR	31 December 2023	31 December 2022
Other current assets	362,308	979,579
Total	362,308	979,579

6.6.1.13 Receivables for corporate income tax

in EUR	31 December 2023	31 December 2022
Receivables for corporate income tax	95,339	0
Total	95,339	0

6.6.1.14 Cash and cash equivalents

in EUR	31 December 2023	31 December 2022
Cash on hand	1,559	1,074
Cash on bank accounts	13,542,569	35,968,471
Total	13,544,128	35,969,545

6.6.1.15 Equity

in EUR	31 December 2023	31 December 2022
Called-up capital	509,529,921	509,529,921
Share premium account	45,002,140	45,002,140
Legal reserves	4,637,603	4,066,110
Other profit reserves	50,314,305	49,185,127
Fair value reserves	138,312	216,027
Net profit brought forward	4,429,546	7,886,359
Undistributed net profit for the financial year	5,429,178	2,057,080
Total	619,481,005	617,942,764



Changes in equity

	in EUR
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
Balance as at 1 January 2023	617,942,764
Payment of shares in profit (material dividend)	-9,825,988
Net profit for the financial year	11,429,849
Actuarial gains and losses	-65,620
Balance as at 31 December 2023	619,481,005

Pursuant to the resolution of the Slovenske železnice, d.o.o.'s Management Board of 22 March 2024, a portion of the company's net profit for 2023 in the amount of EUR 571,492.43 was used for the creation of legal reserves, while a portion in the amount of EUR 5,429,178.12 was used for the creation of other profit reserves. A portion of net profit in the amount of EUR 5,429,178.12 remains undistributed. Following a decision of the SŽ, d.o.o. Management Board of 24 May 2024, a portion of other profit reserves in the amount of EUR 4,300,000 is to be transferred to distributable profit. The SŽ, d.o.o. Management Board proposes that the distributable profit, which stood at EUR 9,858,724.20 on 31 December 2023, be used to pay the sole shareholder the sum of EUR 4,300,000, with the remainder of the distributable profit of EUR 5,558,724.20 remaining undistributed.

6.6.1.16 Provisions and non-current deferred income

in EUR	31 December 2023	31 December 2022
Provisions for jubilee benefits and termination benefits	1,884,211	1,733,240
Other provisions	195,773	58,500
Non-current deferred income	5,917	2,579
Total	2,085,901	1,794,319

A total of 21 legal proceedings in the total amount of EUR 685,126 (labour, civil and economic disputes) were under way against Slovenske železnice, d.o.o. in 2023. Three disputes were concluded in 2023, 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 195,773 had been created for the 12 disputes at Slovenske železnice, d.o.o. as at 31 December 2023.

In three of these disputes, provisions were not recognised because, in the opinion of the attorneys, the claims have a more than 50% chance of being rejected.





Changes in provisions for litigation

in EUR	Provisions for litigation
Balance as at 1 January 2022	0
Created	58,500
Balance as at 31 December 2022	58,500
Balance as at 1 January 2023	58,500
Created	137,273
Balance as at 31 December 2023	195,773

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 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
Balance as at 1 January 2023	1,551,514	181,726	1,733,240
Used	-84,582	-23,349	-107,931
Current employment costs	85,423	58,493	143,916
Interest (expenses)	48,144	5,425	53,569
Reversal of provisions (closure, rights) (revenues)	-4,203	0	-4,203
Actuarial gains/losses	65,620	0	65,620
Balance as at 31 December 2023	1,661,916	222,295	1,884,211



The following material assumptions were taken into account when calculating provisions for termination benefits at retirement and jubilee benefits:

in EUR	2023	2022
Average monthly gross wage in Slovenia	EUR 2,250	EUR 2,030
Discount rate	3.185%	3.821%
Overall wage growth	1.0%	1.0%
Retirement conditions (age)		
• 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 as at 31 December 2023.

6.6.1.17 Financial liabilities

in EUR	31 December 2023	31 December 2022
Financial liabilities to Group companies	41,101,546	40,542,510
Financial liabilities to banks	19,105,263	1,250,000
Total non-current financial liabilities	60,206,809	41,792,510
Financial liabilities to Group companies	89,477,616	192,396,059
Financial liabilities to banks	14,144,737	15,000,000
Other financial liabilities to domestic entities	7,733,158	10,662,111
Total current financial liabilities	111,355,511	218,058,170
Total	171,562,320	259,850,680



Changes in financial liabilities

in EUR	2023	2022
<b>Non-current financial liabilities to undertakings in Group</b>		
Balance as at 1 January	40,542,510	0
• reprogramming of a short-term loan to a long-term loan to SŽ-Tovorni promet, d.o.o.	0	40,000,000
• accrued interest	559,036	542,510
Balance as at 31 December	41,101,546	40,542,510
<b>Non-current financial liabilities to banks and others</b>		
Balance as at 1 January	1,250,000	82,718,750
• transfer of bank loans from SŽ, d.o.o. to SŽ-Tovorni promet, d.o.o.	0	-66,468,750
• transfer to current portion	-4,144,737	-15,000,000
• loan received	22,000,000	0
Balance as at 31 December	19,105,263	1,250,000
Total non-current financial liabilities	60,206,809	41,792,510
<b>Current financial liabilities to Group companies</b>		
Balance as at 1 January	192,396,059	147,930,893
• reprogramming of a short-term loan to a long-term loan to SŽ-Tovorni promet, d.o.o.	0	-40,000,000
• payment of interest	-4,327,820	-466,834
• repayment of loan	-756,879,608	-252,432,000
• loan received	653,745,000	336,862,000
• calculation of interest	4,543,985	502,000
Balance as at 31 December	89,477,616	192,396,059
<b>Current financial liabilities to banks and others</b>		
Balance as at 1 January	25,662,111	20,982,625
• transfer to current portion	4,144,737	15,000,000
• fair value of derivatives	835,613	0
• transfer of bank loans from SŽ, d.o.o. to SŽ-Tovorni promet, d.o.o.	0	-6,656,250
• payment of interest	-1,194,791	-411,006
• repayment of loan	-33,500,000	-79,002,083
• calculation of interest	1,207,680	392,782
• loan received	28,500,000	64,700,000
• liabilities for the variable part of the purchase price for the purchase of a stake in an associate	-3,777,455	10,656,043
Balance as at 31 December	21,877,895	25,662,111
Total current financial liabilities	111,355,511	218,058,170
Total	171,562,320	259,850,680

Current financial liabilities to Group companies comprise liabilities to Group companies under cash-pooling agreements in the amount of EUR 89,196,392 as at 31 December 2023 (EUR 192,331,000 at the end of 2022).

Current financial liabilities to banks of EUR 14,144,737 (EUR 15,000,000 as at 31 December 2022) comprise a revolving loan of EUR 10,000,000 (2022: EUR 0), portions of long-term loans for the financing of business process optimisation measures of EUR 1,250,000 (2022: EUR 15,000,000) and a portion of a non-current loan for the financing of a participating interest in NOMAGO, d.o.o. of EUR 2,894,737.



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 6,878,588.

As at 31 December 2023, the company disclosed non-current financial liabilities with a maturity of more than five years in the amount of EUR 50,943,651 (EUR 53,279,352 as at 31 December 2022).

6.6.1.18 Lease liabilities

in EUR	31 December 2023	31 December 2022
Non-current lease liabilities	121,001	208,971
Of which within the Group	6,498	82,666
Current lease liabilities	47,243	51,053
Of which within the Group	7,915	23,452
Total	168,244	260,024

Changes in lease liabilities

in EUR	2023	2022
Balance as at 1 January	260,024	339,588
increase	68,168	126,107
decrease	-114,400	-155,961
payments	-57,179	-56,893
interest	11,631	7,183
Balance as at 31 December	168,244	260,024

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 two to ten years) and equipment (lease term of three years) that are under lease.

Changes in financial liabilities and lease liabilities (cash flow)

in EUR	2023	2022
Balance as at 1 January	260,110,704	251,971,855
Inflows from loans raised	704,245,000	401,562,000
Outflows from loans raised	-790,379,608	-331,434,083
Outflows for the repayment of lease liabilities	-45,548	-49,710
Transfer of bank loans from SŽ, d.o.o. to SŽ-Tovorni promet, d.o.o.	0	-73,125,000
Outflows for the purchase price under the contract for NOMAGO, d.o.o.	-3,777,455	10,656,043
Fair value of derivatives	835,613	0
Accrued interest for a long-term loan	559,036	542,510
Changes in lease liabilities	-46,232	-29,854
Changes in liabilities for interest	229,054	16,943
Balance as at 31 December	171,730,564	260,110,704



## 6.6.1.19 Other operating liabilities

in EUR	31 December 2023	31 December 2022
Liabilities to Group companies	10,251	14,225
<b>Total non-current liabilities</b>	<b>10,251</b>	<b>14,225</b>
Liabilities for advances received	287,448	287,683
Liabilities to employees	1,380,423	1,218,879
Liabilities to the government and government institutions	771,675	682,760
Liabilities to others	231,509	332,082
<b>Total current liabilities</b>	<b>2,671,055</b>	<b>2,521,404</b>
<b>Total</b>	<b>2,681,306</b>	<b>2,535,629</b>

## 6.6.1.20 Other current liabilities

in EUR	31 December 2023	31 December 2022
Contractual obligations	119,670	37,062
Other current liabilities	759,942	578,804
<b>Total</b>	<b>879,612</b>	<b>615,866</b>

Other current liabilities mainly comprise the costs of unused annual leave in the amount of EUR 561,102 (EUR 492,340 as at 31 December 2022).

## 6.6.1.21 Trade payables

in EUR	31 December 2023	31 December 2022
Liabilities to Group companies	5,194,676	5,592,792
Domestic trade payables	2,354,448	3,668,248
Foreign trade payables	554,230	166,365
<b>Total</b>	<b>8,103,354</b>	<b>9,427,405</b>

in EUR	31 December 2023	31 December 2022
<b>Non-past-due liabilities</b>	<b>8,036,771</b>	<b>9,412,218</b>
<b>Past-due liabilities</b>	<b>66,583</b>	<b>15,187</b>
• up to 30 days	9,296	15,187
• 31 to 90 days	50,183	0
• 91 to 365 days	7,104	0
• more than 365 days	0	0
<b>Total</b>	<b>8,103,354</b>	<b>9,427,405</b>



## 6.6.1.22 Corporate income tax

in EUR	31 December 2023	31 December 2022
Income tax liabilities	0	165,918
<b>Total</b>	<b>0</b>	<b>165,918</b>

## Contingent receivables and contingent liabilities

in EUR	31 December 2023	31 December 2022
Mortgages and liens received	4,526,461	2,933,298
Bank guarantees received	1,373,395	946,211
Merchandise on consignment	1,747	205
<b>Total contingent receivables</b>	<b>5,901,603</b>	<b>3,879,714</b>
Liabilities for merchandise on consignment	1,747	205
Contingent liabilities for lawsuits	35,520	325,520
Bank guarantees issued	619,418	619,418
<b>Total contingent liabilities</b>	<b>656,685</b>	<b>945,143</b>

The disclosures relating to contingent liabilities for lawsuits that do not meet the conditions for the creation of provisions are explained in Note 6.6.1.16.





6.6.2 Notes to the separate income statement

6.6.2.1 Revenue from contracts with customers

in EUR	2023	2022
Revenues on the domestic market	31,781,948	31,147,539
Services and products	31,781,948	31,147,539
• services and products in connection with Group companies	28,471,119	28,424,137
• services and products in connection with others	3,310,829	2,723,402
Revenues on the foreign market	90,330	90,520
Services and products	90,330	90,520
• services and products in connection with Group companies	90,330	90,330
• services and products in connection with others	0	190
Total	31,872,278	31,238,059

Revenue from contracts with customers chiefly comprises 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 86.1% of those revenues (EUR 24,766,771 vs EUR 24,750,039 in 2022).

6.6.2.2 Other operating revenues

in EUR	2023	2022
Gains on the sale of property, plant and equipment	4,241,308	4,984,206
Reimbursement of the costs of termination benefits for rehired employees under agreements on the reassignment of workers within the SŽ Group	93,247	75,141
Revenues from assigned contributions for the employment of persons with disabilities	56,873	42,472
Revenues from state aid (Covid-19, under the ZIUZEOP)	0	17,652
Compensation	80,126	1,913
Revenues from the reversal of provisions and accrued costs	5,203	55,711
Other revenues	57,457	33,753
Total	4,534,214	5,210,848



6.6.2.3 Costs of goods, materials and services

in EUR	2023	2022
Costs of materials	87	69
Energy costs	235,415	200,070
Costs of replacement parts	4,730	7,000
Write-off of small inventory	12,337	10,120
Costs of office materials	81,317	77,783
Other material costs	31,991	358,663
Total historical cost of goods and materials sold and cost of materials used	365,877	653,705
Transport services	168,477	158,316
Maintenance services	3,570,313	3,305,721
Reimbursement of employee expenses	442,554	205,171
Payment transaction and banking services	121,691	189,877
Intellectual and personal services	1,198,093	1,488,532
Insurance premiums	298,924	267,518
Advertising, publicity and representation	1,642,698	1,385,697
Costs of other services	3,093,524	2,840,028
• membership fees for international organisations and other associations	328,704	309,496
• utility services	265,069	256,678
• services associated with contracted work	460,728	386,341
• property surveillance services	266,800	228,366
• cleaning of premises and outside areas	252,224	197,718
• costs of providing ancillary administrative and technical services (SŽ-ŽIP, d.o.o.)	146,614	111,622
• rental costs	181,693	169,481
• of which: low-value leases	16,553	16,098
• of which: short-term leases	165,140	153,383
• costs of labour of officials on the works councils of companies linked through capital investments	105,368	99,713
• other	1,086,324	1,080,613
Total costs of services	10,536,274	9,840,860
Total	10,902,151	10,494,565



Costs of auditor

in EUR	2023	2022
Auditing of financial statements	21,000	20,000
• for the company	16,800	16,000
• for consolidation	4,200	4,000
Other assurance services	1,500	700
<b>Total</b>	<b>22,500</b>	<b>20,700</b>

The costs of auditing the financial statements include the contractual amounts of costs for 2023 on the basis of the contract signed for the auditing of financial statements for the 2022–2024 period. There were no other auditor-related costs.

6.6.2.4 Labour costs

in EUR	2023	2022
Costs of wages and salaries	14,100,779	12,546,528
Pension insurance costs	1,402,731	1,257,733
Other social security insurance costs	1,034,043	915,165
Other labour costs:	2,370,271	2,164,931
• reimbursements	1,067,678	902,392
• annual leave allowance	911,992	805,343
• termination benefits	172,040	150,987
• provisions for jubilee benefits and termination benefits (actuarial calculation)	143,915	235,317
• other labour costs	74,646	70,892
<b>Total</b>	<b>18,907,824</b>	<b>16,884,357</b>

The higher labour costs in 2023 were mainly the result of the requirement to increase the basic wage in line with the rise in living costs in January and July, the change to the method by which basic wages are calculated (special payments are now included in the basic wage), the increase in the minimum wage, the alignment of reimbursements with the Decree on the tax treatment of reimbursements of expenses and other income from employment, and the increase in annual leave allowance and performance-related payments.

6.6.2.5 Write-downs

in EUR	2023	2022
Amortisation of intangible assets and depreciation of property, plant and equipment	3,095,289	2,843,273
Depreciation of right-of-use lease assets	49,367	50,639
Operating expenses for intangible assets and property, plant and equipment	43,232	181,211
Operating expenses for working capital	12,596	32,541
<b>Total</b>	<b>3,200,484</b>	<b>3,107,664</b>



6.6.2.6 Other operating expenses

in EUR	2023	2022
Settling of annual losses to a Group company	0	867,693
Reimbursement of costs on account of business performance payments to a Group company	2,263,065	1,936,374
Donations (for sporting, cultural and humanitarian activities)	315,481	306,094
Fees for the use of building land, and other taxes and levies	172,746	172,312
Scholarships and awards for pupils and students on compulsory job training	48,852	31,360
Fines and compensation for damage incurred by legal and natural persons	125,302	58,500
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	76,064	81,726
Other expenses	149,282	1,451,171
<b>Total</b>	<b>3,150,792</b>	<b>4,905,230</b>

Other operating expenses largely relate (EUR 2,263,065) to the coverage of the costs of payment of part of the wages of SŽ-Vleka in tehnika, d.o.o. employees for 2023.

6.6.2.7 Finance income

in EUR	2023	2022
Finance income from participating interests in Group companies	1,597,937	1,597,937
Finance income from participating interests in associates	13,335,056	2,596,844
Finance income from participating interests in other companies	11,640	33,360
Finance income from other investments	59,504	0
<b>Total finance income from participating interests</b>	<b>15,004,137</b>	<b>4,228,141</b>
Finance income from loans to Group companies	918,846	142,134
Finance income from loans to others	1,509,227	178,477
<b>Total finance income from loans granted</b>	<b>2,428,073</b>	<b>320,611</b>
Finance income from operating receivables from Group companies	0	238
Finance income from operating receivables from others	3,582	8,745
<b>Total finance income from operating receivables</b>	<b>3,582</b>	<b>8,983</b>
<b>Total</b>	<b>17,435,792</b>	<b>4,557,735</b>

The increase in financial revenues is largely the result of an increase in revenues from participating interests in associates.



6.6.2.8 Finance expenses

in EUR	2023	2022
Finance expenses from loans from Group companies	5,106,474	1,047,425
Finance expenses from bank loans	791,668	247,408
Finance expenses from leases	8,178	4,267
Finance expenses from other financial liabilities	889,180	87,967
<b>Total finance expenses from financial liabilities</b>	<b>6,795,500</b>	<b>1,387,067</b>
Finance expenses from operating liabilities to Group companies	21,779	10,304
Finance expenses from trade payables	13,045	773
Finance expenses from other operating liabilities	7,212	3,287
<b>Total finance expenses from operating liabilities</b>	<b>42,036</b>	<b>14,364</b>
<b>Total</b>	<b>6,837,536</b>	<b>1,401,431</b>

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 5,103,021 (EUR 1,044,509 in 2022);
- expenses vis-à-vis banks and others, comprising:
  - interest on loans from banks in the amount of EUR 791,668 (EUR 247,408 in 2022);
  - interest as the result of an actuarial calculation in the amount of EUR 53,569 (EUR 87,967 in 2022);
  - interest on leases in the amount of EUR 8,178 (EUR 4,267 in 2022);
  - expenses in connection with derivatives in the amount of EUR 835,611 (EUR 0 in 2022).

6.6.2.9 Corporate income tax

in EUR	2023	2022
Current tax	56,752	165,918
Deferred tax	-643,104	-283,218
<b>Total taxes</b>	<b>-586,352</b>	<b>-117,300</b>
Earnings before tax	10,843,497	4,213,395
Tax calculated at effective tax rate	2,060,264	800,545
Tax from decrease in revenues	2,196,551	-805,446
Tax from decrease in expenses	201,221	258,887
Tax from increase in expenses	-26,425	-3,259
Tax from change in tax base	110,048	197,699
Tax from tax allowances	-96,632	-282,508
Tax credits	-4,388,275	0
<b>Total taxes</b>	<b>-586,352</b>	<b>-117,300</b>
Effective tax rate	-5.41%	-2.78%



The effective corporate income tax rate in Slovenia in 2023 was 19%. Under the Act on Reconstruction, Development and the Provision of Financial Resources (ZORZFS), this will rise to 22% in the 2024–2028 period.

6.6.3 Related party transactions

The related parties in relation to whom we are disclosing transactions in this report are:

- the controlling company and other SŽ Group companies, including associates;
- the key management personnel and their immediate family members;
- companies at which the government exerts considerable influence (participating interest of more than 20%).

The table below presents transactions with Group companies and associates:

2023 in EUR	Sales	Purchases	Loans received	Loans granted
SŽ EP Logistika, d.o.o.	158,338	0	0	0
SŽ-Tovorni promet, d.o.o.	6,011,341	288,382	585,875	1,777
SŽ-Potniški promet, d.o.o.	5,741,909	527,958	493,856,869	14,154
SŽ-Infrastruktura, d.o.o.	15,290,068	1,139,572	154,174,271	913,098
SŽ-VIT Ljubljana, d.o.o.	6,700,447	3,619,177	18,423	69,553,310
SŽ-ŽIP, storitve, d.o.o.	2,377,410	1,201,741	792,138	19,064,885
SŽ-ŽGP Ljubljana, d.d.	1,403,631	503	9,306,663	4,704,501
Prometni institut Ljubljana, d.o.o.	367,476	256,664	172,521	311
SŽ-Železniška tiskarna Ljubljana, d.d.	42,012	73,760	66,804	28,065
Fersped, d.o.o.	442,882	4,392	2,332	0
VV-LOG, d.o.o.	115,997	0	0	0
Kamnolom Verd, d.o.o.	83,663	0	585	0
SŽ-ŽIP, d.o.o., Croatia	112,913	6,387	0	0
<b>Group companies</b>	<b>38,848,087</b>	<b>7,118,536</b>	<b>658,976,481</b>	<b>94,280,101</b>
Terme Olimia, d.d.	0	3,443	0	0
NOMAGO d.o.o.	0	2,114	0	0
<b>Associates</b>	<b>0</b>	<b>5,557</b>	<b>0</b>	<b>0</b>
<b>Total associates</b>	<b>38,848,087</b>	<b>7,124,093</b>	<b>658,976,481</b>	<b>94,280,101</b>





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

Balance as at 31 December 2023 (EUR)	Customers	Suppliers	Financial receivables	Financial liabilities
SŽ EP Logistika, d.o.o.	24,656	0	0	0
SŽ-Tovorni promet, d.o.o.	592,368	112,400	30,981	41,107,572
SŽ-Potniški promet, d.o.o.	847,481	298,481	11,198	44,167,183
SŽ-Infrastruktura, d.o.o.	1,689,017	922,150	54,324	44,029,646
SŽ-VIT Ljubljana, d.o.o.	683,603	3,373,890	25,412,548	17,690
SŽ-ŽIP, storitve, d.o.o.	266,536	323,098	16,230	783,184
SŽ-ŽGP Ljubljana, d.d.	129,293	503	9,003	2,907
Prometni institut Ljubljana, d.o.o.	41,887	29,479	10,040	557,063
SŽ-Železniška tiskarna Ljubljana, d.d.	2,997	43,258	28,065	15,000
Fersped, d.o.o.	44,093	0	3,232	0
VV-LOG, d.o.o.	11,385	0	0	0
Kamnolom Verd, d.o.o.	8,748	0	0	585
SŽ-ŽIP, d.o.o., Croatia	75,275	0	0	0
Group companies	4,417,339	5,103,259	25,575,621	130,680,830
Associates	0	0	0	0
Total associates	4,417,339	5,103,259	25,575,621	130,680,830



Balance as at 31 December 2022 (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

Group companies 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 associates of the owner

in EUR	31 December 2023	31 December 2022
Balance of current trade and other operating receivables	7,928	2,353
Balance of current trade and other operating liabilities	69,757	35,463

in EUR	2023	2022
Revenues	138,755	42,408
Expenses (costs)	502,197	366,664

The disclosure of transactions with associates of the owner includes companies in SDH, d.d.'s portfolio in which the participating interest of the Republic of Slovenia and SDH, d.d. is greater than 20%.



Transactions with companies in which key management personnel (management and supervisory bodies) in the SŽ Group or their family members have a participating interest of more than 20%

in EUR	31 December 2023	31 December 2022
Balance of current trade and other operating receivables	1,291	0
Balance of current trade and other operating liabilities	28,433	45,518

in EUR	2023	2022
Revenues	8,631	2,918
Expenses (costs)	185,495	201,317

Gross remuneration of groups of persons

The earnings of members of the Management Board and supervisory bodies are presented in point 2.3.3 for Slovenske železnice, d.o.o.

Slovenske železnice, d.o.o. did not record advances or loans to members of the Management Board and supervisory bodies, or to other employees under individual contracts to whom the tariff part of the collective agreement does not apply, nor did it issue guarantees for the liabilities of those persons.

6.6.4 Events after the accounting period

In March 2024 Adventura Investments, upravljanje družb, d.o.o., Slovenske železnice, d.o.o., and NOMAGO, storitve mobilnosti in potovanj, d.o.o. signed the Agreement on the Method of Providing Access to Data for the Purpose of Exercising Option Rights.

The purpose of the agreement is to enable Adventura Investments, d.o.o. and Slovenske železnice, d.o.o., for the realisation of the option rights and commitments agreed upon in the Shareholders' Agreement (put options of Adventura Investments, d.o.o. and put and call options of Slovenske železnice, d.o.o.), to each calculate the value of a 100% participating interest in NOMAGO, d.o.o. The agreement regulates the equivalent manner and deadline for access of both owners of participating interests in NOMAGO, d.o.o. to all the necessary financial and legal information on the operations of NOMAGO, d.o.o.

The Agreement on the Method of Providing Access to Data for the Purpose of Exercising Option Rights does not change the options rights and commitments agreed in the Shareholders' Agreement. Instead it sets the deadline by which the right to exercise the put option by Adventura Investments, d.o.o. and the right to exercise the call option by Slovenske železnice, d.o.o. shall cease.



7. Financial risks at SŽ, 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

SŽ, 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 2023	Balance as at 31 December 2022
Financial receivables	76,674,158	103,486,510
Financial liabilities	171,730,564	260,110,704
Net financial instruments	-95,056,406	-156,624,194

Financial receivables

in EUR	Balance as at 31 December 2023	Balance as at 31 December 2022
Financial receivables from Group companies	25,273,000	23,486,320
Financial receivables from others	51,401,158	80,000,190
Total financial receivables	76,674,158	103,486,510

Financial liabilities

in EUR	Balance as at 31 December 2023	Balance as at 31 December 2022
Financial liabilities to Group companies	130,579,163	233,044,687
Liabilities to banks from credit transactions (principal)	33,249,999	16,250,000
Other financial liabilities	7,901,402	10,816,017
Total financial liabilities	171,730,564	260,110,704

The following instruments are used to hedge exposure to interest-rate risk:

- loans with a fixed interest rate;
- in part through the forward market, by entering into interest-rate swaps; 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 2023	Balance as at 31 December 2022
Total loans vis-à-vis banks (principal)	1,250,000	16,250,000
Financial liabilities to Group companies	89,492,029	192,502,178
Other financial liabilities	7,886,989	10,816,017
<b>Total financial liabilities with a fixed interest rate</b>	<b>98,629,018</b>	<b>219,568,195</b>

Balance of financial liabilities with a variable interest rate:

in EUR	Balance as at 31 December 2023	Balance as at 31 December 2022
Financial liabilities to Group companies	41,101,546	40,542,509
Financial liabilities to banks (principal)	32,000,000	0
<b>Financial liabilities with a variable interest rate</b>	<b>73,101,546</b>	<b>40,542,509</b>

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 731,000.

Currency risk

SŽ, 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, SŽ, 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 SŽ, d.o.o. is also denominated in euros.

As at in EUR		Trade receivables	Loan liabilities (short-term and long-term – principal)	Trade payables
<b>31 December 2023</b>	EUR	5,068,380	33,250,000	8,103,354
<b>31 December 2022</b>	EUR	41,403,631	16,250,000	9,427,405



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 2023. 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 (regularly renewed) in the amount of EUR 60 million ensured that the liquidity of Slovenske železnice, d.o.o. was controlled and secured in 2023, and that liquidity risk was managed.

Maturity distribution of liabilities:

Contractual cash flows						
in EUR	Carrying amount of liabilities	Liabilities	0–6 months	6–12 months	1–3 years	More than 3 years
Long-term borrowings	19,105,263	23,301,035			6,397,253	16,903,782
Non-current financial liabilities within the Group	41,101,546	43,830,690				43,830,690
Non-current operating liabilities within the Group	10,251	10,251				10,251
Non-current lease liabilities	121,001	145,948			113,330	32,618
Short-term borrowings	14,144,736	15,222,270	13,543,728	1,678,542		
Current financial liabilities within the Group	89,477,617	93,294,917	2,043,648	91,251,269		
Current lease liabilities	47,243	47,243	23,622	23,621		
Current other financial liabilities	7,733,158	7,733,158	7,733,158			
Current operating liabilities (excluding liabilities to the government and employees, and liabilities from advances)	8,103,354	8,103,354	8,103,354			
<b>Balance as at 31 December 2023</b>	<b>179,844,169</b>	<b>191,688,866</b>	<b>31,447,510</b>	<b>92,953,432</b>	<b>6,510,583</b>	<b>60,777,341</b>





Contractual cash flows						
in EUR	Carrying amount of liabilities	Liabilities	0–6 months	6–12 months	1–3 years	More than 3 years
Long-term borrowings	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
Short-term borrowings	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		
Current other 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			
<b>Balance as at 31 December 2022</b>	<b>269,552,334</b>	<b>276,549,093</b>	<b>159,910,617</b>	<b>71,315,086</b>	<b>1,393,431</b>	<b>43,929,959</b>



## 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 making short-term cash investments for current operations.

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.

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 2023, 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 2023 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 6.6.1.10).

### Maturity of trade receivables (gross amount):

Maturity						
As at	Non-past-due	Past-due				Total
		up to 30 days	31–90 days	91–365 days	more than 365 days	
31 December 2023	4,771,392	197,950	46,503	26,008	26,527	5,068,380
31 December 2022	41,199,201	94,799	56,906	12,375	40,350	41,403,631



## 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	2023	2022
Non-current financial liabilities	60,327,810	42,001,481
Current financial liabilities	111,402,754	218,109,223
Total financial liabilities	171,730,564	260,110,704
Total equity	619,481,005	617,942,764
Debt/equity	0.28	0.42
Cash and cash equivalents	13,544,128	35,969,545
Net financial liabilities	158,186,436	224,141,159
Net debt/equity	0.26	0.36



## 9. Carrying amount and fair value of financial instruments

The table below only includes information regarding classification to the fair value hierarchy for assets and financial liabilities measured at fair value and for which fair value is disclosed.

31 December 2023					
in EUR	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
Other financial receivables	2,401,003	2,401,003			2,401,003
Operating receivables	5,034,154	5,034,154			5,034,154
Current financial assets					
Financial receivables from Group companies	25,273,000	25,273,000		25,273,000	
Financial receivables from others	49,000,155	49,000,155		49,000,155	
Operating receivables (excluding receivables from the government)	5,008,857	5,008,857		5,008,857	
Cash and cash equivalents	13,544,128	13,544,128	13,544,128		
Non-current financial liabilities					
Liabilities from loans	19,105,263	23,843,194			23,843,194
Financial liabilities to Group companies	41,101,546	41,101,546			41,101,546
Lease liabilities	121,001	121,001			121,001
Current financial liabilities					
Financial liabilities to Group companies	89,477,617	89,477,617		89,477,617	
Liabilities from loans	14,144,736	15,366,421		15,366,421	
Lease liabilities	47,243	47,243			47,243
Other financial liabilities	7,733,158	7,733,158		7,733,158	
Operating liabilities	8,103,354	8,103,354		8,103,354	



# 10. Audit report of Slovenske železnice, d.o.o. and the Slovenske železnice Group

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	

Slovenske železnice, d.o.o. did not record any transitions between fair value levels in 2023.





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Independent auditor’s report  
to the owners of SLOVENSKE ŽELEZNICE, d.o.o.

Report on the audit of the separate and consolidated 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 2023, 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 material information on the 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 2023, 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 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 separate and consolidated financial statements in Slovenia, we hereby confirm our independence from the company and the Group and our fulfilment of all other ethical obligations in accordance with these requirements and the IESBA Code. We believe that the auditing evidence obtained is a sufficient and appropriate basis for our opinion.



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Deloitte revizija, d.o.o. – Company entered in the companies register at Ljubljana District Court; Registration no: 1647105; VAT ID no: SI62560085; Share capital: EUR 74,214.30

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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 2023. 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.

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 revenue from contracts with customers in the amount of EUR 528,208,000 in the consolidated income statement for the year ending 31 December 2023. The company recognised revenue from contracts with customers in the amount of EUR 31,872,000 in the separate income statement for the year ending 31 December 2023. More detailed disclosures in relation to this can be found in the Revenue from contracts with customers section of the material information on the accounting policies, and in Notes 2.3.2.1 Revenue from contracts with customers (for the Group) and 6.6.2.1. <i>Revenue from contracts with customers</i> (for the company).</p> <p>As explained in the Revenue from contracts with customers within the scope of material information on the accounting policies, revenues are recognised when control over goods or services is transferred to the customer. Revenues from services are recognised at the moment the Group or the company fulfil their performance obligation, i.e. when control over a service or good is transferred to the customer.</p> <p>Revenue from contracts with customers is 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 that this area is 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"><li>- 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;</li><li>- we verified the effectiveness of identified internal controls that we assessed as material in terms of our audit;</li><li>- based on a selected sample, we verified in detail whether the recognised revenues had been recorded appropriately;</li><li>- we received confirmation of transactions with associates for the revenues from transactions with associates disclosed in the separate income statement;</li><li>- for revenues from construction contracts, we verified the appropriateness of the methodology used by the Management Board to recognise revenues over time, as well as the relevance of applied assumptions and the accuracy of input data that served as the basis of the estimate for each individual project;</li></ul> <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>

Other information

Management is responsible for other information. Other information comprises information presented in the annual report, but does not include 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.



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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 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. Reasonable assurance is a high degree of assurance – but no guarantee – that our audit, conducted in accordance with International Standards on Auditing, 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 when conducting audits in accordance with the International Standards on Auditing. 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 of not detecting a material misstatement due to fraud is higher than the risk resulting from the error, as fraud can include collusion, forgery, wilful omissions, false representation or the circumventing of official controls.

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- 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 compiled by the Management Board 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 overall 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 on matters that include the planned scope and timetable of the audit and the material audit findings, including any important deficiencies in internal controls established in the course of our audit.

We also submit a statement to governance bodies to the effect that we have fulfilled all ethical requirements in connection with independence, and notify those bodies of all relationships and other matters that can be justifiably deemed to impact our independence and, where appropriate, of the measures taken to eliminate the risk or the safeguards used.

From among all the matters that we discuss with the governance bodies, we identify those that were of greatest significance in respect of the separate and consolidated financial statements for the period under audit and that are therefore deemed to be the key audit matters. We describe these matters in the audit report, unless the law or a regulation prevents their public disclosure or where, in extremely rare circumstances, we decide not to refer to matters in the report because we justifiably expect the harmful consequences of their disclosure to be greater than the public interest in reporting on them.

**Report on other legal and regulatory matters**

*Report on requirements of Regulation (EU) No 537/2014 of the European Parliament and of the Council*

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 Audit Committee in accordance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and the Council.



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Prohibited services

We confirm that we have not provided any of the services referred to in Article 5(1) of Regulation (EU) No 537/2014 of the European Parliament and of the Council to the company or the Group, and that the audit firm has met the requirements for independence in its audit.

Other services of the audit firm

The audit firm provided no other services to the audited company or its subsidiaries beyond auditing the financial statements, apart from those disclosed in the annual report.

Appointment of the audit firm and the responsible certified auditor

Deloitte revizija d.o.o. was appointed as the statutory auditor of the company and the Group at the general meeting of the company of 14 September 2022. The audit contract was signed by the Chair of the Supervisory Board on 11 January 2023. The contract was concluded for three years. We have been conducting mandatory audits of the company's financial statements uninterrupted since 13 February 2016.

Tina Kolenc Praznik is responsible for the audit on behalf of the audit firm Deloitte revizija, d.o.o.

Deloitte revizija, d.o.o.  
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1000 Ljubljana

Tina Kolenc Praznik  
Certified Auditor  
Ljubljana, 30 May 2024



**For signature please refer  
to the original Slovenian version**

**TRANSLATION ONLY - SLOVENIAN ORIGINAL PREVAILS**





# List of abbreviations

Abbreviation	Meaning
AC	Audit Committee
AL	Annual leave
CCM	Climate change mitigation
CER	Community of European Railway and Infrastructure Companies
CIT	International Rail Transport Committee
CO <sub>2</sub>	Carbon dioxide
CSRD	Corporate Sustainability Reporting Directive
CT	Container terminal
D	Derivatives
d.d.	Public limited company
d.o.o.	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
EL	Taxonomy-eligible activity for the relevant objective
EPH	Energetický a průmyslový holding (Energy Industrial Holding)
EPLI	EP Logistics International
ERP	Enterprise resource planning
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
ETCS	European Train Control System
EU	European Union
EUR	Euro
GHGP	Greenhouse Gas Protocol (standard for measuring and reporting on corporate greenhouse gas emissions)
GRI	Global Reporting Initiative
GSM-R	Digital radio system
GTKM	Gross tonne kilometres
HRC	HR Committee
IA	Intangible assets
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASB	International Accounting Standards Board
IC	Individual contract
ICT	Information and communication technology
ICT	Information technology
IDC	Investments and Development Committee
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IP	Investment property
IPPT	Integrated public passenger transport



Abbreviation	Meaning
IRS	Interest-rate swap
ISO	International Organisation for Standardization
ISRTM	Information system for rail transport monitoring
kg	Kilogram
km	Kilometre
kWh	Kilowatt hour
M	Million
m <sup>3</sup>	Cubic metre
Min	Minute
N/EL	Taxonomy-non-eligible activity for the relevant objective
NTKM	Net tonne kilometre
P+R	Park and ride
PKM	Passenger kilometre
PPE	property, plant and equipment
PPP	Plant protection products
PPT	Public passenger 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
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.
SŽ-ŽGP	SŽ Železniško gradbeno podjetje, d.d.
T	Tonne
UIC	International Union of Railways
UMAR	Institute of Macroeconomic Analysis and Development
USD	US dollar
VAT	Value-added tax
ZGD	Companies Act
ZIUZEOP	Act Determining Emergency Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy
ZORZFS	Act on Reconstruction, Development and the Provision of Financial Resources
ZPIZ	Pension and Disability Insurance Institute of Slovenia



**Annual Report**

Slovenske železnice, d.o.o.  
and the Slovenske železnice Group for 2023

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