



# **ANNUAL REPORT**

## **2020**



# Annual Report of Železničná spoločnosť Slovensko, a.s. for 2020

Bratislava, 12 April 2021

For and on behalf of the Company: **Mgr. Filip Hlubocký**

Chairman of the Board of Directors  
of Železničná spoločnosť Slovensko, a.s.

**Ing. Karol Martinček**

Vice Chairman of the Board of Directors  
of Železničná spoločnosť Slovensko, a.s.





## Supplement to the Independent Auditor's Report

To the shareholders of Železničná spoločnosť Slovensko, a.s. Bratislava

### concerning part II – REPORT ON THE INFORMATION STATED IN THE ANNUAL REPORT

We have audited the Financial Statements of Železničná spoločnosť Slovensko, a.s., with the registered seat in Bratislava, company ID no.: 35 914 939 (hereinafter referred to also as the Company), as on 31 December 2020, stated as of page 41 in the Annual Report of the Company, to which we issued the Independent Auditor's Report on 5 March 2021 that can be found on pages 37 – 40 of the Annual Report of the Company. This Supplement was prepared in terms of Article 27 (6) of Act no. 423/2015 Coll. on the statutory audit and on amendments and supplements to Act no. 431/2002 Coll. on accounting as amended (hereinafter only the Statutory Audit Act).

Based on the findings as described in part II of the Independent Auditor's Report – Report on the information stated in the Annual Report, our opinion is that:

- the information presented in the Annual Report of Železničná spoločnosť Slovensko, a.s. for 2020 is consistent with the Financial Statements for the same year,
- the Annual Report contains the information in compliance with the Accounting Act.

Besides, based on our knowledge of the accounting entity and its situation obtained during the audit of the Financial Statements, we are obliged to state whether we discovered any material misstatements in the Annual Report. In this respect we can state that we did not find any material misstatements in the Annual Report.

Banská Bystrica, 12 April 2021

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SKAU Licence no. 6  
Companies' Register of the District Court of Banská Bystrica  
Section: Sro, Entry no.: 98/S, Company ID no.: 00614556

Ing. Miroslav Čiampor  
Key Audit Partner  
UDVA Licence no. 1068





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## FOREWORD OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

### Dear customers, business partners and colleagues,

You are opening the Annual Report of ZSSK for 2020. The main topic of the year was the Corona-virus pandemic, and public transport was one of the most affected areas. While in the previous years we had successfully increased the number of passengers as well as revenues, the strict measures of public health officers limiting mobility caused a year-to-year drop of revenues from passenger transport almost by half (48 %).

In two previous years (2018, 2019) we were able to achieve a positive business result and prove that also a state-owned company active in the area of transport services can run its business in a responsible manner.

Corona had a very negative impact on the economic results of the Company in 2020. It was not reflected only in the shortfall of revenues, but also in increased costs, in particular related to disinfection aboard trains. Nevertheless, our business result was again positive in the amount of EUR 10 million. It was reported thanks to an accounting dissolution of a reserve created for an event of losing a lawsuit in the Lancillon case. We have won. Great.

During the major drop of passengers in the spring, culminating at as much as 77 % in April, we made an agreement with our sole shareholder and contracting authority, the Ministry of Transport and Construction of the Slovak Republic, to temporarily limit the number of trains according to the so-called Saturday train timetable. The majority of the year, however, the volume of transport services was delivered in the original scope in order to provide the services for people commuting to work and in order not to increase the number of persons per train set, as we consider it to be the task of the national transport operator.

Responsible business means also making unpopular decisions. One of such decisions was cancellation of InterCity trains on the line of Košice – Bratislava/Vienna operated at our own commercial risk.

After the start of the pandemic, ZSSK was among the first companies to enable all the colleagues to work from home if the nature of their job allowed. And we made use of the ban to meet other people for a quicker introduction of on-line training. With almost six thousand employees it saves costs considerably, but we believe that a greater intensity of trainings will be positively reflected also in the communication skills, in particular face-to-face with customers, which is an area we do not take lightly within the Company.

I would like to emphasise that, despite all the pandemic-related problems, we were able to prevent mass dismissal of employees (in compliance with the government measure on preserving the employment) and the average wage even increased by almost EUR 50 (up to EUR 1,281.63) in line with the obligations from the collective negotiation.

The greatest positive moment of the year was delivery of the new electric and diesel units to be allocated in regional transport services, in particular in the Regions of Žilina and Zvolen, which will significantly increase comfort of the passengers. It is the rate of rolling stock renewal in the last years that has been changing the perception of travelling by train. It is gratifying that the rate of acquisition will continue to increase.

When the pandemic finally ends, the whole railway sector will stand in front of the major challenge to shorten the journey times achieved by higher speeds on the lines. However, this is a task for our partners – the infrastructure manager (ŽSR) and, in particular, the State which has to find the necessary resources.

The operating pandemic-related problems overshadowed all problems and challenges we faced in the last years. As a national transport operator, we feel obliged to achieve the highest possible standards of disinfection for customers as well as protection of thousands of our employees. I am proud of the colleagues who faced the pandemic directly aboard the trains, at ticket-selling points, or repair workshops. I would like to thank all who come to work despite worries of spreading the disease among their relatives. Only a few realise the personal engagement it requires on their part and on the part of their families. They deserve our biggest gratitude for that.

**Filip Hlubocký**

Chairman of the Board of Directors and Director General of ZSSK

## COMPANY PROFILE

**Železničná spoločnosť Slovensko, a.s. (ZSSK)**  
**Rožňavská 1**  
**832 72 BRATISLAVA**

**Company ID no.:** 35 914 939  
**Tax registration no.:** 20 219 200 76

**Established on:** 13 December 2004

**Share capital:** EUR 212.441 million

**ZSSK** is a joint-stock company with the seat in the Slovak Republic, founded on 13 December 2004 and entered into the Companies' Register of the District Court of Bratislava I as of 1 January 2005. Its founder and a sole owner (the only shareholder) is the State. The rights of the State as the shareholder are executed by the Ministry of Transport and Construction of the Slovak Republic (MTC) with the seat at Námestie slobody 6, 811 06 Bratislava. ZSSK does not figure as an associate partner with unlimited liability in any other company.

In terms of § 21 (4) of the Act on State Statistics as amended, in April 2016 ZSSK was included into the statistical register of organisations in the S13 sector – Public Administration.

The internal organisation of ZSSK is governed by the Establishment Deed, the Statutes of the Joint-Stock Company and the Organisation Order of ZSSK.

The Statutes of the Company stipulate the subject of business activities of ZSSK. The core activity of the Company is to transport passengers on nationwide lines, regional lines and other related activities. The services in passenger transport are delivered in accordance with the state transport policy of the Slovak Republic and are based on the Contract on Transport Services in Public Interest concluded pursuant to Act of the Slovak National Council no. 514/2009 Coll. on transport by rail as amended, between ZSSK as the transport operator and the State (represented by MTC SR) as the contracting authority.

The bodies of ZSSK:

*The General Assembly* is the supreme body of ZSSK.

*The Board of Directors* is the statutory body of ZSSK. It is authorised to act for and on behalf of ZSSK in all matters and represents ZSSK in front of third parties, at courts and other bodies. The Board of Directors manages the company activities and decides upon all company matters, unless assigned to other company bodies by legal regulations or company statutes.

*The Supervisory Board* is the supreme control body of ZSSK. It supervises the activities of the Board of Directors and business activities of ZSSK.

*The Director General* is an executive body of ZSSK.

## BOARD OF DIRECTORS OF ZSSK

**Mgr. Filip HLUBOCKÝ**

**Chairman of the Board of Directors**

Director General of ZSSK  
Since 18 June 2016

**Ing. Karol MARTINČEK**

**Vice Chairman of the Board of Directors**

Business Division Director of ZSSK  
Since 26 March 2019  
Member from 18 June 2016 to 25 March 2019

**Ing. Radoslav ŠTEFÁNEK**

**Member of the Board of Directors**

Service Division Director  
Since 27 March 2019

## SUPERVISORY BOARD

**Ing. Peter BARTALOS**

**Chairman of the Supervisory Board**

Since 20 September 2017

**Ing. Tomáš VAŠUTA**

**Vice-Chairman**

As of 25 May 2020

**Peter CIBULA, Mgmt.**

**Member of the Supervisory Board**

As of 18 June 2016

**Ing. Ivan ČERNEGA**

**Member of the Supervisory Board**

As of 23 June 2017

**Peter DUBOVSKÝ**

**Member of the Supervisory Board**

From 23 January 2015 to 23 January 2020

Re-elected as of 24 January 2020

**Jozef HLAVATÝ**

**Member of the Supervisory Board**

From 20 January 2010 to 23 January 2020

**Ján VIGLAŠ**

**Member of the Supervisory Board**

As of 24 January 2020

Based on Act no. 423/2015 Coll. on statutory audit and on amendments and supplements to Act no. 431/2002 Coll. on accounting as amended, ZSSK is an entity subject to oversight and is obliged to establish an audit committee since 17 June 2016. In compliance with Article 34 (5) d) of the above Act, the Supervisory Board of ZSSK acts as the audit committee.

## SCOPE OF BUSINESS

ZSSK performs transport and commercial activities by rail. ZSSK's scope of business is as follows:

1. operation of transport on the railway network – nationwide and regional railways,
2. operation of transport on the infrastructure – nationwide and regional infrastructure,
3. advertising and promotional activities,
4. administrative and photographic activities,
5. organisation of education in the field of railway transport,
6. manufacturing of spare parts for machines and mechanisms,
7. purchase of goods for purposes of their sale to other sole traders (wholesale trade),
8. purchase of goods for purposes of their sale to the final consumer (retail trade),
9. intermediary activity within the scope of free trade,
10. lease of real estates including provision of supplementary services,
11. lease of real estates including provision of supplementary services – procurement activities,
12. national irregular bus transport,
13. national freight road transport,
14. exchange activities,
15. software provision – sale of ready-made programmes under the contract with the author,
16. automated data processing,
17. advisory and consultancy services in the field of hardware and software,
18. accounting consultants' services,
19. bookkeeping,
20. forwarding,
21. repairs of machines,
22. repairs of road motor vehicles,
23. provision of mailing services,
24. lease of transport vehicles and mechanisms,
25. lease of consumer and industrial goods,
26. publishing activity within the scope of free trade,
27. storage of goods, except for administration of a public bonded warehouse,
28. activity of the chief clearance agent,
29. metal working,
30. geodetic and cartographic work,
31. running of technical libraries,
32. carrying out of assemblies, inspections, maintenance, servicing, revisions and testing of specified technical pressure devices,
33. carrying out of inspections, maintenance, repairs, reconstruction, servicing and testing of specified electric devices,
34. welding of rolling stock,
35. heat production,
36. heat production, heat distribution,
37. operation of transport on a special line – Detská železnica (Children's Railway) in Košice,
38. carrying out of servicing of selected technical gas equipment,
39. luggage storage,
40. procurement activity in the field of civil engineering,
41. accommodation services without board or catering,
42. repairs, maintenance, revision and testing of specific technical lifting and transportation devices,
43. non-destructive testing of rolling stock,
44. carrying out of inspections and non-destructive testing of lifting steel structures,

45. carrying out of specific activities: assembly, repairs, maintenance, reconstruction, revision, tests of specified electric technical devices on railway infrastructure,
46. carrying out assembly, repairs, revision and testing of specific technical gas devices,
47. carrying out assembly, repairs, revision and testing of specific technical pressure devices,
48. carrying out technical inspection of rolling stock before their commissioning and during their operation, and testing of technical capability of rolling stock for operation,
49. carrying out training and testing of professional capability to work with specified technical lifting and transportation devices - operation of lifting devices and operation of transportation devices,
50. carrying out of training and testing of professional capability to work with specified technical devices - operation of pressure devices,
51. carrying out training and testing of professional capability to work with specified technical electric devices,
52. carrying out of training and testing of professional capability to work with specified technical devices - operation of gas devices,
53. non-destructive testing of steel bridge and bridge-like infrastructure structures,
54. research and development in the field of natural, technical, social and humanistic sciences,
55. carrying out of assembly, inspections, maintenance, repairs and reconstruction of rolling stock.

The company may run the business activities in the scope stated above pursuant to the following:

- Licence no. 0950/2007/L to carry out transport services by rail, based on Decision of the Railway Regulatory Authority no. 5711/2006-ÚRŽD/Sk of 26 January 2007 for an unlimited period of time
- Licence no. 01/2007/ŠD/L to carry out transport on a special line – Detská železnica (Children's Railway) in Košice, issued on 29 May 2007 for an unlimited period of time
- Licence Deed no. OŽP-A/2005/48837-2/CR1 of 12 December 2005, for an unlimited period of time
- Licence Deed no. Žo-2005/12193/2/Z25 of 16 March 2005
- Trade Licence no. OŽP-A/2008/23329-2 of 23 May 2008
- Trade Licence no. Žo-2005/12195/2/Z25 of 16 March 2005
- Decision of the Railway Regulatory Authority no. 2005T 0017 of 31 May 2005 for heat generation, valid for an unlimited period of time.

Special authorisations:

- Authorisation of the Transport Authority no. K - 18/2016 to carry out assembly, maintenance, revision and testing of specific technical pressure devices
- Authorisation of the Transport Authority no. P - 11/2015 to carry out assembly, repairs, revision and testing of specific technical gas devices
- Authorisation of the Transport Authority no. E - 63/2015 to carry out specific activities: assembly, repairs, maintenance, reconstruction, revision, tests of specified electric technical devices on railway infrastructure
- Authorisation of the Transport Authority no. Zv - 12/2016 for welding of rolling stock
- Authorisation of the Transport Authority no. Z 28/2015 to carry out inspection and non-destructive testing of lifting steel structures
- Authorisation of the Transport Authority no. Z - 32/2016 to carry out repairs, maintenance, revision and testing of specific technical lifting and transportation devices
- Authorisation of the Transport Authority no. D - 10/2014 for non-destructive testing of rolling stock
- Authorisation of the Transport Authority no. D - 07/2017 for non-destructive testing of rolling stock
- Authorisation of the Transport Authority no. P-Z/17-2016-18 to carry out training and testing

of professional capability to work with specified technical lifting and transportation devices - operation of lifting devices and operation of transportation devices

- Authorisation of the Transport Authority no. P-Z/06-2016-18 to carry out training and testing of professional capability to work with specified technical devices - operation of pressure devices
- Authorisation of the Transport Authority no. P-Z/05-2016-18 to carry out training and testing of professional capability to work with specified technical devices - operation of gas devices
- Authorisation of the Transport Authority no. P-E/20-2016-18 to carry out training and testing of professional capability to work with specified technical electric devices
- Authorisation of the MTC SR no. 28058/2016/C350-SŽDD/z.75851 to carry out technical inspection of rolling stock before their commissioning and during their operation, and testing of technical capability of rolling stock for operation
- Authorisation of the Transport Authority no. D - 08/2017 for non-destructive testing of steel bridge and bridge-like infrastructure structures
- Authorisation of the Transport Authority no. K - 13/2019 to carry out assembly, maintenance, revision and testing of specific technical lifting and transportation devices
- Authorisation of the Transport Authority no. K - 21/2019 to carry out assembly, revision and testing of specific pressure devices
- Authorisation of the Transport Authority no. Zv - 09/2019 for welding of rolling stock, welding of steel bridge and bridge-like infrastructure structures
- Authorisation of the Transport Authority no. 18528/2019/OUTZ-006/Dz to carry out training and testing of professional capability to work with specified technical electric devices pursuant to Article 18 ( 2) of Act on railway transport
- Authorisation of the Transport Authority no. 21641/2019/OUTZ—0005/Čm to carry out training and testing of professional capability to work with specified technical pressure devices
- Authorisation of the Transport Authority no. 22883/2019/OUTZ-0005/Mch to carry out training and testing of professional capability to work with specified technical gas devices
- Authorisation of the Transport Authority no. 18323/2019/OUTZ-0007/Pš to carry out training and testing of professional capability to work with specified technical lifting and transportation devices in the scope of: operation of lifting devices and operation of transportation devices.

## IMPACT OF COVID-19 PANDEMIC

The year of 2020 has entered into the history of the whole humanity as the year when COVID-19 pandemic, an infectious disease, spread throughout the continents. The core business of our Company in 2020 developed in a diametrically different way than the previous years due to the unpredictable scope, nature, measures and limitations of (the first and the second wave of) the pandemic.

Given the assumed changes in travelling habits, changes in the offered railway transport services due to the pandemic, in the second quarter of 2020 ZSSK reduced the plans for 2020 based on the hypotheses stemming from the adopted measures and their subsequent impacts. Unfortunately, the hypotheses did not prove true and **the second wave of the pandemic** hit us with **an increasing intensity** and a subsequent expanding effects.

**Limitations and cancellation of transport services**, whether **commercial** or **international trains**, purposeful reduction in **mobility** of people with the aim of mitigating the pandemic, had substantial impact on **development of revenues** in **2020**.

The purchase behaviour of the customers underwent significant changes and they chose transportation by train only in the most urgent cases. **In 2020 ZSSK** transported less **passengers** by 40 % compared to 2019. Passengers who chose trains of ZSSK for their necessary transportation usually travelled for shorter distances. In some months, the average transportation distances dropped by as much as **16 km** on average in **national railway services**.

The greatest year-to-year decrease in revenues of -82 % was recorded in April, when international transport services were cancelled in the course of the whole months, and commercial trains as well as other national trains were operated by Saturday train timetable.

### Factors impacting development of revenues from passenger transport

From:	LIMITATIONS IN TRANSPORT due to COVID-19 - selected
6/3/2020	The first recorded case in Slovakia
12/3/2020	Extraordinary situation
13/3/2020	Cancellation of international train services from/to Slovakia
14/3/2020	National trains run pursuant to Saturday train timetable
15/3/2020	Restaurant cars are not coupled into train sets
17/3/2020	Cancellation of the car-wagons from Košice to Bratislava and from Humenné to Bratislava, limited berth and couchette coaches
18/3/2020	Cancellation of IC trains
20/3/2020	Limitations on-board of trains of national long-distance services (sale of all types of reservations is cancelled – seat reservations, bicycles, luggage), no newspaper distribution in 1 <sup>st</sup> class coaches, ...
1/4/2020	Postponed free-of-charge transport services for pupils/students and children up to 16 years of age
1/9/2020 HU	Prohibited entry to Hungary for foreigners except for persons with permanent residency in Hungary and exceptions stated in the regulation. The regulation valid until 1/10/2020.
1-2/9/2020	EN 477 without couchette and berth coaches, coaches with seats coupled without limitations
1-2/9/2020	EN 476 without couchette and berth coaches, coaches with seats coupled without limitations
18/9/2020 CZK	Czech Republic classified into a more risky group of EU countries, significant limitations of free movement of persons across Czech and Slovak border
22/9/2020 CZK	Border-crossing station of Horní Lideč: trains Ex128, Ex124, Ex120 do not run in the track section of Púchov – Horní Lideč. Trains Ex220, 126 and 122 run without limitations. Trains Ex121, Ex125, Ex129 do not run in the track section of Horní Lideč – Púchov. Trains Ex123, 127 and 221, 122 run without limitations.

22/9/2020 CZK	Border-crossing station of Kúty: railjet 285 will not run in the track section of Břeclav – Bratislava, main station
23/9/2020 CZK	Border-crossing station of Kúty: railjet 284 will not run in the track section of Bratislava, main station - Břeclav
25/9/2020 CZK	Border-crossing station of Čadca: additional train SC243 Pendolino Košičan will not run in the track section of Prague – Košice; used to run on Fridays
26/9/2020 CZK	Border-crossing station of Čadca: additional train SC242 Pendolino Košičan will not run in the track section of Košice - Prague; used to run on Saturdays
<b>1/10/2020</b>	<b>Emergency Event</b>
13-14/10/2020 ZSSK	Car-wagon no. 23 is not coupled to train R 614 from Košice to Bratislava, main station
14-15/10/2020 ZSSK	Car-wagon no. 23 is not coupled to train R 615 from Bratislava, main station to Košice
15/10/2020 ZSSK	Measures adopted for restaurant cars
23/10/2020	Beginning of the population-wide testing
<b>24/10/2020 SR</b>	<b>Lockdown</b>
31-1/10/2020	1 <sup>st</sup> ROUND OF POPULATION-WIDE TESTING FOR COVID-19
3/11/2020 ZSSK	Cancelled IC trains 44 and 45 Košice – Vienna and 523 and 524 Košice - Bratislava
4/11/2020 ZSSK, ČD	Trains Ex 141 Žilina – Prague, main station and Ex 142 Prague, main station – Žilina will run only on the national track section of Žilina – Čadca and back (trains on the shortened route will be without the seat reservation possibility)
4-5/11/2020	Reduced capacity of R614/R615 by 1x WL and BC coaches (cancellation of one berth and one couchette)
6/11/2020 ZSSK	All customer centres closed
7-8/11/2020	2 <sup>nd</sup> ROUND OF POPULATION-WIDE TESTING FOR COVID-19
15/11/2020 ZSSK	(ŽSR) postponed sale of ZSSK tickets until further notice
<b>19/12/2020 SR</b>	<b>Lockdown</b>
<b>From</b>	<b>RELEASE OF MEASURES after the first wave of the pandemic - selected</b>
10/5/2020	ZSSK extends the offer of national train services
1/6/2020	Re-launch of the standard timetable of regional trains
11/6/2020	Termination of the emergency event
14/6/2020	Gradual coupling of restaurant cars in national services
	2 <sup>nd</sup> change of train timetable
	Obligatory seat reservation for the 1 <sup>st</sup> class coaches
15/6/2020, OBB	Re-opening of international transport with Austria in full scope, travelling by train to the whole Europe from there
	Re-launch of one pair of IC trains (IC44/ 45) – services in the original scope + e-news including premium content

Gradual release of restrictions as of 10 May 2020 was disrupted by the second pandemic wave that again brought along measures and limitations for railway passenger transport.

Right from the break of the pandemic, to the maximum extent possible and by all possible means ZSSK ensured that trains met the highest hygienic and safety standards. Individual measures adopted in coordination with the state authorities and in line with guidelines of the Chief Public Health Officer guaranteed that travelling by train continued to be safe even in these demanding times.

Measures adopted by ZSSK in respect of the customers:

- Increased frequency of disinfection of all rolling stock above the framework of usual cleaning (besides toilettes, also disinfection of handles, buttons, holders, waste bins)
- Complete disinfection of rolling stock interiors with ozone, rolling stock disinfection with chlorine
- Increased frequency of coach disinfection (once up to three times per 24 hours)
- Campaign: IDEME VLAKOM ZODPOVEDNE (RESPONSIBLY ON THE TRAIN) - #slusnevlakom (COVID-19)
- Promotion of safe travelling, information on the adopted measures and interventions (air, surfaces, staff)

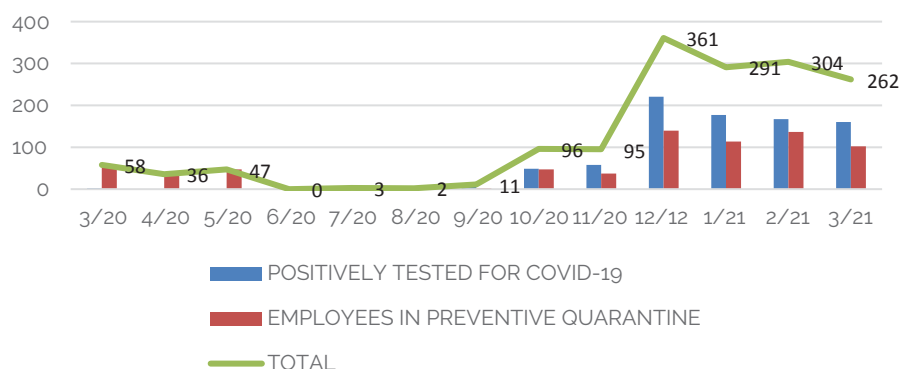
Measures adopted by ZSSK in respect of the internal environment:

- Measures introduced to increase the disinfection level at workplaces
- Issuance of complete packs with protective tools (antibacterial gel, protective mask, single-use gloves) to the first-contact employees, i.e. train crew and ticket-selling employees
- Equipping of all employees with masks, later with respirators, and hygienic antibacterial tools
- The possibility to work from home (home office) for the employees whose work nature allowed it
- New software Office 365 for the first time not only for those with service computers but every one of 5,915 employees of the Company
- Cancellation of all business trips abroad and limited national trips; meetings and conferences through tele-bridges
- Cancellation of all trainings except for ones on occupational health and safety and personal protection tools, trainings in the form of video-conferences.

The reaction to the corona crisis by ZSSK management was based on activating the Emergency Committee of ZSSK in March 2020, whose activities focused on:

1. Monitoring of **the updated legislation issued by the Slovak state authorities concerning the Corona crisis**, analysing of its impacts on the Company, its adaptation to the conditions of ZSSK and its implementation, inspection of compliance, solving of anomalies and extraordinary situations, cooperation and coordination of procedures with bodies supervising the activities of ZSSK, in particular MTC, MFA, ME, MF and MI of the Slovak Republic. Implementation of safety measures concerning passengers in trains (intensive explanatory and notification campaign at station premises and on-board of trains), extended sale of personal protective equipment.
2. Monitoring of **impacts on the personnel of ZSSK and the personnel of subcontractors**, identifying of **employees of the so-called first contact working directly with the public, or whose presence at work is necessary in order to maintain continuity of the Company activities**, and re-assessment of their safety as regards OHS, defining of the minimal hygienic standards, their implementation and inspection. Identification of **the employees of ZSSK with the work nature allowing them to work from home**, implementation of technical, technological, safety and control measures to enable work from home. **Introduction of measures concerning obstacles on the employer's side, obstacles on the employee's side, pandemic allowance in case of caring for a child, pandemic sick allowance, temporary kurzarbeit.**

### SUMMARY OF ABSENCE DUE TO COVID-19 + COMPARISON



3. Monitoring of the **impacts of limitations or changes in the scope of provided passenger railway transport services initiated by the contracting authority - MTC, or by the**

**cooperating foreign railway undertakings** in the Czech Republic, Austria, Hungary, Poland, and Ukraine, in the form of adjustments of the labour organisation for train crews, operation and maintenance, location and safety of train crews temporarily excluded from traffic. Monitoring of the **impacts of limited mobility of the inhabitants** (overall movement limitations, or a shift to individual car transport) and the related reduced number of paying passengers or passengers using the free-of-charge train services in passenger railway transport in public interest, and impacts on the commercial activities of ZSSK, **limitation of commercial trains in relation to the efficiency of the spent financial means, limitation of services related to the measures of the Chief Public Health Officer.**

4. Monitoring of the impacts of **measures concerning the hygiene of operation** (increased cleaning and disinfection), introduction of strict hygienic measures in administrative premises of ZSSK, ZSSK depots, introduction of new standards for hygienic maintenance of locomotives and coaches, amendments to the existing contracts on cleaning and washing, extension of technical facilities for disinfection, extension of work tasks for selected employees of ZSSK.
5. Monitoring of the **media, claims and complaints of employees as well as passengers**, preventive communication with the public due to introduction of new measures, increasing the trust in public railway transport organised by ZSSK, communication of problematic topics concerning compliance with the measures, competencies of ZSSK as regards limited passenger railway transport services, modified train timetables and individual train services. **Campaign in the media on the safety of railway passenger transport.** Extended communication channels for foreign passengers and to support minorities. Cooperation and mutual provision of information with the unions at ZSSK, and coordination with employers' associations to which ZSSK is a member.

**The aim of these activities was to maintain continuity of public services delivered by ZSSK and efficiency of increased financial means spent on implementation and maintenance of anti-Covid measures.** In particular through protection of health of ZSSK employees, employees of external contractors, and passengers; establishing hygienically safe environment; management of replacements for sick employees and free human resources, elimination of clients' complaints through preventive communication and reactions to the occurred circumstances in order to preserve the good reputation of the Company and trustworthiness of public railway transport, compliance with all legislative measures, helping passengers to transport clients affected by COVID-19 under special measures, extended possibilities of non-physical/remote communication among employees, cooperation of organisations and clients, enhanced cooperation and coordination with the state authorities and cooperating foreign railway undertakings, employee unions and professional associations, etc.

The work of the Emergency Committee of ZSSK has continued since March 2020 and reacted to all new and related circumstances brought along by COVID-19 crisis into the entrepreneur environment and affecting the tasks of ZSSK as an employer and a provider of services in public interest. A significant part of the activities focused on maintaining a good relationship with the clients of ZSSK.

#### **Financial impact of COVID-19 pandemic on the business result of ZSSK**

The costs of **EUR 2,195 thousand** were spent on anti-Covid measures as on 31 December 2020. The most significant items of the amount were the costs on disinfection of rolling stock interiors (47 %), cleaning and disinfection of ZSSK workplaces (24 %) and disinfection, masks, and overalls (18 %).

At the same time, in 2020 ZSSK saw shortfall in revenues from passenger transport and other income from international transport in the amount of **EUR 48,128 thousand**.

In line with Supplement no. 17 to the Contract on Transport Services in Public Interest, and based on Budgetary Measure of the Slovak Ministry of Finance no. 57/2020, ZSSK was granted financial means in the amount of **EUR 49,699 thousand** in the form of an increased advance payment from the State Budget, that were specifically determined to cover the expenses directly implied by the pandemic caused by COVID-19 in order to compensate the negative impact on the costs due to COVID-19 pandemic.

At the same time, protective means of EUR 45 thousand were provided to ZSSK from the State Material Reserves within measures focusing on prevention of coronavirus spreading.

The amounts granted to ZSSK within anti-Covid measures are subject to final settlement of the Contract on Transport Services in Public Interest for 2020.

## PASSENGER TRANSPORT

In 2020, passenger transport services transported a total of **46,657 thousand passengers**, which was LESS by 30,700 thousand passengers compared to the last year, i.e. a year-to-year decrease by 39.69 %, of which:

- national transport services saw a year-to-year decrease by 27,432 thousand passengers (-37.84 %), of which commercial trains saw a decrease in transported passengers by 587 thousand (-71.76 %),
- international transport saw a year-to-year decrease by 3,338 thousand passengers (-25.27 %).

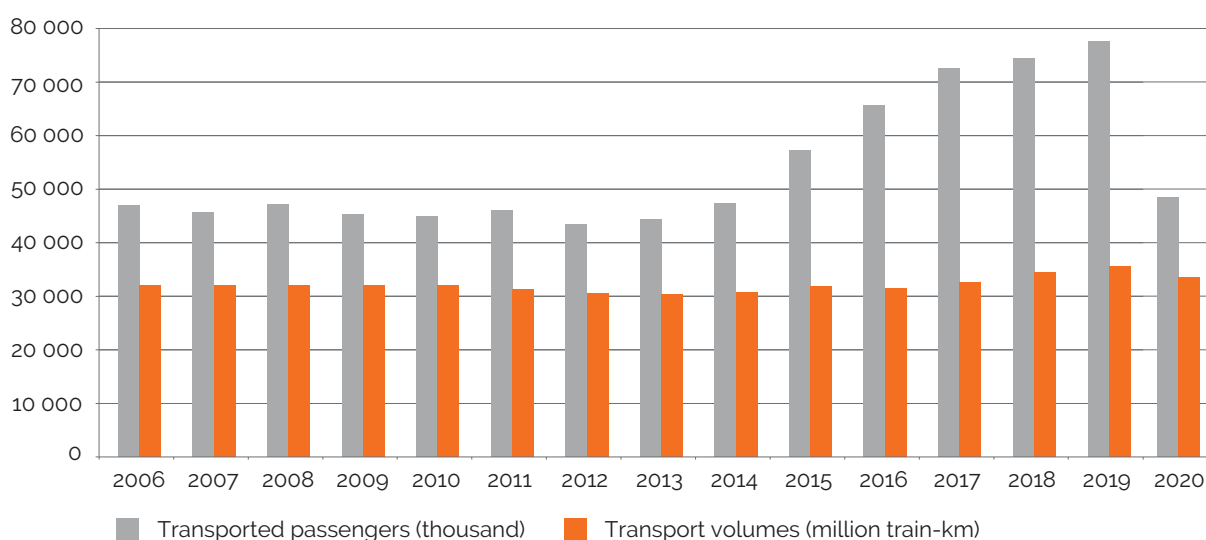
The purchase behaviour of the customers underwent significant changes and they chose transportation by train only in the most urgent cases. The year-to-year decrease in the number of transported passengers was reflected also in a decrease of the transport performance in passenger-km, which amounted to **2,117,957 thousand passenger-km** in 2020. Compared to 2019, the transport performance decreased by 1,885,774 thousand passenger-km (-47.10 %).

The transport performance in train-km, including replacement bus services, amounted to a total of **32,455 thousand train-km** in 2020. Compared to the last year the transport performance decreased by 2,048 thousand train-km (-5.94 %).

### Development of volumes in passenger transport:

Total passenger transport	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020/ 2019
Transport volume (million passenger-km)	2,194.20	2,147.96	2,278.66	2,249.07	2,291.27	2,431.72	2,413.49	2,421.95	2,503.13	3,081.25	3,193.72	3,759.92	3,815.15	4,003.73	2,117.96	-0.471
Passengers (million)	47,021	45,598	47,184	45,342	45,004	45,959	43,445	44,287	47,286	57,275	65,606	72,473	73,808	77,357	46,657	-0.397
Transport volume (million train-km)*	32,068	32,060	32,002	31,980	32,048	31,331	30,559	30,438	30,791	31,856	31,477	32,641	33,649	34,503	32,455	-0.059

\* / train-km including replacement bus transport



## QUALITY MANAGEMENT SYSTEM, CERTIFICATES

### Integrated Management System

The introduced integrated management system (hereinafter referred to only as IMS) includes several coordinated activities, which direct and manage enhancement of the quality of the services delivered by the Company.

The certified systems focus on the quality management concerning operation of long-distance trains of national significance, employee training, ticket sale, and occupational health and safety, and guarantee that the activities are carried out in compliance with the requirements of the respective standards.

In 2020 the integrated management system included the following certified products:

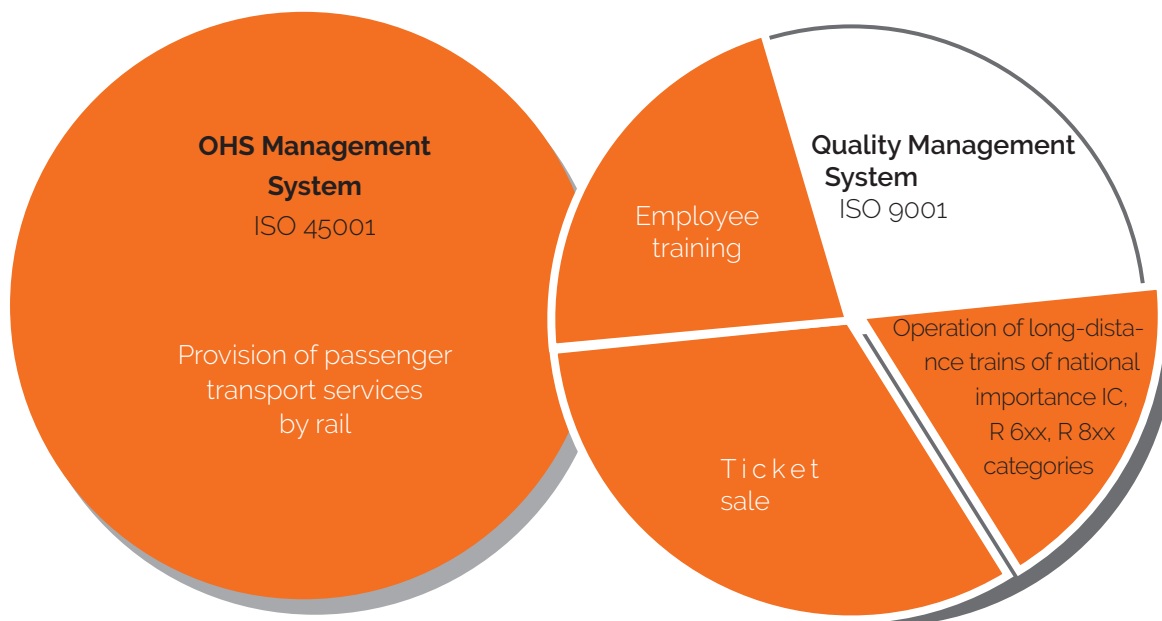
#### Quality SM, pursuant to ISO 9001

- operation of long-distance national trains of IC category, fast trains of R 6xx, R 8xx categories on all lines,
- travel documents sale service,
- training of employees.

#### OHS SM, pursuant to ISO 45001

- operation of rail passenger transport services.

### Integrated Management System Scheme



● certified products

## STRATEGIC OBJECTIVES

### Who we are

We are an efficient and modern national transport operator offering the most efficient and modern transport solution – the train. We are the major passenger transport operator, having served the customer for almost two centuries. Our long tradition does not prevent us from seeking innovative solutions to the requirements of our customers. We deliver the broadest range of services on-board trains as well as outside trains. When fulfilling the requirements of our customers, we make use of modern technologies, and mostly the potential, professional knowledge and capabilities of our employees. Last, but not least, we pay attention to the environment protection by implementing and observing the constantly stricter environmental regulations and requirements.

### Our goal

Our goal is to provide high-quality, reliable and safe service, and we wish to be the railway transport operator of the first choice for the customers as well as for the public service contracting authorities. Our goal is also to provide the highest-quality services in commercial trains. On these grounds, we have taken the role of an innovative mobility and customer-oriented leader in the liberalised market. Our goal is to become a significant and attractive employer, developing the potential of its employees through a training system that reflects the needs on the labour market and is able to adapt flexibly. At the same time, our goal is to be a profitable company, managed by international principles, successful in a competitive environment. Last but not least, we wish to play an important role in speeding-up reduction of transport emissions, and in the future, we plan to start using also the energy from renewable resources.

### How to achieve our goal

- We concentrate on the customer and try to make the use of our services easier and more pleasant. We provide transport also to older persons and passengers with reduced mobility and orientation. We guarantee a high rate of transport safety and reliability.
- We invest into renewal of the rolling stock fleet and introduce modern and new rolling stock into operation. We increase the rate of use of our rolling stock.
- We introduce modern technologies of handling the passengers, sale of tickets, and communication with passengers.
- We develop the key competencies of our employees through targeted trainings and education, increasing, at the same time, the motivation and labour productivity of our employees.
- We enhance the reliability of train operation and the quality of delivered services by establishing a network of workplaces for repairs and technical and hygienic maintenance.
- We introduce modern and innovative elements into the Company; we actively participate in research and development in the field of predictive maintenance.
- We provide services and products on the principle of balanced economic sustainability. We introduce a platform for new business models in an equal partnership with entrepreneurs, sharing the risks as well as outcomes.
- We continuously increase the efficiency of the Company business by a thorough application of the principles of the value for money.
- We prefer solutions that minimise the risk of burdening the environment.

### We care about our passengers

The project of Modernisation of the rolling stock fleet of ZSSK under OPPII – 1<sup>st</sup> part continued in 2020, focusing on delivery of 21 diesel multiple units (DMU) for the Self-Governing Region of Banská Bystrica. DMU deliveries took place in the course of the year, and 17 DMUs out of

21 pieces were delivered in 2020, while the last DMU delivery no. 21 is expected in March 2021. The project implementation was affected by the measures to prevent spreading of COVID-19 pandemic.

Crucial milestones of the project on Modernisation of the rolling stock fleet of ZSSK under OPII, 2<sup>nd</sup> part were carried out in 2020, focusing on delivery of 25 EMUs to be allocated, in particular, in the Region of Žilina, where the project is to be completed in June 2022. Deliveries of EMUs took place in the course of 2020, with 10 EMUs delivered and commissioned into operation.

In connection to the above project, ZSSK has been carrying out the project on Delivery and installation of ETCS into 25 electric multiple units under OPII in order to enhance safety and speed of trains on the lines equipped with ETCS. In 2020 a public tender took place to select the contractor for ETCS, and the project implementation is assumed for 2021 – 2023.

In 2020 ZSSK started implementation of a project focusing on delivery of rolling stock for cog railway of the Tatra Electric Railway, where 5 cog units, 1 cog motive power unit and spare parts are to be delivered. Cog electric units are co-financed from the Cohesion Fund of the EU under the EU project on Rolling stock renewal for the cog railway in the High Tatras. In 2020 production and construction of gross bodies and bogies of cog electric units took place and the project will continue also in 2021. The project implementation in the course of 2020 was affected by the measures to prevent spreading of COVID-19 pandemic and reconstruction of cog railway by the infrastructure manager, ŽSR.

In the course of 2020 public tenders concerning modernisation or delivery of new coaches (35 modernised coaches, 17 newly constructed coaches) also took place concerning the Regions of Prešov, Košice, Žilina and Banská Bystrica. Implementation of these projects will start in 2021 with anticipated completion planned for September 2023. The projects will be co-financed from the European Regional Development Fund.

Renewal and modernisation of the rolling stock fleet of ZSSK is carried out from the EU funds as well as from the resources of ZSSK. Coaches are also modernised every year in order to prolong their lifespan and increase the standard of travelling, reliability and safety (modernisation of the central energy source, renewal of the interior, modernisation of vacuum toilets, etc.).

Preparation of 3 new projects started in 2020, focusing on procurement of rolling stock for regional transport in the Regions of Bratislava, Nitra, Trnava, Trenčín, Žilina, Prešov, Košice and Banská Bystrica with the planned delivery by 11/2023 (4 EDUs, 15 DMUs, 30 modernised coaches).

Preparation for implementation of three projects of establishing centres for technical and hygienic maintenance of rolling stock in Nové Zámky, Zvolen and Humenné continued also in 2020. In 2020 ZSSK founded a daughter company as a separate entity charged with construction of hygienic and maintenance centres in terms of the EC decision. Construction is assumed to begin in 2021 and last for a period of two years.

In 2020 ZSSK started implementation of the project on OJP4Danube (Interreg) focusing on integration of coordination mechanisms and better alignment of transport operators and providers of transport information from various levels in order to develop multimodal cross-border information network.

Within OPII, in 2020 ZSSK started to prepare projects with assumed implementation in 2021 – 2023, concerning the projects on Modernisation of motive power units of 425 series (15 electric units for the Tatra Electric Railway), Enhancing of safety of railway transport by delivery and installation of radio stations and BlackBoxes into the rolling stock (the project assumes delivery of

54 radio stations and 88 Blackboxes for rolling stock) and the project on Delivery and installation of ETCS into motive power units of 361 series, 2<sup>nd</sup> phase (the project assumes delivery of ETCS for 12 motive power units of 361 series as continuation of the project implemented under CEF on delivery and installation of ETCS into 9 motive power units of 361 series). In respect of the current COVID-19 pandemic ZSSK prepares a project on Safe mobility during pandemic caused by COVID-19: safe operation and use of public railway transport (GERMTRAIN).

ZSSK continued an active cooperation with research institutions, universities and secondary vocational schools. In cooperation with Secondary Vocational School of Transport in Martin-Priekopa, ZSSK continued establishing a company centre to support professionalism of the existing employees and to train potential new labour force. Establishment of an own training centre provides room for obtaining of certificates and authorisations for training of employees by own lecturers, using own didactic tools. This change will bring along savings of resources spent on trainings outsourced to external contractors and, at the same time, will allow for a more flexible approach to organising and targeting the training activities. In 2020 cooperation with schools in the Region of Bratislava was extended, specifically cooperation with the Secondary Transport Vocational School and Secondary Electro-Technical Vocational School.

In 2020 ZSSK continued to innovate and enhance its new internet page [www.zssk.sk](http://www.zssk.sk) and its mobile application "Ideme Vlakom" (Travelling by Train) to bring to the customers many new updates, simpler orientation, standardised and more comfortable search. Integration of the web page with other systems will continue in the further phases of its development, and addition of new functions is continuously planned in order to enhance the quality of the customer experience in the on-line ambient of ZSSK.

In 2020 a new PSC for the period of 2021 – 2030 was concluded together with a partial contract for 2021. At the same time ZSSK took over provision of services on the line of Bratislava - Dunajská Streda – Komárno for a period of two years.

In 2020 ZSSK introduced obligatory seat reservation for the 1<sup>st</sup> class, the 2<sup>nd</sup> class of night trains on selected track sections, long-distance trains (except for slow passenger trains, fast regional trains and REX trains) as well as transport of bicycles.

After re-introduction of commercial IC trains in 2017, the number of customers increased in 2018 by 12.2 %. The growth continued also in 2019, where the number of customers using the services of IC trains increased by almost 16 % compared to 2017. This trend in 2020 was rather affected by the situation caused by COVID-19 and the related measures imposed by the State, which had significant negative impacts on the number of passengers and revenues from transport.

While fulfilling its objective of enhancing the relationship with the public, in February 2020 ZSSK started to implement the project "Daj šancu" (Give a chance), introducing a new profession – the so-called assistant to the train driver on two selected lines in Slovakia with prevalence of the Roma ethnicity (Poprad – Kežmarok and Čierna nad Tisou – Michalany). Since 12/2020 ZSSK has employed 10 new employees – train crew assistants within this project who were selected from among the disadvantaged job candidates (2 candidates for the line of Poprad – Kežmarok, and 8 candidates for the line of Čierna nad Tisou – Michalany). The project implementation was significantly affected in 2020 also due to the COVID-19 related situation – the project was postponed for a period of several months due to a circumstance excluding liability – spreading of COVID-19 in the location of the project activities.

The global health crisis of 2020 due to COVID-19 pandemic affected the whole EU and seriously impacted also railway passenger transport. In relation to announcement of an emergency

event in the Slovak Republic, international train services were temporarily cancelled with all the neighbouring countries, as well as operation of IC trains. Operation of all customer centres and the reservation workplaces for personal reservations and selected selling points was also stopped, sale of national reservations was postponed and coupling of restaurant, couchette and berth coaches as well as car wagons was limited. These measures had negative impacts on the business of ZSSK and the consequences of COVID-19 pandemic will be reflected also in 2021, possibly years to follow. Nevertheless, the plan of ZSSK for 2021 is to continue the on-going projects and to start new ones focusing on saving of costs, increasing of revenues, enhancing of the quality of delivered services and achieving better efficiency of the activities carried out by ZSSK. The Company continuously updates its important strategic documents, including the Company Strategy in order to reflect the current drop in performance, transported passengers etc. ZSSK does not intend to give up on its planned goals and will continue its efforts to enhance the quality of railway transport in Slovakia.

ZSSK actively searches for challenges brought along by growing competitiveness, increasing rate of changes and innovations on the transport market, infrastructure modernisation, increase in energy and fuel prices and the situation on the labour market. It makes use of the opportunities brought along by transport integration, renewal of the rolling stock fleet co-financed by the EU funds, digitalisation, or dual education, and it places the emphasis on the environment protection.

## ECOLOGY

Railway transport is one of the most ecologically-friendly transport modes, not only as regards production of polluting emissions from combustion motors, but also use of land, generation of waste, or noise and vibration from transport operation. Nevertheless, ZSSK strives to continue to reduce negative impacts of its activity on the environment, in particular by renewal of the rolling stock fleet (i.e. gradual decommissioning of obsolete motive power units and their replacement by new multiple units meeting the latest environmental requirements), as well as by rendering the whole transport system more efficient. An example is fuelling of an aqueous urea solution (AdBlue) into specific motive power units in order to reduce emissions of the diesel-engine pollutants.

In respect of the issues of environmental burdens on the land of ZSSK, in 2020 the Environment Protection Department cooperated with the authors working on the task of "Rebuilding of selected environmental burdens of the Slovak Republic" under the management of the Slovak Ministry of Environment. The project, financed from the EU Structural Funds, involves rebuilding of old environmental burdens in seven locomotive depots of ZSSK: the locomotive depots in Humenné, Košice, Prievidza, Nové Zámky, Brezno, Kralovany and Vrútky. The redevelopment work was so far completed only in the locomotive depo in Prievidza (at the end of 2020) and the post-rebuilding monitoring will be carried out at the location in the course of the next two years in order to verify and inspect fulfilment of the set thresholds. Rebuilding of environmental burdens in the other locomotive depots of ZSSK should be completed in the course of 2021 – 2022. In 2020 ZSSK, at its own initiative, removed old diesel tanks in the locomotive depot in Humenné, which also contributed to elimination of pollution at the workplace.

In the course of 2020 only one case of an extraordinary worsening was recorded on the lines of ŽSR (extraordinary worsening or threat to waters to be dealt with the Slovak Environmental Inspectorate) and 3 extraordinary events caused by leakage of pollutants (diesel, oil) from motive power units of ZSSK into the environment. In all the above cases, the Environment Protection Department adopted remedies, including pollution removal.

As regards waste management, the Department puts emphasis on prevention of waste generation, however, it similarly tries to improve the conditions for hoarding of dangerous and other waste at workplaces; and it observes correct waste separation and its subsequent disposal/liquidation in compliance with the effective legislation.

In 2020 the Environment Protection Department carried out inspections at ZSSK workplaces to monitor compliance with the legislative requirements on the environment protection, and remedies were proposed and adopted in case of discovered shortcomings.

In the next period, the Environment Protection Department plans to start preparation for a gradual introduction of the environmental management system pursuant to STN EN ISO 14 001 with the aim of promoting the environment protection, pollution prevention, as well as enhancing of the environmental awareness of ZSSK employees.

## OWNERSHIP INTERESTS OF ZSSK as on 31 December 2020

ZSSK holds an ownership interest with insignificant influence in the following companies:

	Number of shares in the equity (pieces) as on 31/12/2020	Share against the equity in %	As on 31 December 2019 in thousand EUR	As on 31 December 2020 in thousand EUR
EUROFIMA	1,300	0.50 %	5,615	5,642
Bureau Central de Clearing, s. c.r.l. Brusel (BCC)	1	0.68 %	1	1
ZSSK THU, s. r. o.	0	100 %	0	5
<b>Total</b>	<b>x</b>	<b>x</b>	<b>5,616</b>	<b>5,648</b>

The Company holds an ownership interest with insignificant influence in Eurofima and BCC. The daughter company ZSSK THU, s.r.o. with a 100-% share of the Company as its sole founder was entered into the Companies' Register on 8 February 2020.

## BUSINESS RESULTS

The Separate Financial Statements of ZSSK for 2020 are reported pursuant to the International Financial Reporting Standards.

### Business result

In 2020 the business result of ZSSK was profit of EUR 10,590 thousand. In 2020 ZSSK planned loss in the amount of EUR 4,393 thousand.

In 2020, based on a court decision, ZSSK decided to dissolve the reserve on the commercial-civil litigation against the company LANCILLON LIMITED in the amount of EUR 16,7, reported in the previous years. The reserve dissolution had a positive impact on the reported comprehensive business result of ZSSK in 2020.

ZSSK had no costs on research and development in 2020.

In thousand EUR	Actual figures 31 December 2019	Actual figures 31 December 2020	Difference	Index 2020/2019
<b>Revenues</b>				
Passenger transport and related revenues	110,060	61,082	-48,978	0.55
Compensation for services in public interest	292,969	330,950	37,981	1.13
Income from subsidies	30,549	33,487	2,938	1.10
Other net operating (costs) revenues	2,961	22,521	19,560	7.61
	<b>436,539</b>	<b>448,040</b>	<b>11,501</b>	<b>1.026</b>
<b>Costs</b>				
Consumption and services	-197,214	-182,986	14,228	0.93
Personnel costs	-123,425	-129,588	-6,163	1.05
Depreciation, amortisation and impairment of tangible assets	-101,715	-111,759	-10,044	1.10
Other net operating (costs) revenues			0	0.00
Depreciation pertaining to financial lease – IFRS 16	-7,525	-7,566	-41	1.01
	<b>-429,879</b>	<b>-431,899</b>	<b>-2,020</b>	<b>1.005</b>
<b>Financial (costs) revenues</b>				
Financial revenues	91	92	1	1.01
Net financial costs, IAS 7, items 32, 33, 34	-3,855	-3,282	573	0.85
Interests from lease instalments – IFRS 16	-910	-849	61	0.93
Net financial derivatives	16	-7	-23	-0.44
	<b>-4,658</b>	<b>-4,046</b>	<b>612</b>	<b>0.87</b>
Tax costs	-1,974	-1,505	469	0.76
<b>Profit (loss) in the accounting period</b>	<b>28</b>	<b>10,590</b>	<b>10,562</b>	<b>378.21</b>
Other comprehensive results:				
Items not to be reclassified into results	-1,591	226	1,817	-0.14
Revaluation of employee benefits	-1,591	226	1,817	-0.14
Items that can be reclassified into results	0	0	0	
<b>Other comprehensive income in the accounting period</b>	<b>-1,591</b>	<b>226</b>	<b>1,817</b>	<b>-0.14</b>
<b>Total comprehensive income in the accounting period</b>	<b>-1,563</b>	<b>10,816</b>	<b>12,379</b>	<b>-6.92</b>

## INDICATORS

	Unit	Actual figures 2019	Actual figures 2020	Difference	Index 2020/2019
Costs	thousand EUR	444,378	426,967	-17,411	0.96
Revenues	.	444,406	437,556	-6,850	0.98
<b>Expensive ratio</b>		<b>1,00</b>	<b>0,98</b>	<b>-0,02</b>	<b>0.98</b>
Operating revenues without compensation from public service contract and subsidies	thousand EUR	115,619	68,047	-47,571	0.59
Operating costs without depreciation	.	323,238	297,023	-26,215	0.92
<b>Coverage of costs by revenues</b>	<b>%</b>	<b>35,77</b>	<b>22,91</b>	<b>-12,87</b>	<b>0.64</b>
Liabilities without accruals and deferrals*	thousand EUR	610,729	681,731	71,002	1.12
Total assets	.	1 496,564	1 543,273	46,709	1.03
<b>Total indebtedness without accruals and deferrals *</b>	<b>%</b>	<b>40,81</b>	<b>44,17</b>	<b>3,37</b>	<b>1.08</b>
Current assets	thousand EUR	148,307	170,140	21,833	1.15
Short-term liabilities without accruals and deferrals*	.	232,210	286,640	54,430	1.23
<b>Total liquidity</b>		<b>0,64</b>	<b>0,59</b>	<b>-0,05</b>	<b>0.92</b>
Loans + aid	thousand EUR	434,666	479,018	44,353	1.10
Total assets	.	1 496,564	1 543,273	46,709	1.03
<b>Loan encumbrance of assets</b>	<b>%</b>	<b>29,04</b>	<b>31,04</b>	<b>2,00</b>	<b>1.07</b>

\*) Accrued revenues (subsidy on modernisation of rolling stock and NRFC from EU funds and the State Budget on projects).

## DATA ON REMUNERATION OF THE STATUTORY AND SUPERVISORY BODIES OF ZSSK

In thousand EUR	2019	2020
<b>Current members</b>		
of which: Board of Directors	46	53
Supervisory Board	41	54
<b>Former members</b>		
of which: Board of Directors	3	0
Supervisory Board	0	0
<b>Total remuneration</b>	<b>90</b>	<b>107</b>

ZSSK provides monetary remuneration to the members of the Supervisory Board and the Board of Directors. These amounts are subject to tax and levy obligations in terms of effective legal regulations.

## **SIGNIFICANT EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION**

COVID-19 pandemic has affected the economic results of ZSSK also in 2021. In January and February 2021, 7.9 million passengers less were transported compared to 2020 (January and February of 2020 were not yet affected by the pandemic) (- 65.24 %), which is reflected in shortfall of revenues from passenger transport in the amount of EUR 9.2 million (-71.24 %).

In the period of the first two months, ZSSK provided 130 train kilometres less (-2.35 %) compared to the originally contractually agreed volume of services ordered by the State.

The Company has been closely communicating with the contracting authority, MTC, concerning the volume of transport services in the following period of 2021.

According to the current predictions, the financial impact of the pandemic in 2021 is expected at a comparable level to 2020. We assume that the shortfall of revenues from transport will reach 50 % of the original plans, while the costs on measures adopted in order to eliminate the impact of corona virus on health of our employees as well as passengers will be spent in an amount comparable to 2020.

## SETTLEMENT OF THE REPORTED BUSINESS RESULTS OF 2020

In 2020 ZSSK achieved accounting profit of EUR 10,589,630.35. Proposal of settlement of the reported business results:

In its decision no. 71/RA – 2021, the sole shareholder approved of distribution of the profit for the reporting period of 2020 in the amount of EUR 10,589,630.35 as follows:

- to increase the statutory reserve fund in the amount of EUR 1,058,963.04 and
- to use the amount of EUR 9,530,667.31 to reduce the loss of past periods.

## HUMAN RESOURCES

The planned number of employees as on 31 December 2020 was 5,871, while the actual number as on 31 December 2020 amounted to 5,910, which was more by 0.66 % compared to the plan. The re-calculated number of employees in 2020 was 5,834.9.

Compared to 2019, in 2020 the recorded number of employees increased from 5,832 to 5,910, which is more by 1.34 % employees.

### Recorded number of employees:

Division	2019	2020
Division of the Director General	207	212
Business Division	1,008	1,014
Operation Division	3,130	3,050
Economy Division	89	93
Services Division	370	338
Maintenance Division	1,028	978
Depo in Poprad	-	225
<b>Total number of ZSSK employees</b>	<b>5,832</b>	<b>5,910</b>

### Break-down by sex:

Sex of employees	2019	2020	Year-to-year change
Men	3,775	3,846	1.88 %
Women	2,057	2,064	0.34 %
<b>Total</b>	<b>5,832</b>	<b>5,910</b>	<b>1.34 %</b>

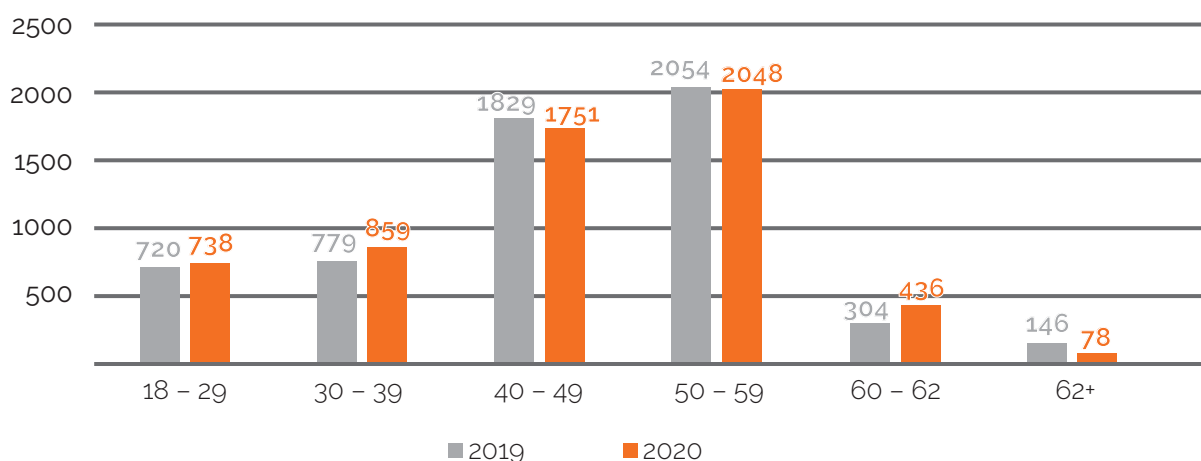
The average wage in ZSSK in 2020 amounted to EUR 1,281.63. Compared to 2019 (EUR 1,232.74) the average wage increased by EUR 48.89, which is an increase of 3.96 %.

### Age structure of the employees in 2020

Out of the total number of employees of 5,910 there were:

738 employees of less than 29 years of age      2,048 employees between 50 - 59 years of age,  
 859 employees between 30 - 39 years of age      436 employees between 60 - 62 years of age,  
 1,751 employees between 40 - 49 years of age      78 employees over 62 years of age.

### Age structure of ZSSK employees



The above indicates that compared to 2019 ZSSK saw a decrease in the number of employees in 2020 in the age categories of 40 – 49, 50 – 59 and over 62 years of age. Contrarily, the numbers of employees increased in the age categories of 18 – 29, 30 – 39 and 60 – 62.

The average age of ZSSK employees as on 31 December 2020 is 46.31 years, which – compared to 2019 - (46.33) means a decrease by 0.02 years, and it is a less positive trend.

Due to the global trend of the overall aging of the population and dominance of employees in the post-reproduction and production age (45 – 64 years), the intention of ZSSK is a gradual increase of the employees in the lower age categories, in particular in the key operation and repair professions.

In order to achieve this aim we focused on selection, hiring and subsequent training of employees, in particular in the key professions so as to cover the natural fluctuation as well as to fill in the gaps created by exchange of generations.

Despite rather limiting pandemic measures that cut down the possibilities as well as capacities in selection and preparation of new employees, we managed to carry out thousands on-line trainings and tests, interactive preparations, seminars, short-term training activities and courses.

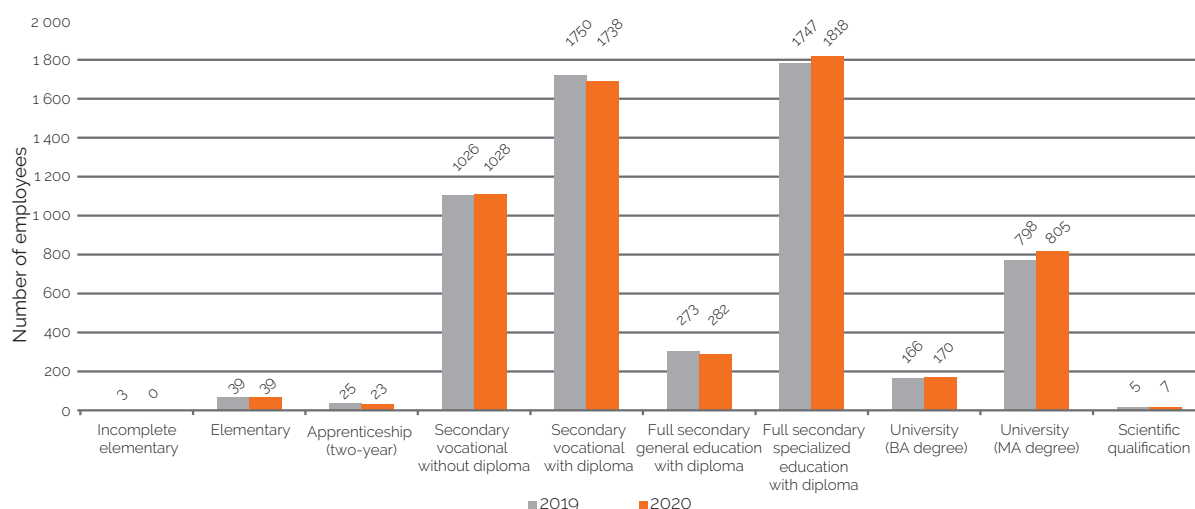
We completed 2 train driver courses, started 2 courses with planned termination in 2021, and prepared candidates for further two courses starting in 2021, thanks to which as much as 216 train driver candidates were in the process of preparation for the profession, of which as much as 62 already started working as train drivers in 2020. The others are expected to finish their preparations in 2021.

As regards the profession of a chief train conductor, as much as 6 courses for the newly hired colleagues were provided and further 2 courses started that are now close to completion (85 completed and 31 under preparation).

It was possible to carry out such a high number of courses under the constantly changing hygienic conditions and with full limitation of presence training, while observing high requirements on safety of employees, only thanks to flexible adaptation of the requirements of on-line trainings and a combination of presence and distance preparation of employees. Thanks to the flexibility of the Human Resources Department as well as all employees involved in preparation of the new colleagues, it was possible not only to continue the interviews for all professions, but also the professional preparation of train drivers, train conductors, first-contact employees and many other professions.

We continue to use a broad spectrum of tools to attract and create new vacancies in order to ensure employment in the key professions within ZSSK also in the future. These include the internal graduate programme of ZSSK, an active cooperation and extension of the number of schools that signed Cooperation Agreements with ZSSK. We continue to actively participate in the dual education system where we have been preparing for a geographical coverage of the whole territory of the Republic so that all students interested in a job for ZSSK could participate in the dual education system.

## Education structure of the employees



As regards the education structure in 2020, there was an increase of qualified employees compared to 2019:

Secondary vocational education without diploma	by 2 employees
Full secondary general education with diploma	by 9 employees
Full secondary specialized education with diploma	by 71 employees
University education (bachelor's degree)	by 4 employees
University education (master's degree)	by 7 employees
Scientific qualification	by 2 employees

There was reduction in employees with:

Uncompleted education	by 3 employees
Apprenticeship (two-year)	by 2 employees
Full secondary vocational education with diploma	by 12 employees

As regards the percentages, the major group of ZSSK employees is represented by employees with full secondary specialized education with diploma amounting to 1,818 (30.76 % of the total employee number), employees with secondary vocational education with diploma amount to 1,738 (29.41 %). 16.62 % of the total number of ZSSK employees have university education.

## NUMBER AND TYPES OF RECEIVED COMPLAINTS

ZSSK, as the national transport operator, receives petitions and claims from the citizen – initial, serious as well as repeated, plus other comments of the employees – other-than-customer motions, requests, comments and appraisals (last, but not least also passenger injuries) of natural as well as legal entities delivered to the Company, and handles them in terms of the Directive on Handling of Claims, while evaluating them also in order to increase the customer contentedness.

The motions are recorded in the established on-line databases, coded in the structure of quality criteria pursuant to EN STN 13 816 on "Public Passenger Transport", in accordance with Regulation (EC) of the European Parliament and the Council no. 1371/2007 on rail passengers' rights and obligations, respecting the provisions of Act no. 85/1990 Coll. on the right of petition, Act no. 514/2009 Coll. on transport by rail, Act no. 250/2007 Coll. on consumer protection, Act no. 552/2003 Coll. on services in public interest, the Commercial Code and the Labour Code.

<b>Total number of initial and repeated claims received in 2020</b>	<b>5,613</b>
• Total number of justified (customers') claims	1,776
• of which: number of claims with external justification	372
• number of claims with internal justification	1,404
<b>Form of delivery:</b>	
• Letters delivered in writing	168
• Electronic claims	5,445
<b>Number of claims by their subject and reasons:</b>	
<b>Time</b> – delays due to exclusion of traffic on rail infrastructure, train delay due to a locomotive fault, delay – missed connecting service	<b>1,212</b>
<b>Safety</b> – threats to safety of railway transport, criminal activity and health protection within railway infrastructure (at railway stations, on board of trains), compliance with the governmental regulations to prevent Covid-19 spreading	<b>937</b>
<b>Comfort</b> – cleanliness on-board of train sets, heating, air-conditioning, functioning of toilettes, other technical shortcomings – doors, windows, seats, train formation, services provided by WGS – berth and couchette coaches (WGS)	<b>659</b>
<b>Customer care</b> – behaviour of employees towards customers	<b>620</b>
<b>Availability of travel documents</b> – at cash desks, higher frequency, other sale channels, internet sale of tickets, passengers with reduced mobility	<b>612</b>
<b>Information</b> – travel information provided in general, during accidents and extraordinary situations	<b>210</b>
<b>Appreciation</b> for employees of ZSSK	<b>167</b>
<b>Other-than-customer motions</b> – threats to railway transport safety, criminal activities and health protection within railway infrastructure (at railway stations, on-board of trains)	<b>15</b>
<b>Other</b>	<b>1,176</b>

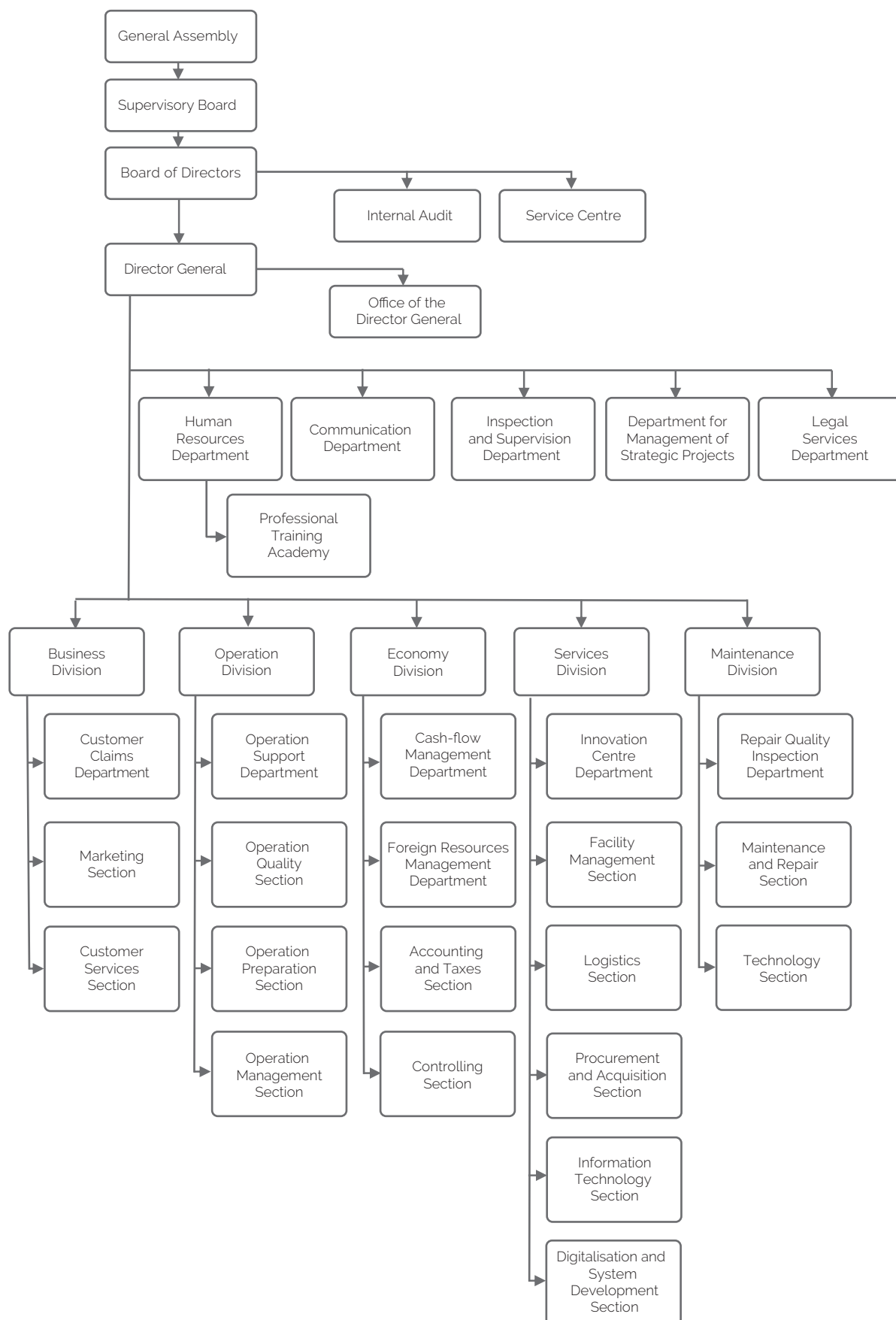
There was an increase of complaints concerning safety (by more than 200 %) as this category includes all motions concerning compliance with the adopted governmental measures as well

as the measures of the Chief Public Health Officer to prevent spreading of the coronavirus. Shortcomings resulting from justified claims were discussed between the responsible employees and their superiors, and the following measures were taken in proven cases of violated work obligations:

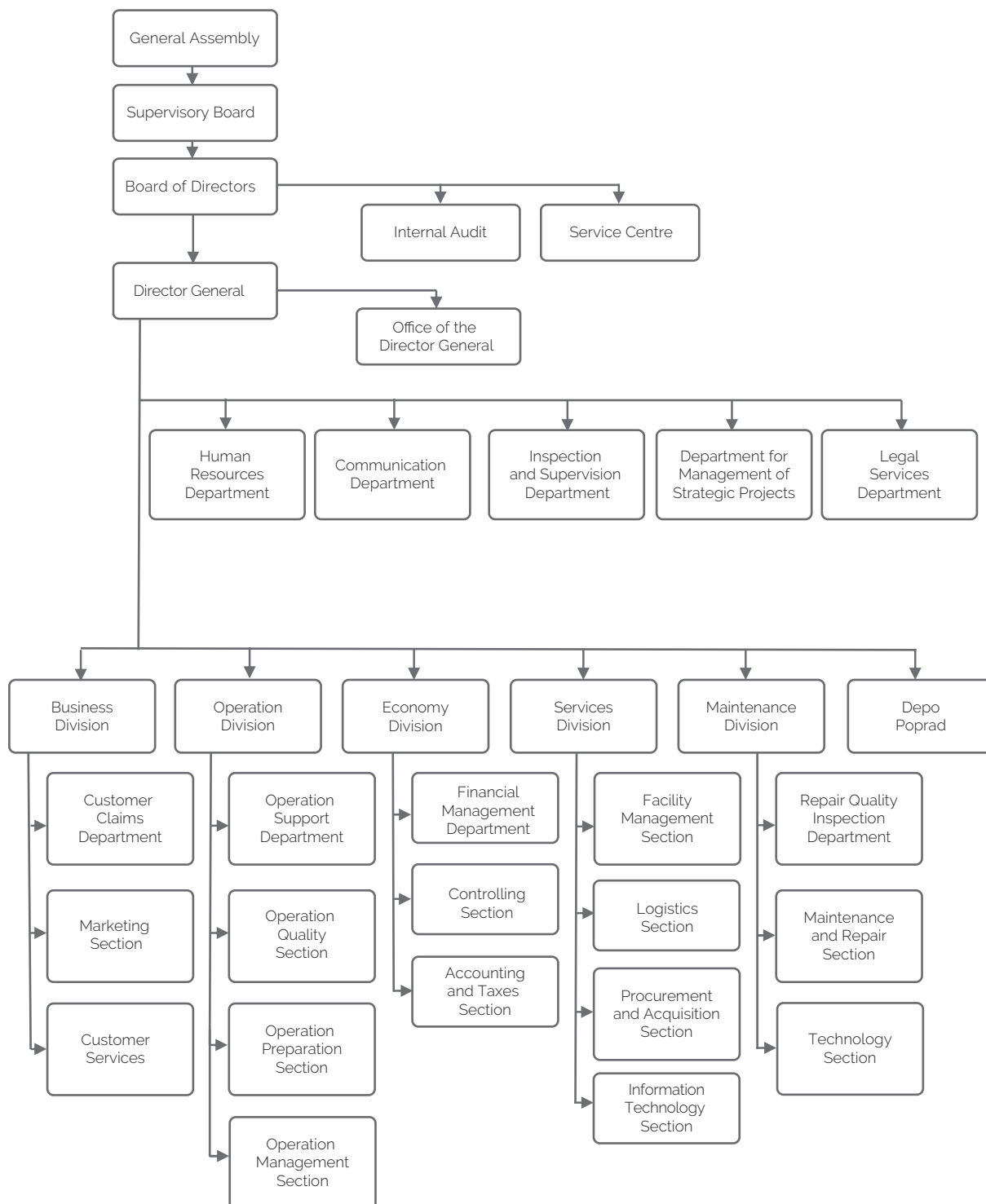
- measures under labour law (lower bonuses, an interview, an interview with possibility of a dismissal notice),
- organisational measures (increased inspections, instructions at regular trainings, extraordinary tests in serious cases).

In case of justified claims that were caused by the Company, we provided refunding, payment of incurred costs, or the enforcement was cancelled and free-of-charge transportation voucher was returned.

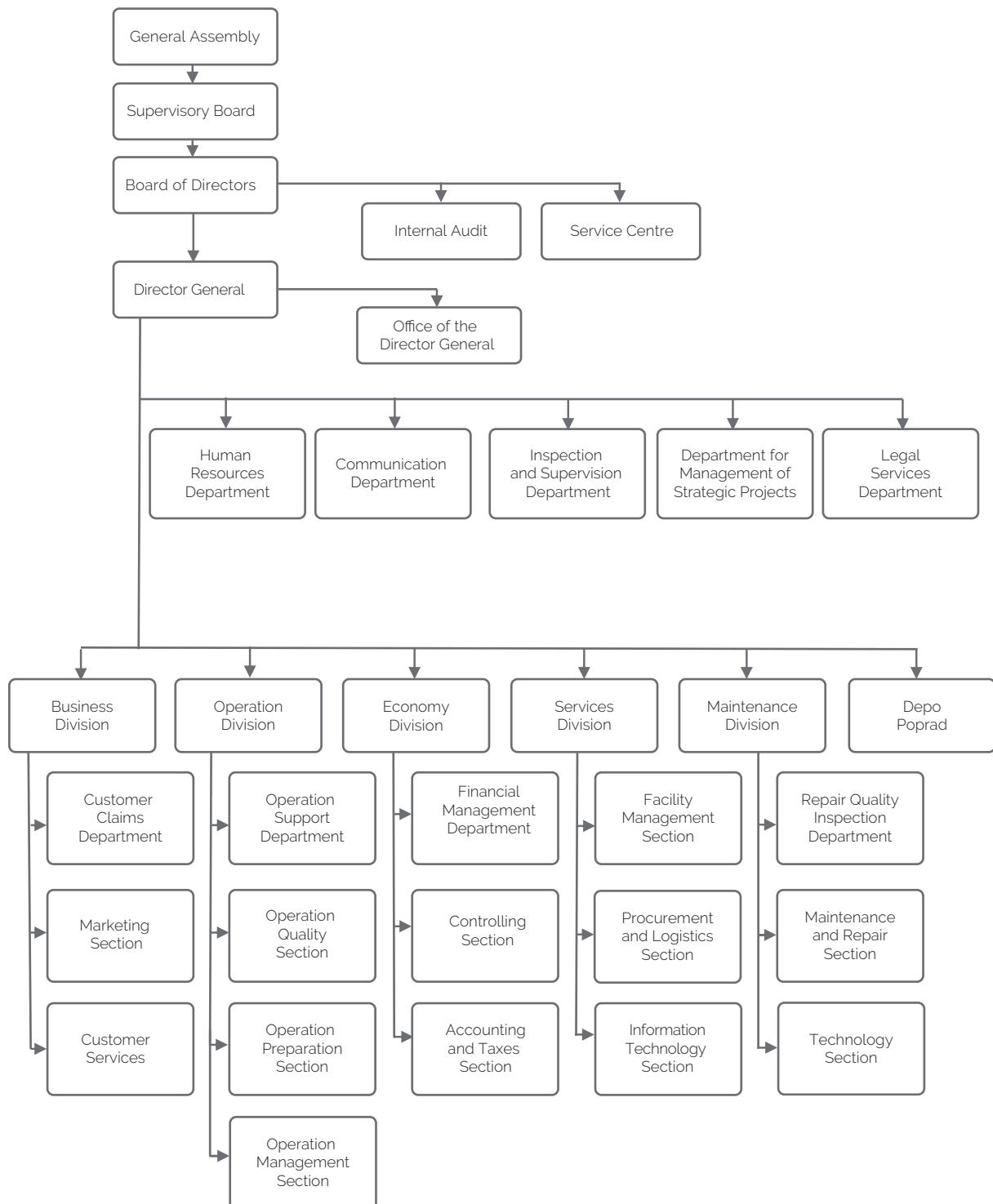
## ORGANISATIONAL STRUCTURE OF ZSSK by 31 August 2020



## ORGANISATIONAL STRUCTURE OF ZSSK from 1 September to 30 September 2020



## ORGANISATIONAL STRUCTURE OF ZSSK from 1 October to 31 December 2020



## ORGANISATIONAL UNITS

ZSSK has no organisational units.

## LIST OF USED ABBREVIATIONS


<b>BCC</b>	Bureau Central de Clearing s.c.r.l., Brussels
<b>ColL.</b>	Collection of Acts
<b>CEF</b>	Instrument to connect Europe – EU Communities programme (Connecting Europe Facility)
<b>DMU</b>	Diesel multiple unit
<b>EC</b>	European Community
<b>EDU</b>	Electric double-deck unit
<b>EMU</b>	Electric multiple unit
<b>EN STN</b>	European norm, Slovak Technical Norm
<b>ETCS</b>	European Train Control System
<b>EUs</b>	Electric units
<b>EU</b>	European Union
<b>EUROFIMA</b>	European Company for the Financing of Railroad Rolling Stock, Basel
<b>IAS</b>	International Accounting Standards
<b>IMS</b>	Integrated Management System
<b>IC, R6xx</b>	InterCitytrains, fast trains
<b>ISA</b>	International Standards on Auditing
<b>ISO</b>	The International Organization for Standardization
<b>NRFC</b>	Non-repayable financial contribution
<b>MTC</b>	Ministry of Transport and Construction of the Slovak Republic
<b>ME</b>	Ministry of Economy of the Slovak Republic
<b>MENV</b>	Ministry of the Environment of the Slovak Republic
<b>MF</b>	Ministry of Finance of the Slovak Republic
<b>MI</b>	Ministry of Interior of the Slovak Republic
<b>MH</b>	Ministry of Healthcare of the Slovak Republic
<b>OHS</b>	Occupational Health and Safety
<b>OPII</b>	Operational Programme Information Infrastructure
<b>PSC</b>	Public Service Contract
<b>SAP</b>	Economic information system
<b>SM</b>	Management System
<b>SR</b>	Slovak Republic
<b>THU</b>	Technical and hygienic maintenance (light maintenance)
<b>UIC</b>	Union Internationale des Chemins de Fer
<b>ÚRŽD</b>	Railway Regulatory Authority
<b>WGS</b>	Wagon Slovakia (couchette and berth coaches)
<b>ZSSK</b>	Železničná spoločnosť Slovensko, a. s.
<b>ŽSR</b>	Železnice Slovenskej republiky

### Delegate of ZSSK at the International Union of Railways (UIC) in Paris:

**Ing. Jozef FÁZIK**  
Chargé de Mission

UIC Union Internationale des Chemins de fer  
Internationaler Eisenbahnverband  
International Union of Railways

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e-mail: fazik@uic.org



**MOORE BDR**

## **Independent Auditor's Report**

**concerning the audit of the Financial Statements  
and  
Report on further requirements of the law and other legal regulations  
for the joint-stock company**

**Železničná spoločnosť Slovensko, a.s.  
with the registered seat in Bratislava**

**for 2020**



**INDEPENDENT AUDITOR'S REPORT**  
**to the shareholders of Železničná spoločnosť Slovensko, a.s. Bratislava**

**I. REPORT ON AUDIT OF THE FINANCIAL STATEMENTS**

***Opinion***

We have audited the annexed Separate Financial Statements of Železničná spoločnosť Slovensko, a.s. with the registered seat in Bratislava, company ID no.: 35 914 939, containing the Statement of Financial Position as on 31 December 2020, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow for the year ended on the same date, and Notes to the Financial Statements expressing the summation of significant accounting principles and accounting methods, and further explanations.

In our opinion, the annexed Financial Statements present a faithful and objective overview of the financial situation of Železničná spoločnosť Slovensko, a.s. as on 31 December 2020, as well as the economic results for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

***Background to the Opinion***

We conducted the audit pursuant to the International Standards on Auditing (ISA). Our responsibility according to these Standards is stipulated under the paragraph on the *Auditor's responsibility concerning the audit of the financial statements*. We are independent of the Company in terms of the provisions of Act no. 423/2015 on statutory audit and on amendments and supplements to Act No. 431/2002 Coll. on accounting, as amended (hereinafter only the "Statutory Audit Act") concerning the ethics, including the Auditor's Code of Ethics, relevant to our audit of the financial statements. We also met other ethical requirements of these provisions. We believe that the obtained auditing evidence provides sufficient and suitable basis for our opinion.

***Emphasis on certain facts***

Without any prejudice to our opinion, we draw the attention to note no. 16 to the annexed Financial Statements, stating that the most significant reserve as on 31 December 2019 in the amount of EUR 16.7 million was dissolved as on 31 December 2020. Decision of the District Court of 16 April 2018 dismissed the complaint in its full scope. The Appellate Court confirmed the above decision in its ruling of 12 June 2019. The ruling became valid by being served. Proceedings on an extraordinary remedy claimed by the claimant were cancelled by decision of 29 June 2020.

***Responsibility of the Statutory Body and persons entrusted with management of the Financial Statements***

The Statutory Body is responsible for elaboration of these Financial Statements so as to provide an objective and truthful presentation in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as for the internal control it considers necessary to elaborate the Financial Statements without any material inconsistencies whether due to fraud or mistake.

When preparing the Financial Statements, the Statutory Body is responsible for assessment of

the Company's ability to continue as a going concern, for description of the facts relevant to continue as a going concern if necessary, and for applying the going concern assumption to the accounting, unless it intends to dissolve the Company or to end its activities, or there would be no other realistic option other than doing so.

The persons entrusted with management are responsible for supervision over the process of financial reporting of the Company.

### ***Responsibility of the Auditor for the audit of the Financial Statements***

It is our responsibility to acquire reasonable assurance that the Financial Statements as such do not contain material inconsistencies, whether due to fraud or mistake, and to issue the Auditor's Report, including our opinion. A reasonable assurance is assurance of a high degree; however, it is not a guarantee that the audit conducted pursuant to the International Standards on Auditing must always disclose material inconsistencies, if any. Inconsistencies might occur due to fraud or mistake and are considered significant if there is a reasoned assumption that, individually or in total, they could affect the economic decisions of the users based on these Financial Statements.

Professional judgement is applied and professional scepticism is maintained within the audit carried out pursuant to the International Standards on Auditing and throughout the whole audit. Besides:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or mistake, propose and apply auditing procedures reacting to these risks, and acquire auditing evidence that is sufficient and adequate to provide a basis for our opinion. The risk of not discovering a material misstatement due to fraud is higher than such a risk due to mistake as fraud might include a secret agreement, falsification, deliberate omission, false statement or evasion of an internal control.
- We learn about the internal controls relevant for the audit so as to be able to propose auditing procedures suitable for the respective circumstances, however, not with the purpose of expressing an opinion on efficiency of the Company's internal controls.
- We assess appropriateness of the used accounting principles and accounting methods and adequacy of the accounting estimates and presentation of the related information as carried out by the Statutory Body.
- We conclude whether the Statutory Body makes an appropriate use of the going concern assumption in its accounting and, based on the obtained auditing evidence, we conclude whether there is a material uncertainty related to events or circumstances that could significantly affect the ability of the Company to continue as a going concern. If we conclude that there is such material uncertainty, we are obliged to draw the attention within the Auditor's Report to the relevant information presented in the Financial Statements or, if the information is insufficient, to modify our opinion. Our conclusions are based on auditing evidence obtained by the date of issuance of our Auditor's Report. Any future events or circumstances, however, can cause the Company to cease its continuation as a going concern.
- We assess the overall presentation, structure and content of the Financial Statements, including the presented information, as well as the fact whether the Financial Statements present the carried-out transactions and events in a way leading to their truthful presentation.

We communicate with the persons entrusted with management, besides other, about the planned scope and schedule of the audit, and on significant findings of the audit, including all material shortcomings of the internal control discovered during our audit.

## II. REPORT ON FURTHER REQUIREMENTS IMPOSED BY LAW AND OTHER LEGAL REGULATIONS

### ***Report on the information presented in the Annual Report***

The Statutory Body is responsible for the information presented in the Annual Report prepared pursuant to the requirements of the Accounting Act. Our opinion above on the Financial Statement does not apply to other information in the Annual Report.

In respect of the financial statements audit, it is our responsibility to get familiar with the information presented in the Annual Report and to assess whether the information is not in material inconsistency with the audited Financial Statements or our knowledge as obtained during the audit of the Financial Statements, or seem otherwise incorrect.

The Annual Report was not available at the date of issuing our Auditor's Report on the Financial Statements audit.

When we obtain the Annual Report, we will assess whether the Company's Annual Report contains information as required by the Accounting Act and, based on the findings obtained during the audit of the Financial Statements, we will express our opinion on whether:

- the information presented in the Annual Report for 2020 is consistent with the Financial Statements for the same year,
- the Annual Report contains the information in compliance with the Accounting Act.

Besides, based on our knowledge of the accounting entity and its situation obtained during the audit of the Financial Statements, we will state whether we discovered any material misstatements in the Annual Report.

Banská Bystrica, 5 March 2021

BDR, spol. s r.o. Banská Bystrica

M. M. Hodžu 3, 974 01 Banská Bystrica

SKAU Licence no. 6

Companies' Register of the District Court of Banská Bystrica

Section: Sro, Entry no.: 98/S, Company ID no.: 00614556

Ing. Miroslav Čiampor

Key Audit Partner

UDVA Licence no. 1068



## **ANNEX – Separate Financial Statements of ZSSK for 2020**

The Annual Report is annexed with the Separate Financial Statements of ZSSK reported pursuant to the International Financial Reporting Standards as on 31 December 2020.



ŽELEZNIČNÁ SPOLOČNOSŤ SLOVENSKO  
NÁRODNÝ DOPRAVCA

**Železničná spoločnosť Slovensko, a. s.**  
Rožňavská 1, 832 72 Bratislava 3, Slovenská republika