

# HMH

## Annual Report 2023



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# Company details **HMH**

Business name:	HMH, s.r.o.
Company's ID No.:	31 356 273
TAX ID No.:	2020345679
VAT registration No.:	SK2020345679
Headquarters address:	Tavarikova osada 39, 841 02 Bratislava
Commercial register:	District Court Bratislava I in Section Sro, Insert No. 5576/B
Executive manager:	Heiner-Matthias Morich Sehestedter Straße 58a, Eckernförde 243 40 Federal Republic of Germany Jozef Čamaj Slaská 212, Lutilla 966 22
Partners:	Siemens Mobility, s. r. o. Company's ID No.: 51 443 287 Lamačská cesta 3/A Bratislava - Karlova Ves 841 04
e-mail:	hmh@hmh.sk
Paid-up capital (account 411):	20 000 EUR
Legal reserve fund (account 421):	2 000 EUR
Average number of employees:	80

The management body of HMH, s.r.o. are executive managers.

The company's accounting period is a calendar year. The company does not have a branch plant or an organizational unit in the country.

The company does not own a business share in another company and is 100% owned by Siemens Mobility, s. r. o.

Main activity (according to Business Register of SR):

- automated data processing
- software procurement - sale of ready-made programs based on contract with the authors or creation of programs to order
- production, assembly, repair of consumer electronics products and devices
- assembly and repair of office and reproduction equipment
- production, installation, repairs of electrical machines and devices
- consulting, teaching activities in the field of computer technology, measurement and control technology
- publishing activity
- design, assembly, revision, repair and maintenance of measuring equipment, regulating and control technology

# Foreword

After a great year 2022 and after setting new, ambitious goals, we can proudly state that the business year 2023 was once again extremely successful for us. It was a year full of new situations, challenges and successes.

In addition to meeting production goals, we also moved forward in the field of innovation in 2023. We managed to complete several important innovation projects in the field of integration of MIREL systems with the systems of the unified European train safety system ETCS from various manufacturers. Completed innovations lead to the expansion of the functional properties of the mutual system interface. In the field of homologation of MIREL systems for the Polish market, we successfully completed the certification process and prepared the technology for operational verification.

For these results, we first of all want to appreciate the efforts of each of you, dear colleagues, who have contributed to fulfilling our vision and mission and building the good name of our company.

Our big thanks also go to all our business partners. Your cooperation is very important to us. We are grateful for your loyalty and continued partnership. In 2023, we paid a lot of attention to the innovation and development of our products in order to offer you even better and more competitive solutions. Your feedback and requests serve as a valuable source of information that helps us improve and tailor our products to your needs.

We would also like to thank you for your patience and understanding as we faced challenges and obstacles caused by chip shortages and fluctuations in the material market. Your flexibility and cooperation allowed us to continue our efforts and achieve significant results.

We believe that our partnership will continue to be prosperous and mutually beneficial. We are committed to providing you with the highest quality service and support to grow and succeed together.

Another important milestone in our company took place in November. We acquired a strategic investor who joins our company as a partner and supporter of our future goals. Siemens brought a wide range of experience, expertise and access to different markets and business opportunities.

Looking back, at the beginning of HMM's story, we were mainly focused on winning orders. We paid less attention to defining the company's direction, priorities, values, and processes. Over time, we began to direct our energy in a more targeted manner and created our own products and services under the MIREL brand, which have become synonymous with safety and reliability in rail transport on a Central European scale. We put a lot of engineering skill, effort and experience into their development. However, we felt that this was not enough for us to become the trusted partner for our customers that we are today. In recent years, we have therefore focused on setting processes and improving management, with the aim of increasing reliability and quality. All this together gives us great confidence and self-confidence and is often the differentiating factor through which our business partners perceive HMM.

We are proud to look back on the last thirty years and can say that responsibility, competence, perseverance and sustainability are the values that we have been able to follow at HMM. These values have become the basis of our activity and help us achieve success.

Heiner-Matthias Morich, executive manager and CEO

Jozef Čamaj, executive manager and CFO

Tomáš Horvát, CTO



Tomáš Horváth, Heiner-Matthias Morich, Jozef Čamaj

# Milestones in history



## 1993

The establishment of the HMH company



### 1994

The beginning of publication of AT&P journal

In its beginnings, the company implemented custom projects for industry and energy and founded the ATP Journal, a professional magazine for the field of industrial automation. The focus on automation in railway transport gradually became dominant. The development of the 1<sup>st</sup> generation of control systems for locomotives and the introduction of the MIREL trademark took place.



### 1997

The first application system for the MIREL RS350 railway vehicles



### 2000

Setting up the organizational structure, division into development, production, and service departments

The company continued the development and homologation of the 2<sup>nd</sup> generation of MIREL systems, which were put into operation on the railway network of the Slovak Republic in tens and hundreds of implementations. In addition to control systems, the product portfolio has been expanded to include protection and registration systems.



## 2005

ISO quality management system (ISO9001, ISO14001, ISO45001)



### 2010

Development of 3<sup>rd</sup> generation MIREL systems

The new system platform was used for complex control systems of electric locomotives and technological protection systems. At the same time, the company carried out further development of the MIREL VZ1 train protection system. It supplemented its functional features with the STM ETCS module for the LS system.



### 2013

Moving the company's operations to new premises enabling the planned development of the company



### 2015

The company's exports to the EU markets consistently exceeded the turnover on the domestic Slovak market

The company upgraded the MIREL VZ1 train protection system by supplementing its functional features with the STM ETCS module for the EVM system. It has implemented its system integration with many types of ETCS on-board units from most major manufacturers of this system.



## 2019

Exceeding turnover of 10 mil. €



### 2020

Changes in work organization and measures to minimize the impact of the pandemic situation on company results



### 2021

Changes in the owner structure  
EY Technology Entrepreneur of the Year award



### 2022

Completion of the homologation process of MIREL VZ1 integration with ETCS on-board equipment in Slovakia, the Czech Republic and Hungary.



### 2023

**30<sup>th</sup> anniversary of the establishment of the company**  
**Fundamental change in the ownership structure, from 15 November 2023 the owner is Siemens Mobility, s.r.o.**

Revival of the MIREL system with serial number 5000.

# We didn't lose sight of 2023 either

## → what we strive for as a company

We are co-creating a world in which rail transport is attractive, safe and environmentally friendly.

## → where we are going

As a professionally competent, healthy self-confident and well-managed company, we want to develop partnership cooperation with key companies in the field of rail transport in Europe through an innovative and unique portfolio of our own products.

## → and what values guide us on this journey



## Solutions and innovations with added value

Our solutions are built on our ideas. We are not afraid to do things differently, to explore the usual ways in order to arrive at surprising results with high added value.

### Perseverance

We believe in long-term partnerships and quality, durable solutions. They require determination, effort, strength to face even complications and willingness to find a way.

### Partnership and respect

We honestly and openly build mutual trust. We strive for relationships that are beneficial for everyone – internally and externally, so that cooperation brings joy and benefit.

## Responsibility

Whatever we do, we perceive the consequences of our actions. We strive to make them positive. We feel responsible for the environment in which we live – interpersonal, business, social and personal.

## Quality

We approach everything we do in a systematic, deliberate manner and look for effective, elegant solutions. We are constantly improving – from the point of view of products, processes and competence. We have high expectations for ourselves and for the results of our work.



## Organizational structure

The company's organizational structure uses a three-level management system. The company is divided into company management, departments and sections, while some departments are further divided into groups. The company's main process, order acquisition - development - production - service provision, directly corresponds to the 4 largest departments of the organizational structure.

	<b>84</b>	<b>100 %</b>
<b>Number of employees</b> (as of 31 December 2023, excluding employees on maternity/parental leave)		
The company's management	1	1 %
Business department	11	13 %
Development department	24	29 %
Production-supplier department	17	20 %
Customer support department	17	20 %
Publishing and marketing department	5	6 %
Economic and payroll section	3	4 %
Internal administration section	6	7 %





Jana Haršániová, Katarína Prieložná, David Drozd, Rudolf Michalec,  
Tomáš Horváth, Heiner-Matthias Morich, Jozef Čamaj,  
Ľubomíra Beličková, Andrej Hoffer, Dagmar Votavová, Marek Cidorik

**Staff structure**  
(as of 31 December 2023, excluding  
employees on maternity/parental leave)

	<b>84</b>	<b>100 %</b>
Secondary school	37	44 %
1 <sup>st</sup> degree of university	2	2 %
2 <sup>nd</sup> degree of university	41	49 %
Postgraduate	4	5 %
Men	63	75 %
Women	21	25 %
≤ 30	14	17 %
31 – 40	24	29 %
41 – 50	33	39 %
≥ 51	13	15 %

Average  
age  
**41,2**

# Human resource

In the company, the year 2023 was marked by a return to the development and growth trend that was clearly legible before 2020, when the Covid-19 pandemic began. What was life at HMM like in 2023? The company celebrated its 30<sup>th</sup> anniversary at the beginning of the year. At the same time, at the end of the year, there was a change of owner and addition of the company management, which is a fundamental milestone in the life of the company.

The focus on creating a high-quality and stable environment in which, in addition to the background, employees also find opportunities for their development and self-realization, can be seen in the specific approaches and activities of the company. And the fact that the employees are doing well in the company can also be read in the fact that up to 35% of the employees have been with the company for more than 10 years.

In 2023, the company focused mainly on the following areas:

- Providing stability and security even in difficult situations  
In 2023, the difficult economic situation continued in the form of high inflationary pressures. Therefore, at the beginning of the year, the company took measures to stabilize employees and provide adequate facilities. Measures were taken taking into account those who were most affected by the situation.

- Development activities and employee growth  
In this area, the company focused on the development of knowledge and skills necessary for the continuous improvement of the competence of employees and the company as a whole unit. It also actively created space for employee growth, where approximately 10% of employees were promoted within the framework of seniority, or as preparation for this step.

At the same time, the company long-term supports development activities that are based on the initiative of employees with the aim of helping them grow in areas that are relevant not only for the needs of the company, but also for themselves.

- Employee satisfaction in focus  
In the past year, the mapping of employee satisfaction was carried out under the slogan „HMH is you too“. It was the first survey of employees' views on such a scale, and the aim was to find out the satisfaction, motivation and engagement of employees through various aspects of work at HMM. The outputs serve as a basis for establishing and implementing steps to improve the internal atmosphere and environment in which employees spend a large part of their lives.

- Finding and selecting suitable candidates and building the employer brand

With the growth of the company and the expectations of partners and customers, it is not enough to focus only on stabilizing the team, but it is also necessary to actively work on its development and additions. In 2023, the company actively started building the employer brand, investing a significant part of its marketing capacities in this area. At the same time, the company has traditionally participated as

**Mgr. Katarína Prieložná**  
Human resource manager

Regardless of the happenings and various events, however, it is still true that an inseparable part as well as a necessary condition for the success and development of the company are the people by whom it is built. And it is through the care and development of the team that the company creates the basis for its strong position on the market and further growth in the future.

an exhibitor at career days at selected universities. However, one of the very successful sources of new team members has become the employees themselves, who contributed to the development of the team through the internal referral program. Thanks to these activities, the company strengthened its team in several key positions in 2023.

- Ongoing cooperation with students  
In 2023, the company further developed contact with students through the following activities:
  - Students of secondary vocational schools completed a mandatory professional internship in the company, while they had the opportunity to see the daily functioning of an established company and the work of specialists.
  - Providing students with the possibility of long-term cooperation, which helps them develop their knowledge and supplement it with practical experience, and also serves as a source of income.
  - Creating awareness of the company's activities and strengthening its position as a possible employer through contact at career days at selected universities.



# CSR Social responsibility

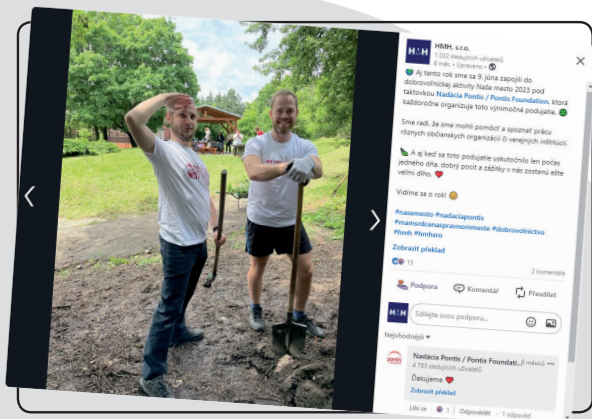
As part of its commitment to socially responsible business, with the aim of further developing its exposure in this area, the company underwent a repeated assessment by the independent and recognized international sustainability evaluator EcoVadis. We can boast of defending the silver medal, and further deepening of valuable experience, thanks to which we can establish a suitable CSR strategy for the next period.

## Partner and support for helping the vulnerable

As in personal life or business, stable and healthy partnerships are also important in the area of social responsibility. In order for the activities in this area to have a wider meaning and greater impact, the company entered into a partnership with the non-profit organization MAGNA in the beginning of 2023 as part of the project to create and operate the cultural and humanitarian center Apoteka. The purpose of this project is to bring the humanitarian projects that the Magna organization has been implementing for twenty years in the world and in Slovakia closer to the general public and to strengthen the general public's attitude that „helping is normal“. The idea of educating and developing sensitivity towards humanitarian issues is very close to the company, which is why we decided to support this project.

## Responsible business is not just a slogan, but a common goal

In 2023, the company systematized the approach to the topics of social responsibility, and the intention was also to increase the awareness of employees and their involvement in this area. Traditionally, the company has been involved in volunteer activities such as Naše mesto and #GivingTuesday. The goal of these activities, in addition to helping selected recipients, is also to raise awareness of those who need help or topics that lead to a sustainable approach to life. The company also regularly involves employees in joint decision-making on the support of meaningful projects and topics through 2% of the corporate tax. In the past year, these were also topics that became the subject of ongoing communication and involvement of employees in activities leading to increased awareness of social responsibility both at the company level and at the level of individuals.



**Bc. Ľubomíra Beličková**  
Internal administration section

In 2023, in addition to the standard support of employees and maintenance of the premises, we intensively devoted ourselves to planning and subsequently to the realisation of the modification of the premises. By creating a new laboratory for the development department in a part of the former dressing room, an autonomous workplace was created for colleagues from this department, thus achieving the possibility of using more space for the employees of the service center falling under the customer support department.

The main supplier of operational services for HMH s.r.o. is Aruba Business Center s.r.o., while the internal administration section is responsible for mutual communication and smooth cooperation.

As part of the car transport plan for the year 2023, we realised a change in the vehicle fleet in the form of the procurement of two new cars for the development department and the internal administration section.

An important success is also the shift in the topic of waste management through the introduction of systematic waste management and its records using the new Envisys system, effective from 1 January 2024.

The stabilization of the position at the company's reception helped to make the section run smoothly, thus completing the Internal administration section-Office management team.

# Scope of business activities

Since its establishment, HMH has been developing business activities in the field of industrial automation in two product areas:

- technological solutions in rail transport (MIREL systems)
- publishing activity (ATP Journal)



Products under the MIREL brand are the result of our own know-how, from design to production and deployment and cover the following areas:

- Protection systems: MIREL VZ1
- Registration and indication systems: MIREL RM1, RM2
- Control systems: MIREL RS350, RS361, RS363, RS812, RS813
- Cooperating MIREL devices

HMH provides the following comprehensive services in connection with the deployment, operation and maintenance of MIREL systems:

- Technical support during system implementation
- Warranty and post-warranty service of devices
- Systems training
- Scheduled maintenance

A special service is the homologation of railway subsystems.

The development of the supporting product of the MIREL VZ1 train protection system achieved an important milestone in 2023. During the year, it was possible to implement and successfully evaluate the verification operation of the new v04 version with the changes designated as INO2019, which resulted in obtaining a generic security assessment report in the Czech Republic. Following the successful completion of homologation in the Czech Republic, the homologation process was launched in Hungary, which reached its final stages at the end of the year. In accordance with the decision of the Hungarian authorities at the beginning of 2024, the new version is generically approved in Hungary as well.

In a solution integrating two MIREL VZ1 train protection systems with a functional STB gate and one ETCS (European Train Control System) on-board device, following the completed verification operation in 2022, it was possible to complete the homologation of the entire solution in cooperation with the safety evaluator. The resulting innovative product represents a technically and economically very effective solution for securing train sets for operation on the national LS, EVM and SHP infrastructures as well as on the ETCS infrastructure. The main advantage of this solution is the saving of one EVC (central computer of the ETCS mobile part), which represents a significant cost saving and competitive advantage for HMH customers.



**Ing. Rudolf Michalec**  
Development department

The year 2023 started very dynamically in the development department, the verification operation of the MIREL VZ1 train protection system was launched, the ongoing homologations of the STB functional gate and MIREL SHP train protection system for the Polish infrastructure and a number of other system and application projects.

I consider the greatest successes that the development department managed to achieve during 2023 to be:

1. Generic approval of the MIREL VZ1 train protection system in version v04 with INO2019 changes for Slovakia, Czech Republic and Hungary.
2. Supplementing the MIREL product portfolio with the new MIREL PSU power supply, which the team of developers managed to develop and type test during the year. The new power supply represents compact and smart solutions for adapting the on-board voltage of vehicles for MIREL products, especially for projects on the Polish market, where 110V on-board voltage is used in increased measure.

The year 2023 was also exceptional in the development department with a large number of new application projects deploying the MIREL VZ1 train protection system as the STM module of the European ETCS protection system. It is a segment of projects that is growing dynamically from year to year and represents an interesting opportunity in terms of technical solutions as well as economic benefits for the entire company.

Behind all the successes are hidden the results of smart and goal-oriented people who push the boundaries of what is possible through teamwork and whom I want to sincerely thank in this way as well.

**Ing. Andrej Hoffer**  
Customer support department

The year 2023 was intensive for customer suggestion and it was therefore necessary to change the planning strategy. The change in form also brought with it many unexpected obstacles, which we managed to overcome, despite the changes in the structure of the technical team. It was necessary to fulfill the customer's suggestions and requests at a fast pace, so we tried to organize trips to the place of performance even more efficiently. We ended the year with 3,000 services provided, which is an increase of almost 300 services compared to last year, including service repairs of equipment of the overall operated systems. During the year, we brought to life the MIREL system with serial number 5000. However, this important milestone commits us to the continuous improvement of the diagnostic, repair and maintenance processes of MIREL equipment on locomotives and sets that are in operation throughout Europe. The following period awaits us to maintain this trend in high quality and reliability for our customers. A significant part of our work will also be the integration into Siemens Mobility in the coming period, which, from my point of view, will bring many new opportunities.



# Key partnerships

## Customers

Customers of products under the MIREL brand, to whom the main business activities of the company are directed, are, from the point of view of the subject of the activity:

- manufacturers of new railway vehicles,
- companies carrying out general reconstructions and modernizations of already operating railway vehicles and
- companies providing operational maintenance of these vehicles.

Customers of services related to deployment, operation and maintenance of MIREL systems are primarily operators of railway vehicles or companies providing operational maintenance for them.

A significant part of the services provided is the commissioning of new products.

HMH's customers are located on the European market, specifically focusing on the operation of vehicles in the countries of Central Europe. The several-year trend of increasing the share of foreign customers in the company's turnover was significantly manifested precisely in 2023, when the share of the Slovak market was only 16%.

Long-term and stable partner relations were also the basis of the company's success in 2023 and a prerequisite for the supply of products and services of HMH, s.r.o. to most major European manufacturers. They are continuously checking the highly set criteria and requirements for cooperation.

### Ing. David Drozd

Business department

Since we have fulfilled all the set goals, led by the fulfilled financial plan, I assess the year 2023 as very successful. Right at the beginning of the year, we optimized the structure of the sales team by switching from two-level to one-level management. This change made processes faster and more efficient, which was positively evaluated by the company's employees themselves. In general, I can state that the personnel stabilization of the business team created the basis for successful progress and the realization of the set goals.

When evaluating the year 2023, I have to mention two important milestones that can be safely described as groundbreaking. First of all, we ended our more than a decade-long operation on the Czech market through the HMH external sales agency. This dealership model has fulfilled its historical role. However, we will implement other activities on the Czech market exclusively under our own management, or under the wings of the Siemens Mobility concern.

And that is precisely the second essential milestone, key for the further functioning of both the business department and the entire company. Given the fact that such a change does not happen often and is quite unique, I would like to take this opportunity to sincerely thank to the previous owner and director Tomáš Horváth for where and in what condition he has brought the HMH company. Furthermore, for being an example and an inspiration to me both professionally and personally.

## Export share

	SK	EU
2019	19 %	81 %
2020	22 %	78 %
2021	25 %	75 %
2022	24 %	76 %
2023	16 %	84 %

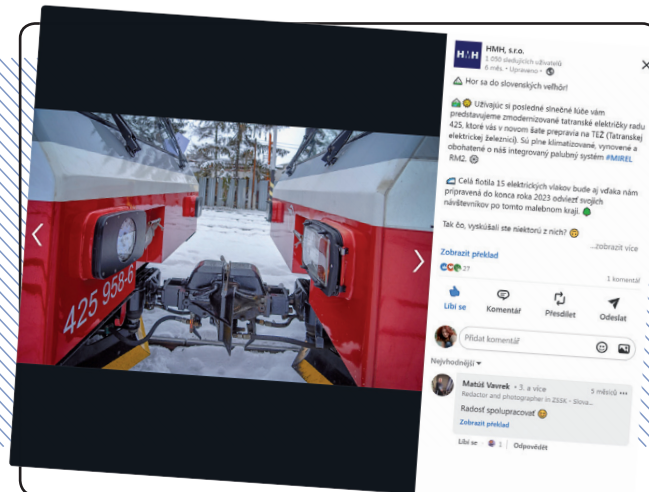
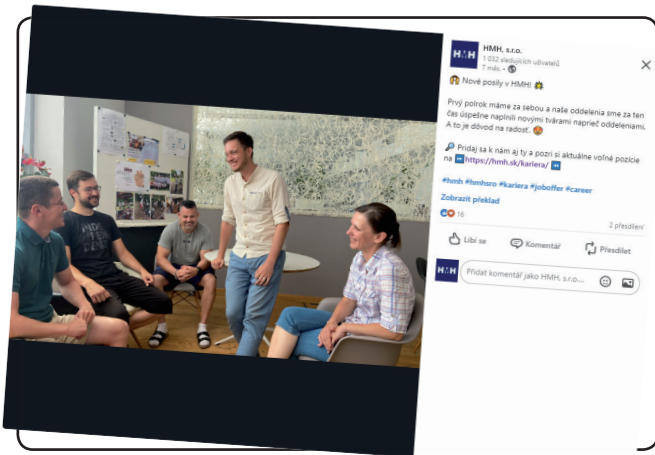
HMH's key foreign customers include Alstrom, CZ Loko, České dráhy, ČMŽO elektronika, Deutsche Bahn, Newag, ÖBB, Siemens Mobility, Stadler, Škoda Transportation and others. On the domestic market, long-term customers include Železničná spoločnosť Cargo Slovakia, Železničná spoločnosť Slovensko, ŽOS Trnava, ŽOS Vrútky, ŽOS Zvolen and others.

## Suppliers

The entire life cycle of MIREL products, from development to production to service, is the responsibility of HMH, including the selection of suppliers as a prerequisite for maintaining the high quality and reliability of the final product.

These are primarily suppliers of the necessary material and component base, suppliers cooperating in specific areas, such as engineering production, production of printed circuit boards and other supporting areas.

High demands and criteria from customers for HMH products and services are also reflected in the company's requirements towards suppliers. When choosing them, criteria such as quality management, long-term business relationships, availability of a replacement source are taken into account. In terms of risk diversification, the company does not prefer dominant partnerships.



**Mgr. Marek Cidorik**  
Production-supplier department

The department's greatest success in 2023 can be considered the production result. We fulfilled the production plan to 129%. This was done without adding additional production capacity and requiring overtime. It is a valuable positive experience, how the synergy of a quality production team with the new manager of the production group worked, with the support of 2-year preparations in strategic warehouse stocks with the management of the production of electrical modules in predicted batches for a period of up to 1.5 years.

In the field of quality management, we have achieved significant progress in the topic of traceability of the history of the production of electrical modules. Together with the company Ch-Print s.r.o., we agreed and implemented a system of marking the PCB with a unique production number, which we track throughout the entire production cycle up to the stage of electrical modules and their deployment in final products.

Deliveries of material and semi-finished products took place significantly more smoothly than in the previous year. The material ordered in 2022 was still arriving to a large extent. Delivery times have slightly improved and material prices have slightly decreased

Among the decisive suppliers of material were - Elmart s.r.o., SOS electronic, s.r.o., IC BlueLtd, Premier Farnell Ltd, in supplies to the cooperation for production it was Telux s.r.o., Amset a.s., Bedrich spol. s.r.o.

# Publishing activity

The field of industrial automation is also closely related to the second product line of HMH, s.r.o. Publishing activities are mainly represented by the ATP Journal brand. From the original bi-monthly magazine in the printed version, it developed into a multimedia platform through targeted development. And even though the department and its employees are fully integrated into HMH processes, it also has its own goals, specific to the media business.

## |atp|journal|

### Vision

Our goal is to inspire the largest possible community of experts working in the field of industrial automation, informatics and maintenance to find solutions, to contribute to the technological and economic development of companies and to cultivate the business environment through media activity.

### Mission

We are a stable and reliable source of current and accurate technical information. We create a media space for meeting representatives of manufacturing companies with providers of industrial solutions. By connecting companies, academia, schools and trade unions, we support the spread of technical knowledge in Slovak society.

### Values

- Partnership with a personal approach
- Transparent media business
- Expertise at every position in the team
- Knowledge of the local industrial environment
- Orientation in world trends
- Thematic clarity

Even closer to the main business line is the publishing and sale of book publications on the subject of railway transport.

The most important customers in 2023 were B+R automation, Beckhoff Automation, DEHN, EPLAN, KOBOLD, Partner Technic, PPA Control, Phoenix Contact, Rittal, Siemens, SCHUNK Intec.

Service suppliers have been the companies KASICO, Bittner Print, LK Permanent, ui42.



**Dagmar Votavová**  
Publishing and marketing department

The year 2023 was relatively successful from the point of view of the financial results of publishing activities. Despite this, we observe a long-term change in the behaviour of customers and their redirection of media investments to other forms of promotion. A better result is also hindered by increasing cost items such as printing services, prices for distribution or the operation of the editorial system.

The second part of the department's duties is related to ensuring the marketing activities of HMH, whether it is the presentation of the company externally or internally, the support of the sales department, or the MIREL brand or for cooperation with the personnel department when communicating with HMH as a potential employer.

For example, we can evaluate the activities on the corporate social network LinkedIn as very successful, where we have recorded a several-fold increase in the interest of recipients over the measured period of two years.



# Integrated management system

The preferred interest of the company is to constantly improve the Integrated Management System, taking into account the internal and external environment and the expectations of our partners. We understand the word partner in a broad sense. For us, every customer, supplier, employee, but also the local community and the environment is a partner. Also for this reason, the Integrated Management System (IMS) of the company, beyond the framework of quality management, environmental management and occupational safety management, is expanded to include a system of management, development and provision of maintenance in railway transport in accordance with the requirements of the Commission's Executive Regulation (EU) 2019/779 (ECM Regulation) and Strategy and concept of socially responsible business in terms of CSR requirements.

## Quality management system

STN EN ISO 9001:2016

As part of the continuous improvement of its products, the company applied ISO/TS 22163 requirements specific to the railway industry in the quality management system in order to increase the quality and reliability of manufactured components and systems. Emphasis was placed on the effective setting of internal processes and the systematic review of legislative requirements. The company has successfully completed a significant number of external audits of the implemented QMS. By establishing a strategy in the field of management, development and provision of maintenance in accordance with the ECM Regulation and gradually implementing the latest approaches, it also increases the quality of its provided services and systematically improves customer satisfaction.

## Environmental management system

STN EN ISO 14001:2016

The company perceives its responsibility to monitor and reduce the negative impact on the environment throughout the entire life cycle of its products and when providing services. By accepting other voluntary commitments, in addition to preventing environmental pollution, the company began to actively devote itself to improving the immediate surroundings with the aim of engaging employees and systematically cultivating their environmental sensibility. We see the meaning in small targeted steps, but also in inspirations and innovations directed towards sustainability.

## Occupational health and safety management system

STN EN ISO 45001:2019

The company's unequivocal goal in the field of health and safety is to provide safe working conditions for all its employees. The company constantly encourages employees to identify risks associated with work activities so that preventive measures are targeted. In the past year, the company did not record any occupational accidents. In addition, by successfully introducing e-learning education and increasing the quality of external services in the field of OSH, it tries to constantly improve the OSH management system. In addition, by successfully introducing e-learning education and increasing the quality of external services in the field of OSH, it tries to constantly improve the OSH management system in communication with all employees.



Slovak Office of Standardization, Metrology and Testing (ÚNMS SR) also awarded national awards for quality and social responsibility in 2023 to organizations that passed the evaluation according to European recognized criteria and demonstrated that quality and social responsibility are a priority for them in every area of their action. HMH, s.r.o. was an awarded finalist in category A – QUALITY, small and medium-sized organizations producing products and providing services.

# Current situation in company

The year 2023 was the year of confirmation of the growth trend from the previous period. The product line that dominated sales in 2023 was the MIREL VZ1 train protection system and its integration with the ETCS system. Revenues from the sale of own products increased by 11% year-on-year. In 2023, 337 new systems were commissioned, which was a year-on-year increase of 22%. The better production results of 2023 were due to the continued recovery of the market, strong demand growth in existing projects and the launch of other new projects.

In order to satisfy customer demand, in addition to fully utilized production capacities, the company also used existing warehouse stocks from 2022. At the same time, the company managed to continuously replenish standard warehouse stocks, especially in the segment of critical material items. Stocks increased year-on-year in the production material segment by 44% and in the semi-finished product segment by 35%. In the segment of finished products, inventory decreased by 23%.

In the field of service provision, the situation was stabilized in 2023. The number of services provided increased by 12% year-on-year. Despite the decrease in the volume of planned maintenance as a result of the controlled transition to longer system service intervals, the total volume of services provided increased in connection with a larger number of systems put into operation and a larger number of renewed systems. From the point of view of sales, the volume of services provided in 2023 increased by 28% compared to the previous year.

In the field of publishing activities, the situation was stable. The established processes, the used technologies and a stable editorial team enabled the systematic continuation of the publishing activities of both periodical and non-periodical press and the achievement of set quantitative and qualitative goals.

The structure of customers was stable in 2023. During the year, there was no fundamental change in the structure. The number of new orders continued the trend from 2022 and had an upward trend. The increased demand for the company's products did not have a negative impact on customers' payment discipline.

On the suppliers' side, the consequences of the specific situation of the supply chain from the previous period were evident. The contracted deliveries from 2022 with long delivery dates were realized in 2023. The limitations that the company had to face were compensated by sufficient warehouse stocks, with which the company stocked up in advance and which were continuously and ahead of time replenished. The availability of cooperation capacities was unchanged and sufficient. The situation in the supply chain did not have a negative impact on the prices of purchased materials and components. The effect on prices did not go beyond general inflationary pressures.

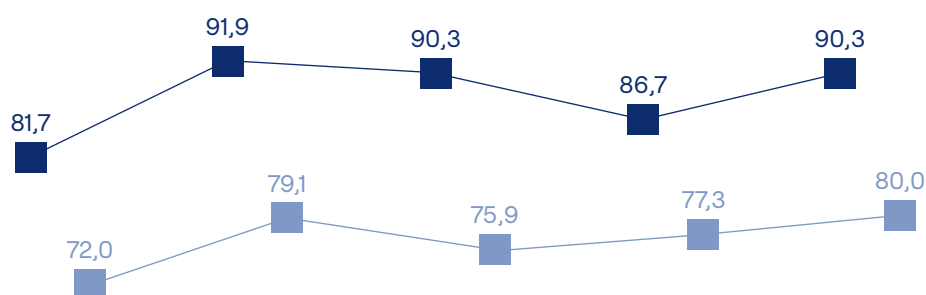
The company's capacities in the field of human resources were slightly growing in 2023. Minor changes in the organizational structure had no impact on the company's overall capacities. Despite the fact that a difficult situation prevailed on the labour market and the filling of some specific job positions required considerable effort, in the fall of 2023 the company had filled all existing jobs.

Overall, it can be concluded that the company met the goals of 2023 excellently. The company's net turnover plan was significantly exceeded.



## Number of jobs vs number of employees

	Average number of jobs	Average number of employees
2019	81,7	72,0
2020	91,9	79,1
2021	90,3	75,9
2022	86,7	77,3
2023	90,3	80,0



2019 2020 2021 2022 2023

## Personal expenses

	Annual personal expenses*
2019	2 698 700 €
2020	2 644 900 €
2021	2 641 000 €
2022	3 292 100 €
2023	3 845 300 €

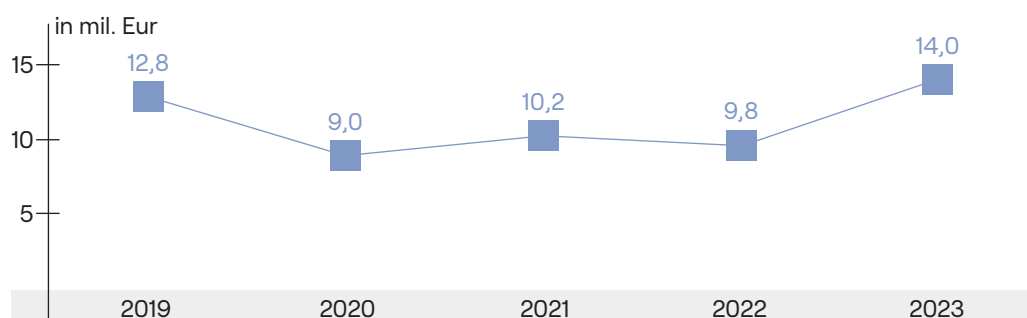
\* Wage costs including social insurance costs and social costs.

## Assets

	Gross	Net
2019	13 580 173 €	12 812 569 €
2020	9 894 043 €	8 996 744 €
2021	11 168 815 €	10 237 864 €
2022	10 862 500 €	9 806 419 €
2023	15 359 687 €	14 001 668 €

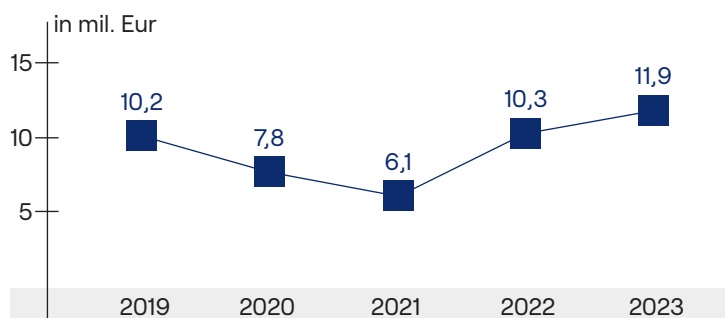
## Equity

2019	11 872 176 €
2020	7 843 540 €
2021	9 463 524 €
2022	8 272 623 €
2023	12 358 109 €



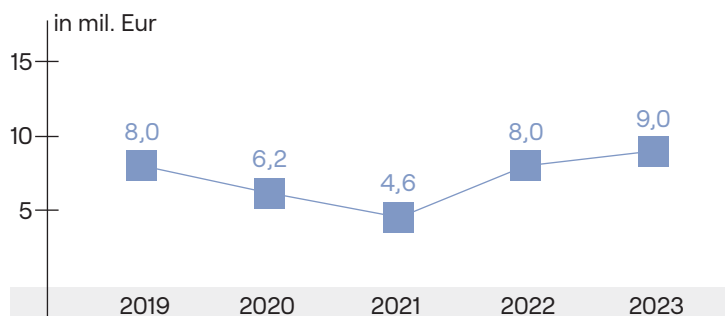
## Income from economic activity - sales

2019	10 175 613 €
2020	7 779 847 €
2021	6 079 109 €
2022	10 306 939 €
2023	11 910 015 €



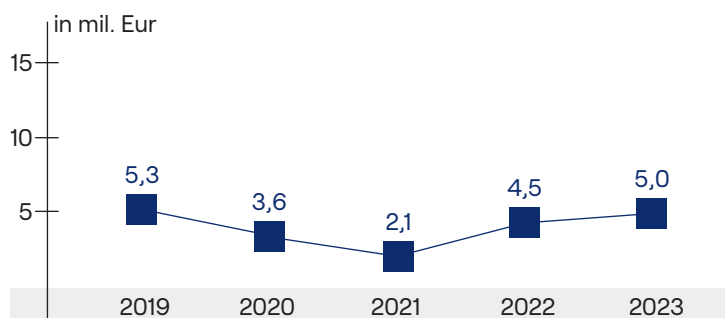
## Added value

2019	8 045 595 €
2020	6 201 847 €
2021	4 597 730 €
2022	8 004 612 €
2023	8 986 354 €



## Economic result before taxation

2019	5 272 142 €
2020	3 561 596 €
2021	2 101 311 €
2022	4 505 976 €
2023	4 989 124 €



# Assumption of future development

In the future development of the company, the dominant factors affecting its development will be the persistence of customer interest in the company's products, the impact of the integration with Siemens Mobility and the development of the labour market. The situation in the global market for semiconductor components and manufacturing materials is stabilizing and there are signs of cautious improvement on the supplier side. In terms of the performance of the Slovak economy in 2024, nominal wages are expected to increase by 8% and the inflation rate is at the level of 5%. Expected macroeconomic indicators will be taken into account in our pricing and preparation of new projects.

Our goal will continue to be to increase the optimization of our production capacities and to increase the efficiency in the provision of service operations. In order to achieve these goals, increased communication and planning with our partners is also important, whether at the level of supplier or customer relations. In this way, we will better coordinate our activities, optimize deliveries and ensure that we meet the expectations and needs of our customers. We will regularly communicate with partners, exchange information and work together to solve potential problems or significant changes in the market. This improved cooperation will help us respond effectively to challenges and increase our competitiveness in the market.

One of the main products that the company will continue to focus on is the MIREL VZ1 train protection system and its integration with the ETCS system. This product line is still dominant and a large part of our development activities is focused on it. In 2024, we are planning innovations that will be aimed at the system integration of various manufacturers of the unified European ETCS train protection system with the MIREL system. Considering the nature of these projects, it is expected that their implementation will take an average of 2 to 3 years. In this way, we will be able to offer customers improved and integrated solutions that will meet their needs and requirements in the field of safety of the train transport system.

Another important goal of our company will be integration with Siemens Mobility. It will mainly be about IT, the connection of reporting and accounting systems, the harmonization of processes as well as the introduction of new rules in the area of compliance with legal and ethical standards and regulations. Last but not least, we will gradually introduce general business conditions for all our partners, which will define clear and transparent rules and increase efficiency in business transactions. Customer trust is our top priority.

In 2024, we will continue to develop process management, an integrated management system for the areas of quality, safety at work, and environmental safety. In addition, there are plans to strengthen the company's competences in the field of railway vehicles maintenance. This means that the company will try to increase the professional knowledge and skills of its employees in this particular field. This will ensure that the maintenance of railway vehicles is carried out at the highest level and that the company will be able to provide reliable and high-quality services to its customers.



# Evaluation of the company's results

## Balance sheet – asset side

Tag	Description	2023 (net in €)	2022 (net in €)
	Total assets	14 001 668	9 806 419
A. I.	Intangible assets	27 201	48 388
A. II.	Tangible fixed assets	310 097	234 903
B. I.	Inventory	3 042 338	2 642 379
B. II.	Long-term receivables	327 591	194 782
B. III.	Short-term receivables	1 465 580	1 638 685
B. V.	Financial accounts	8 752 424	5 027 471

### Commentary on the Balance sheet – assets side

The increase is mainly due to the growth of inventories and financial accounts. The intangible asset was not acquired in 2023. The value of tangible fixed assets reflects the needs of the company's technical support and the purchase of cars. The increase in inventories is due to the increase in production and sales revenue. Long-term receivables mainly consist of deferred tax receivables and rent deposits. Short-term receivables decreased due to the good payment discipline of customers. The increase in the volume of sales and profit also influenced the increase in available financial resources.

## Balance sheet – liability side

Tag	Description	2023 (net in €)	2022 (net in €)
	Total equity and liabilities	14 001 668	9 806 419
A.	Equity	12 358 109	8 272 623
A. I.	Share capital	20 000	20 000
A. IV.	Legal reserve funds	2 000	2 000
A. VII.	Economic result of previous years	8 250 124	4 591 349
A. VIII.	The economic result for the accounting period after tax (+-)	4 085 487	3 658 776
B. I.	Long-term liabilities	38 520	40 753
B. II.	Long-term surplus	26 326	23 624
B. IV.	Short-term liabilities	489 722	672 811
B. V.	Short-term surplus	1 086 333	794 390

### Commentary on the Balance sheet – liabilities side

Equity growth was caused by the accounting of part of the profit of the previous period into retained earnings. The increase of the current period's profit caused an increase in the company's turnover related to the growth of interest in the company's production and its services. The decrease in long-term liabilities is the value of the social fund and its drawdown in the current year. In the current year, reserves for retirement benefits, unused vacation and bonuses increased.

## Selected indicators of income and expenses

Tag	Description	2023 (net in €)	2022 (net in €)
*	Net turnover	11 891 187	10 339 184
**	Revenues from economic activity in total	11 910 015	10 306 939
II.	Revenues from the sale of own products	8 872 738	7 977 324
III.	Revenues from the sale of services	3 018 449	2 361 860
IV.	Change in internal organizational inventory (+/-)	-15 368	-48 163
VII.	Other income from economic activity	20 711	15 401
**	Total costs of economic activity	6 917 121	5 789 538
B.	Consumption of material, energy and other non-storable supplies	1 853 465	1 461 359
D.	Services	964 038	819 125
E.	Personal expenses	3 845 297	3 292 115
G.	Depreciation and impairment loss for long-term intangible assets and long-term tangible assets	95 162	102 573
***	The economic result from economic activity (+/-)	4 992 894	4 517 401
*	Added value	8 986 354	8 004 612
**	Income from financial activity	614	897
***	The economic result from financial activity	-3 770	-11 425
****	The economic result for the accounting period before taxation	4 989 124	4 505 976
R.1.	Income tax payable	1 017 276	928 561
2.	Deferred income tax	-113 639	-81 361
****	The economic result for the accounting period after tax	4 085 487	3 658 776

### Commentary on incomes and expenses

The company's economic result increased compared to the previous period. The increase in profit is due to the growth in sales. The costs of economic activity have increased due to the growth of sales. The growth of production and sales of our own products also caused an increase in the consumption of materials and energy. The second reason for the growth of these costs was the enormous increase in the prices of some input materials and energy. The increase in the cost of purchased services was mainly caused by an increase in the cost of rent, an increase in the cost of certifications and technical controls for production, an increase in educational activities. The costs of rent and services related to rent increased due to the expansion of company and warehouse premises. Publishing costs also increased, caused by the increase in printing costs. Personnel expenses increased due to an increase in the average wage, the number of employees is stable. The growth of the economic result from economic activity mainly caused the growth and development of the company's main production and services. The significant growth of added value points to the fact that the company permanently analyses its economic indicators and considers profit as one of the basic motives of its business activity. The increase in the cost of payable income tax is a consequence of the increase in the reported profit of the company.

**Jana Haršániová**  
Economic and payroll section

In 2023, new tasks, demanding accounting cases and reliably implemented processes were successfully handled in the Economic and Payroll Section.

I have a positive view of the process of ensuring substitutability and team cooperation.

I consider maintaining a stable team that worked on set goals at a quality level to be a success.

# Special relevance events

An important factor that occurred during 2023 with the potential to influence the outlook for the following period is the changed ownership structure of the company. The change of 100% owner of the company will have an impact on medium-term goals in the following period and will lead to integration tendencies between the company and its 100% owner. In 2024, the accounting period will be shortened until September 30, 2024 before the company transitions to a financial year always from October 1 to September 30 of the following year.

In accordance with the integration goals, the plan is to introduce new economic software used in the owner's company.

# Significant risks and uncertainties to which the accounting entity is exposed

The company systematically analyses risk factors in the area of market, technical factors, economic and financial factors, human resources, environmental factors and safety with the following findings.

The unavailability of the necessary candidates on the labour market for the field of development and other technical professions is a significant risk for the future. The company systematically improves the internal process of searching, hiring and adapting new employees.

The need for additional capacities, which will arise during the fulfillment of integration goals and will be beyond the company's standard business, development and production capacities, creates the risk of a short-term capacity shortage with a negative impact on the company's main process.

With the exception of generally known business risks, or force majeure events and with the exception of the events described above, the company has not identified any other specific significant risks and uncertainties for the following periods.

# Profit sharing proposal

The only partner at the general assembly of HMM, s.r.o. discusses the financial statements compiled as of 31. 12. 2023 at the regular general meeting and subsequently discuss the following proposal for the distribution of the profit achieved in the accounting period of 2023.

- Achieved profit: 4 085 487,29 €
- Distribution to the retained earnings account of previous periods: 0 €
- Distribution of profit share to the sole owner: 4 085 487,29 €
- Distribution to the social fund from the company's profit: 0 €



# Other essential information

The company is part of the Siemens group. The parent company of the company is Siemens Mobility Holding B.V. with registered office in 's-Gravenhage (Netherlands), 2595 BN 's-Gravenhage (Netherlands), Prinses Beatrixlaan 800. The company is exempt from the obligation to prepare consolidated financial statements and a consolidated annual report according to § 22 of Act no. 431/2002 Coll. on accounting as amended. The consolidated financial statements for the largest group of companies are compiled by the parent company of the entire group - Siemens AG, Werner-von-Siemens-Straße 1, 80333 Munich. This financial statement can be viewed at the registered office of the mentioned company.

There are no companies in which the company HMM, s.r.o. is a partner with unlimited liability.

The company HMM, s.r.o. does not have an established foreign branch.

Company HMM, s.r.o. had costs related to research and development in the amount of €1,235,096.88 in 2022, of which €499,984.84 was for projects under consideration. The subject of development was Control and protection technology for railway transport.

Company HMM, s.r.o. did not account for the acquisition of any own shares, temporary bonds or business shares and shares, temporary bonds or business shares of the controlling person.

Company HMM, s.r.o. its activity does not have a significant impact on the environment, it does not emit exhalates into the air or create water pollution or particularly hazardous waste, and it proceeds in accordance with the certification of the Environmental Management System according to the international standard ISO 14001.

## Attachments

**Financial statements of HMM, s.r.o. compiled from data as of 31.12.2023** is in full wording in accordance with § 23 of Act no. 431/2002 Collection of Acts on Accounting filed and published in the Register of Financial Statements.

**Report of the independent auditor to the shareholders and the statutory body of HMM, s.r.o. for the year 2023 from the audit of the financial statements** and to this annual report issued by the company RENAUDIT CONSULTING, s.r.o. Nitra on March 18, 2024.



HMH, s.r.o. Annual report for 2023