



ANNUAL REPORT

2021



Annual Report of Železničná spoločnosť Slovensko, a. s. for 2021

Bratislava, 26 April 2022

For and on behalf of the Company:

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

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

AUDITOR'S OPINION ON THE ANNUAL REPORT



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 2021, stated as the Annex to the Annual Report of the Company, to which we issued the Independent Auditor's Report on 25 February 2022 that can be found annexed to 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 2021 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, 26 April 2022

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

[signature in hand]



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FOREWORD OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

You are opening the Annual Report for 2021, a year dominated mostly by the global pandemic. The public transport sector is one of the areas most damaged by the Corona-virus. I am, therefore, very grateful that we were able to achieve positive business result amounting to EUR 3 million.

This has been the third consecutive year we managed to close the year in black numbers, which is a very crucial criterion for a company running its business with public funds.

Besides the business results, another essential parameter for a transport operator is the number of transported passengers. Their volume amounted to 45.7 million, which is a decline compared to the pre-pandemic period (2019) by 41 %. However, it was a year with emergency measures due to pandemic such as curfews; therefore, we do not perceive the numbers negatively. As a state-owned transport operator we even had to limit journeys of many trains. The majority of IC trains – operated at our own commercial risk outside the Contract on Transport Services in Public Interest – were not in service. On the contrary, when the number of positive cases of Corona-virus dropped in the summer, in cooperation with the Ministry of Transport we added special trains to support national tourism that has suffered from the pandemic just as heavily. As a matter of fact, we delivered almost all 33.9 million train-km as planned for that year.

The pandemic, however, hastened changes on the labour market, and towards the end of the year we faced a problem with shortage of train drivers. They are lacking not only in Slovakia, but practically throughout the whole Europe this could become one of the most serious problems for the whole railway sector in the future. I am, therefore, glad that at the end of 2021 we managed to agree upon the Collective Agreement with the employee representatives for the next two years. We undertook to raise salaries for all employees.

Modernisation of the rolling stock fleet continued. In 2021 deliveries of new or modernised rolling stock worth EUR 274 million were completed, and we signed a contract for delivery of further 13 electric units and 52 new and modernised passenger coaches for regional transport services to be delivered by the end of 2023 at the latest.

In autumn, we were able to launch construction of light-maintenance depots in the towns of Humenné, Nové Zámky and Zvolen that had been long awaited by the employees and are worth more than EUR 100 million in total. After their completion in 2023 the conditions for provision of light maintenance and cleaning of trains will substantially improve as we had lagged behind more developed countries in this area.

In the end, let me be a little more personal. I would like to thank all the employees for coping with such a demanding year. A year proclaimed the European Year of Rail by the European Commission. It wanted to emphasise that railways are the future of public transport. Unfortunately, due to the pandemic impacts, the whole theme of the European Year of Rail was slightly overshadowed, and not only in Slovakia. Let's try to remember the message of the European Commission that supports investments into railways, and let's hope that the message will be finally heard also in Slovakia. Trains are important to achieve the strict ecological targets of zero emissions (Green Deal). Investments of the EU Member States into railways are investments into future. Let's not miss the train arriving from Europe; otherwise we might be left only with sighs over late trains.



Ing. Roman Koreň

Chairman of the Board of Directors of ZSSK

COMPANY PROFILE

**Železničná spoločnosť Slovensko, a. s. (ZSSK, Company) 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 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 (PSC) 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 From 18 June 2016 to 29 April 2021
Ing. Roman KOREŇ	Chairman of the Board of Directors As of 30 April 2021
Ing. Karol MARTINČEK	Vice Chairman of the Board of Directors From 26 March 2019 to 23 May 2021 Member of the Board of Directors From 24 May 2021 to 21 December 2021
Ing. Ján LUKÁČ	Member of the Board of Directors From 30 April 2021 to 23 May 2021 Vice Chairman of the Board of Directors As of 24 May 2021
Ing. Radoslav ŠTEFÁNEK	Member of the Board of Directors From 27 March 2017 to 29 April 2021

SUPERVISORY BOARD

Ing. Peter BARTALOS	Chairman of the Supervisory Board As of 20 September 2017
Ing. Tomáš VAŠUTA	Vice Chairman As of 25 May 2020
Peter CIBULA, Mgmt.	Member of the Supervisory Board From 18 June 2016 to 18 June 2021
Ing. Ivan ČERNEGA	Member of the Supervisory Board As of 23 June 2017
Peter DUBOVSKÝ	Member of the Supervisory Board As of 23 January 2015
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 – operations 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.

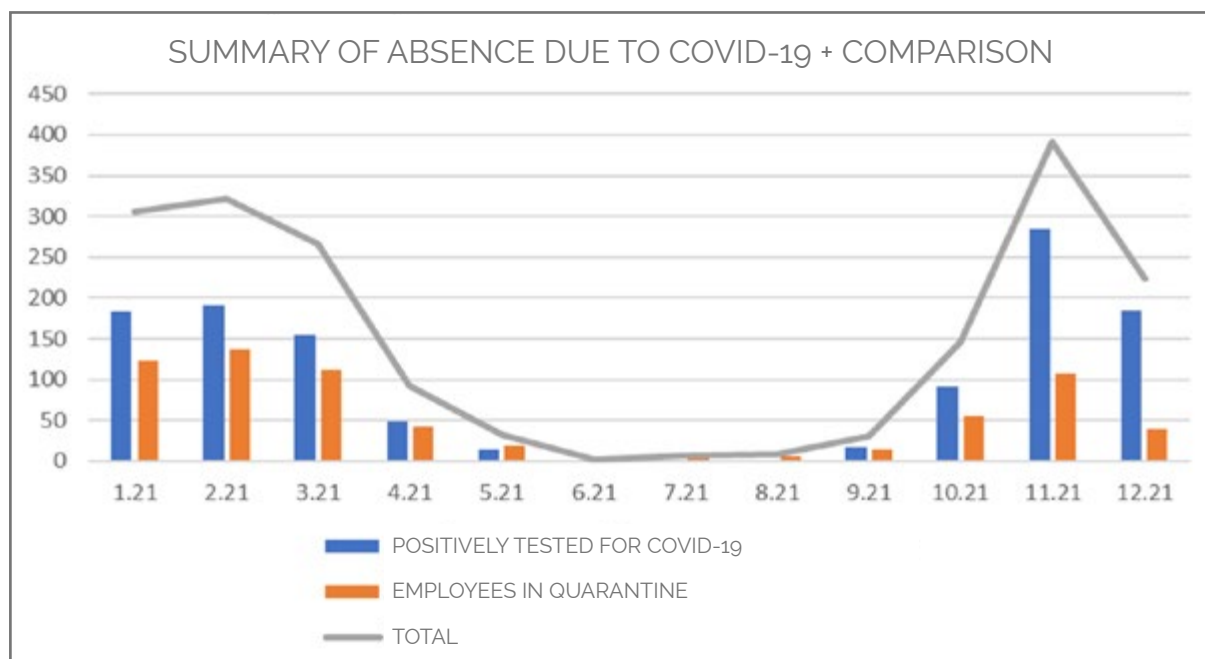
IMPACT OF COVID-19 PANDEMIC

The summary of preventive measures adopted by ZSSK management and activities of the Emergency Committee of ZSSK in 2021 focused on the following:

- Monitoring of the situation and **the updated legislation issued by the Slovak state authorities concerning prevention of COVID-19 disease**, analysing of its impacts on the Company, its adaptation to the conditions of ZSSK and its implementation, inspection of continuous compliance, solving of extraordinary situations if occurred, cooperation and coordination of procedures with state bodies supervising the activities of ZSSK, in particular MTC, MH, ME, MF and MI of the Slovak Republic. Implementation of preventive measures concerning passengers (intensive explanatory and notification campaign on-board of trains of our company and in the premises of customer centres and during sale of tickets), extended sale of personal protective equipment.
- Monitoring of **impacts on the employees of ZSSK and activities of subcontractors. Priority focus on employees of the first contact who work directly with the travelling public, or whose presence at work is necessary in order to maintain continuity of the Company activities**. Re-assessment of their safety as regards OHS (the biological factor), 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.
- **Guiding of employees through the Guidelines of the Emergency Committee of ZSSK** that focused primarily on application of the legislation concerning prevention of COVID-19 disease within ZSSK, procedures in case there is suspicion of the disease with employees and passengers, procedures of waste handling etc.. 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.
- 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. 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 passengers 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**.
- Monitoring of the impacts of **measures concerning the hygiene of operation** (increased cleaning and disinfection), introduction of strict hygienic measures in administrative and operation premises of ZSSK, 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.
- 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 activity of the Emergency Committee of ZSSK continued also in 2021 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

In compliance with the Partial Contract for 2021 to the Contract on Transport Services in Public Interest as amended by Supplement no. 1 to Supplement no. 7, ZSSK was granted compensation for transport services in public interest that takes into account also financial impact of the COVID-19 pandemic. Compared to the plan of full revenues from transport and other revenues, ZSSK was short of **EUR 45,788,758**.

The costs of **EUR 2,353,572.83** were spent on anti-Covid measures as on 31 December 2021. The most significant items of the amount were the costs on disinfection of rolling stock interiors (61 %), cleaning and disinfection of ZSSK workplaces (19 %) and disinfection, masks, and overalls (15 %).

At the same time, protective means of **EUR 49,342.53** were provided to ZSSK from the State Material Reserves within measures focusing on prevention of coronavirus spreading, and re-funding of the obligatory testing of employees was recognised in the amount of **EUR 1,309**.

The amounts granted to ZSSK within anti-Covid measures are subject to final settlement of the Partial Contract for 2021 to the Contract on Transport Services in Public Interest, as amended by Supplements 1 to 7.

PASSENGER TRANSPORT

In 2021, passenger transport services transported a total of **45,672 thousand passengers**, which was less by 984 thousand passengers compared to the last year, i.e. a year-to-year decrease by 2.11 %, of which:

- national transport services saw a year-to-year decrease by 1,548 thousand passengers (-3.44 %), of which commercial trains saw a decrease in transported passengers by 151 thousand (-66.46 %),
- international transport saw a year-to-year increase by 562 thousand passengers (+35.50 %).

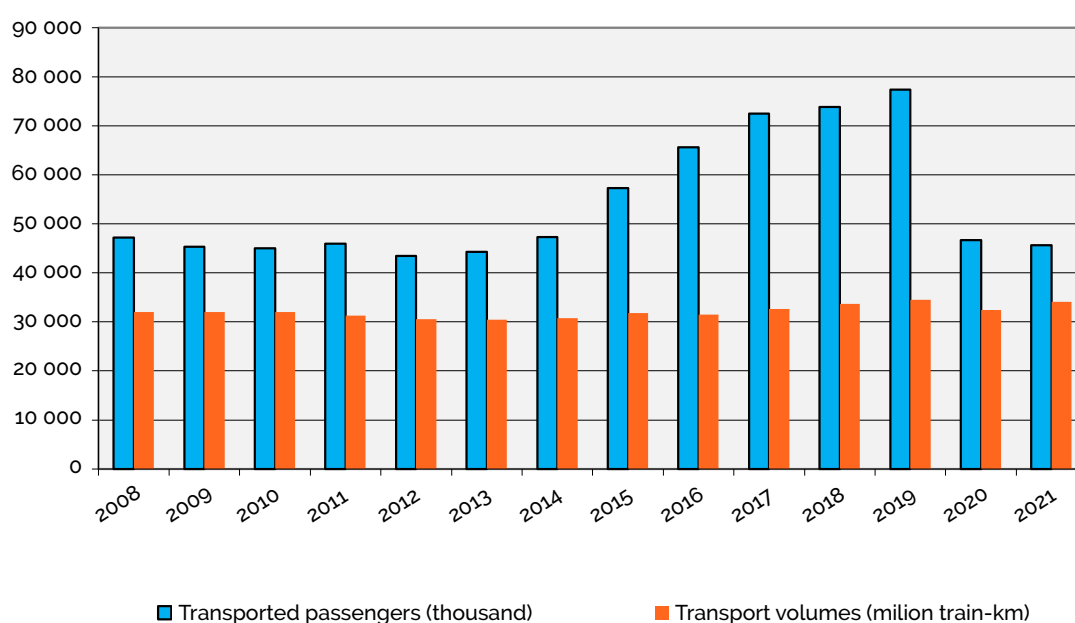
The purchase behaviour of the customers continued to undergo persistent changes as passengers tended to choose transportation by train only in the most urgent cases and for shorter distances. The year-to-year decrease in the number of transported passengers was reflected also in a decrease of the transport performance in passenger-km, which amounted to 1,966,146 thousand passenger-km in 2021. Compared to 2020, the transport performance decreased by **151,811 thousand passenger-km** (-7.17 %).

The transport performance in train-km, including replacement bus services, amounted to a total of 34,069 thousand train-km in 2021. Compared to the last year the transport performance increased by 1,614 thousand train-km (+4.97 %).

Development of volumes in passenger transport:

Total passenger transport	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021/2020
Transport volume (million passenger-km)	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	1,966.15	-0.07
Passengers (million)	4718	4534	4500	45959	4345	4429	4729	5728	6561	7247	7381	7736	4666	4567	-0.02
Transport volume (million train-km)* /	32.00	3198	32.05	31.331	30.56	30.44	30.79	31.86	31.48	32.64	33.66	34.50	32.45	34.07	0.05

* / train-km including replacement bus transport



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, the 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 services, 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

In 2021 ZSSK implemented projects in various areas.

In the area of rolling stock fleet renewal and modernisation:

- Project concerning delivery of RS for cog railway of the Tatra Electric Railway, where 5 cog units, 1 multi-system cog motive power unit and spare parts were 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.
- Project concerning delivery of the last 4 DMU out of a total 21 units within the project on Modernisation of the rolling stock fleet of ZSSK under OPIL – 1st part that are to be allocated to the Self-Governing Region of Banská Bystrica.
- Deliveries of the last EUs in the project on Modernisation of the rolling stock fleet of ZSSK under OPIL – 2nd part, focusing on delivery of 25 electric units to be commissioned mostly in the Region of Žilina.
- Preparation of 3 new projects started in 2021, 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 in November 2023 (4 EDUs, 15 DMUs, 30 modernised coaches).
- Within OPIL, in 2020 ZSSK started a project on Modernisation of motive power units of 425 series (15 electric units for the Tatra Electric Railway) to be implemented assumedly in 2022 – 2023.
- Successful launching of projects focusing on modernisation or delivery of new passenger coaches (35 modernised coaches, 17 new coaches) for the Regions of Prešov, Košice, Žilina and Banská Bystrica. The assumed project completion is 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.).

In the area of services for the rolling stock fleet:

- Three projects are under implementation under OPIL to construct light maintenance depots in Nové Zámky, Zvolen and Humenné. The construction phase has started, with the planned construction period of 20 months, or 18 months in case of the depot in Humenné.
- Preparation of documentation for construction of light maintenance depots in Žilina and Košice.

In the area of traffic safety:

- Under OPIL ZSSK has been implementing the project on Delivery and installation of ETCS into 25 EMUs (electric multiple units), where ETCS (level 2) will be installed into trains in order to increase safety and speed of train journeys on the lines equipped with ETCS. In 2021 the project implementation started and its completion is assumed in 2023.
- Project on Delivery and installation of ETCS into motive power units of 361 series, 2nd phase, where 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.
- Project on Enhancing of the railway transport safety by delivery and installation of BlackBox radio-stations for rolling stock, where the project assumes delivery of 54 radio-stations and 88 BlackBoxes for rolling stock.
- Project on Safe mobility during pandemic caused by COVID-19: safe operation and use of public railway transport (GERMTRAIN).

In the area of human resources:

ZSSK continued an active cooperation with research institutions, universities and secondary vocational schools. In cooperation with the Secondary Vocational School of Transport in Martin-Priekopa, ZSSK continued the process of 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.

The negative impacts of the global health crisis due to COVID-19 pandemic on railway passenger transport continued also in 2021. In relation to announcement of an emergency event in the Slovak Republic, operation of IC train services was temporarily cancelled, 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 the following period. Nevertheless, the plan of ZSSK for 2022 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 competition, 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.

QUALITY MANAGEMENT SYSTEM, CERTIFICATES

Integrated Management System

IMS introduced by the Company 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 2021 the integrated management system included the following certified items:

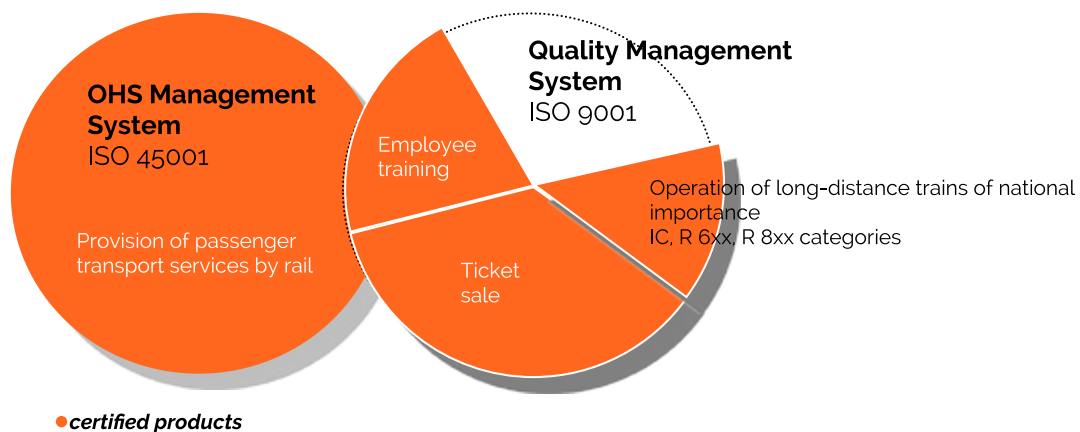
Quality SM, pursuant to ISO 9001

- 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



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 2021 the Environment Protection Department cooperated with the authors working on the geological task of "Rebuilding of selected environmental burdens of the Slovak Republic" under the management of the Slovak Ministry of Environment. In 2021 the project, financed from the EU Structural Funds, involved rebuilding of old environmental burdens in locomotive depots in Humenné, Košice and Brezno to be completed in 2022. In 2021 the rebuilding work was completed in the locomotive depots in Prievidza, Kralovany, Vrútky and Nové Zámky, while 2-year post-rebuilding monitoring will be carried out at these locations in order to verify and inspect fulfilment of the set soil and underground water thresholds.

In the course of 2021 three cases of an extraordinary worsening were recorded on the lines of ŽSR caused by a technical fault of a motive power unit or a crash of motive power unit with an obstacle on the track and a subsequent damage to a part of the rolling stock and leakage of pollutants to the soil that were removed together with the Slovak Environmental Inspectorate, as well as one case of an extraordinary worsening at the locomotive depot of Prievidza caused by a ZSSK employee. Also two extraordinary events were recorded, 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 2021 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.

OWNERSHIP INTERESTS OF ZSSK as on 31 December 2021

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

	Number of shares in the equity (pieces) as on 31/12/2021	Share against the equity in %	As on 31 December 2020 in thousand EUR	As on 31 December 2021 in thousand EUR
EUROFIMA	1,300	0.50 %	5,642	5,898
Bureau Central de Clearing, s.c.r.l. Brussels (BCC)	1	0.68 %	1	1
ZSSK THU, s.r.o.	0	100.00 %	5	5
Eurail B.V	607	0.607 %	0	1
Total	x	x	5,648	5,905

The Company holds an ownership interest with insignificant influence in Eurofima, BCC and Eurail. B. V..

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 2021 are reported pursuant to the International Financial Reporting Standards.

Business result

In 2021 the business result of ZSSK was profit of EUR 2,998 thousand. In 2021 ZSSK planned profit in the amount of EUR 2,604 thousand.

Under the Operational Programme Integrated Infrastructure – Promoting research, development and innovations, since 2021 ZSSK has been implementing a research and development project on Safe mobility COVID 19 (GERMTRAIN) – Safe mobility during the pandemic caused by COVID-19 focusing on safe operation and use of railway passenger transport.

In 2021 the costs on research and development of ZSSK in relation to GERMTRAIN project amounted to EUR 427 thousand.

In thousand EUR	Actual figures 31 December 2020	Actual figures 31 December 2021	Difference	Index 2021/2020
Revenues				
Passenger transport and related revenues	61,082	65,362	4,280	1.07
Compensation for services in public interest	330,950	365,268	34,318	1.10
Income from subsidies	33,487	37,531	4,044	1.12
Other net operating (costs) revenues	22,521	8,785	-13,736	0.39
	448,040	476,946	28,906	1.065
Costs				
Consumption and services	-182,986	-198,186	-15,200	1.08
Personnel costs	-129,588	-138,345	-8,757	1.07
Depreciation, amortisation and impairment of tangible assets	-111,759	-121,720	-9,961	1.09
Depreciation pertaining to financial lease – IFRS 16	-7,566	-8,749	-1,183	1.16
	-431,899	-467,000	-35,101	1.081
Financial (costs) revenues				
Financial revenues	92	30	-62	0.33
Net financial costs, IAS 7, items 32, 33, 34	-3,282	-3,881	-599	1.18
Interests from lease instalments – IFRS 16	-849	-780	69	0.92
Net financial derivatives	-7	0	7	0.00
	-4,046	-4,631	-585	1.14
Tax costs	-1,505	-2,317	-812	1.54
Revenues				
Passenger transport and related revenues	61,082	65,362	4,280	1.07
Compensation for services in public interest	330,950	365,268	34,318	1.10
Income from subsidies	33,487	37,531	4,044	1.12
Other net operating (costs) revenues	22,521	8,785	-13,736	0.39
	448,040	476,946	28,906	1.065
Other comprehensive income in the accounting period	226	991	765	4.38
Total comprehensive income in the accounting period	10,816	3,989	-6,827	0.37

INDICATORS

	Unit	Actual figures 2020	Actual figures 2021	Difference	Index 2021/2020
Costs	thousand EUR	426,967	476,723	49,756	1.12
Revenues	"	437,556	479,721	42,165	1.10
Expensive ratio		0.98	0.99	0.02	1.02
Operating revenues without compensation from public service contract and subsidies	thousand EUR	68,047	76,440	8,393	1.12
Operating costs without depreciation	"	297,023	338,848	41,826	1.14
Coverage of costs by revenues	%	22.91	22.56	-0.36	0.98
Liabilities without accruals and deferrals*	thousand EUR	681,731	539,938	-141,793	0.79
Total assets	"	1,543,273	1,622,594	79,321	1.05
Total indebtedness without accruals and deferrals *	%	44.17	33.28	-10.90	0.75
Current assets	thousand EUR	170,140	114,726	-55,414	0.65
Short-term liabilities without accruals and deferrals*	"	286,640	115,950	-170,690	0.40
Total liquidity		0.59	0.99	0.40	1.68
Loans + aid	thousand EUR	479,018	380,753	-98,265	0.79
Total assets	"	1,543,273	1,622,594	79,321	1.05
Loan encumbrance of assets	%	31.04	23.47	-7.57	0.76

DATA ON REMUNERATION OF THE STATUTORY AND SUPERVISORY BODIES OF ZSSK

In thousand EUR	2020	2021
Current members		
of which: Board of Directors	53	27
Supervisory Board	54	49
Former members		
of which: Board of Directors	0	20
Supervisory Board	0	0
Total remuneration	107	96

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 2022. In January and February 2022, 4 million passengers less were transported compared to the plan of full revenues which does not take into consideration the impacts of the pandemic (-32.9 %), which is reflected in shortfall of revenues from passenger transport in the amount of EUR 4.7 million (-38 %).

According to the current predictions, the financial impact of the pandemic in 2022 is expected at a comparable level to 2021.

The business results of ZSSK in 2022 are affected also by the current extraordinary situation caused by the military conflict in Ukraine and humanitarian aid provided by ZSSK, in particular in the form of extra trains, extra special coaches, and free-of-charge transport provided to the refugees. ZSSK delivered the above services based on the instructions of the contracting authority, MTC SR, and expects financial settlement of the services from the State Budget outside the framework of the effective Partial Contract for 2022 to PSC.

In the period from 27 February 2022 to 31 March 2022, ZSSK provided humanitarian aid in the amount of more than EUR 0.5 million.

SETTLEMENT OF THE REPORTED BUSINESS RESULTS OF 2021

In 2021 ZSSK achieved accounting profit of EUR 2,998,447.79.

The sole shareholder in its Decision no. 47/RA – 2022 approved distribution of the profit from the accounting period of 2021 in the amount of EUR 2,998,447.79 as follows:

- increase of the statutory reserve fund in the amount of EUR 299,844.78,
- reduction of the loss of past periods by reporting the amount of EUR 2,698,603.01 in account 429 – unpaid loss of past periods.

HUMAN RESOURCES

The planned number of employees of ZSSK as on 31 December 2021 was 5,880, while the actual number as on 31 December 2021 amounted to 5,811, which was less by 69 employees compared to the plan. The re-calculated number of employees as on 31 December 2021 was 5,840.

Compared to 2020, the recorded number of employees decreased from 5,910 to 5,811, which is less by 1.68 % employees.

Division	2020	2021
Division of the Director General	212	260
Business Division	1,014	981
Operation Division	3,050	2,978
Economy Division	93	90
Services Division	338	298
Maintenance Division	978	985
Depot in Poprad	225	219
Total number of ZSSK employees	5,910	5,811

Sex of employees	2020	2021	Year-to-year change
Men	3,846	3,799	-1.22 %
Women	2,064	2,012	-2.52 %
Total	5,910	5,811	-1.68 %

As on 31 December 2021 ZSSK employed fewer women by 2.52 % and fewer men by 1.22 % compared to 2020. The average wage in ZSSK in 2021 amounted to EUR 1,353.02. Compared to 2020 it increased by EUR 71.39, which is an increase of +5.57 %.

Age structure of the employees

Out of the total number of employees of 5,811 there were:

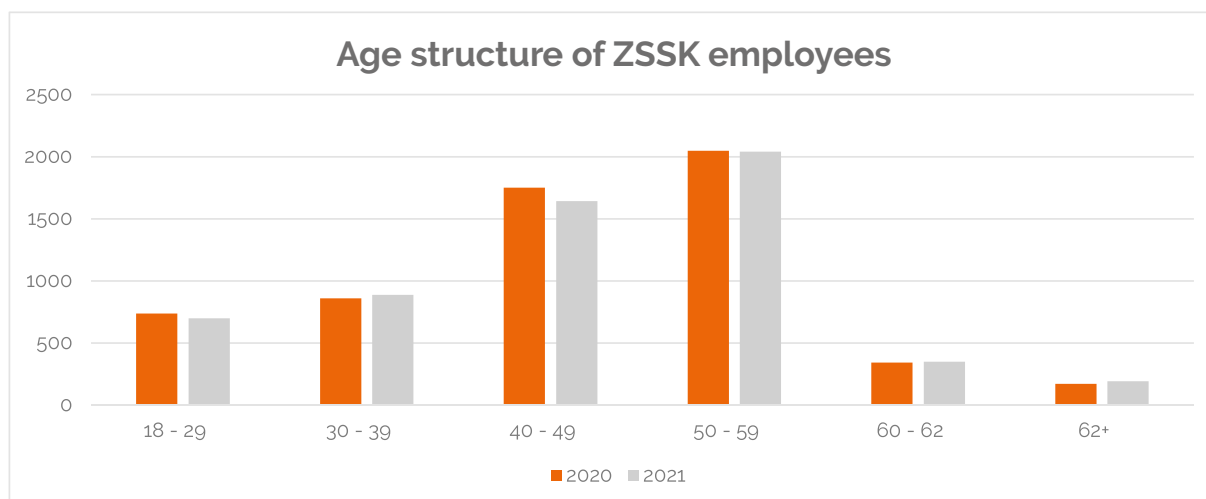
698 employees of less than 29 years of age,
888 employees between 30 – 39 years of age,
1,643 employees between 40 – 49 years of age,

2,042 employees between 50 – 59 years of age,
349 employees between 60 – 62 years of age,
191 employees over 62 years of age.

There was a slight increase in the number of employees compared to 2020 in the age categories of 30 – 39, 60 – 62 and over 62 years of age. The highest % of employees is recorded in the age category of 50 – 59 years of age, specifically 35.14 % of the total numbers of employees.

The average age of employees as on 31 December 2021 was 46.51 years, which – compared to 2020 (46.31) means an increase by 0.2 years.

The objective of ZSSK is an increase of the share of employees in the lower age categories, in particular in the key professions at Operation Division and Maintenance Division. On these grounds, ZSSK puts great emphasis on selection and hiring of employees, and their subsequent training so as to ensure generation exchange of employees in reaction to fluctuation of employees, as well as to fill in the gaps created by changes in work organisation and workplace tasks.



Despite limitations that were caused by pandemic measures in relation to COVID-19 disease, in 2021 ZSSK carried out four cycles of courses for chief train conductors, mostly in a hybrid form with combined present and online training. We completed three train driver courses that were prepared already in the previous periods but carried out in 2021, and we started further four courses. The portfolio of courses was extended by a completed course for a train master.

The above was possible to carry out only thanks to high-quality coordination of departments specialised in hiring and training of employees who ensured smooth hiring and trainings during two pandemic waves, while also intensely working on increasing the capacities for hiring and training for 2022.

In 2021 we did not reduce our efforts in professional trainings and, besides being able to carry out the majority of the planned trainings on time, we managed also to extend the competencies of the first-contact personnel to cope with crisis situations and to prevent conflicts.

As regards cooperation with schools, the situation was new to us, without the possibility of personal meetings with students and their parents. Nevertheless, we were able to contract new partners and start prolific cooperation, in particular as regards dual education where we extended the portfolio of cooperating schools by four new schools, which helped us geographically cover the whole Slovakia. This extension of cooperation went hand in hand with certification of workplaces, increasing of capacity and potential opportunities for dual education within ZSSK.

Education structure of the employees

In 2021 there was an increase of qualified employees compared to 2020:

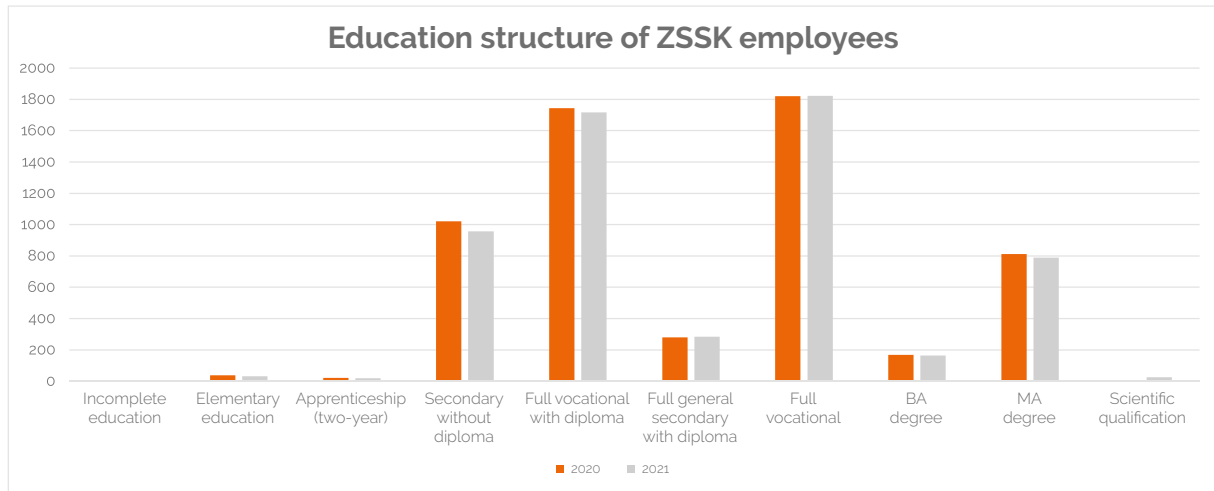
Full secondary general education with diploma	by 5 employees
Full secondary specialized education with diploma	by 3 employees
Scientific qualification	by 18 employees

There was reduction in employees with:

Elementary education	by 5 employees
Apprenticeship (two-year)	by 4 employees
Secondary education without diploma	by 63 employees
Full secondary education with diploma	by 25 employees
University education (bachelor's degree)	by 4 employees
University education (master's degree)	by 23 employees

The major group of ZSSK employees is represented by employees with full secondary specialized education with diploma amounting to 1,823, which is 31.37 % of the total employee

number, employees with full secondary education with diploma amounting to 1,718, which is 29.56 % of the total number of employees. 952 employees, i.e. 16.38 % 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.

Total number of initial and repeated claims received in 2021:	7,397
• total number of justified (customers') claims	2,343
◦ of which: number of claims with external justification	574
◦ number of claims with internal justification	1,769
Form of delivery:	
• Letter, book of complaints, other form	176
• Electronic claims (@, fax, web)	7,219
• Forwarded, mass-media	2

Number of claims by their subject and reasons:

Time – delays due to exclusion of traffic on rail infrastructure, train delay, locomotive fault, delay – missed connecting service	2,076
Safety – 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	1,036
Comfort, cleanliness – on-board of train sets, heating, air-conditioning, functioning of toilettes, other technical shortcomings – doors, windows, seats, train formation, services provided by Wagon Slovakia – berth and couchette coaches (WGS)	800
Customer care – behaviour of employees towards customers	782
Availability of travel documents – at cash desks, higher frequency, other sale channels, internet sale of tickets, passengers with reduced mobility	735
Information – travel information provided in general, during accidents and extraordinary situations	325
Appreciation for employees of ZSSK	210
Other-than-customer claims – threat to safety of railway transport, criminal activity and health protection on railway infrastructure (at railway stations, on-board of trains)	10
Environment	2
Other	1,421

The increase of complaints concerning safety continued 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, in particular wearing of masks and notifications by train conductors. However, the top ranked complaint still concerns

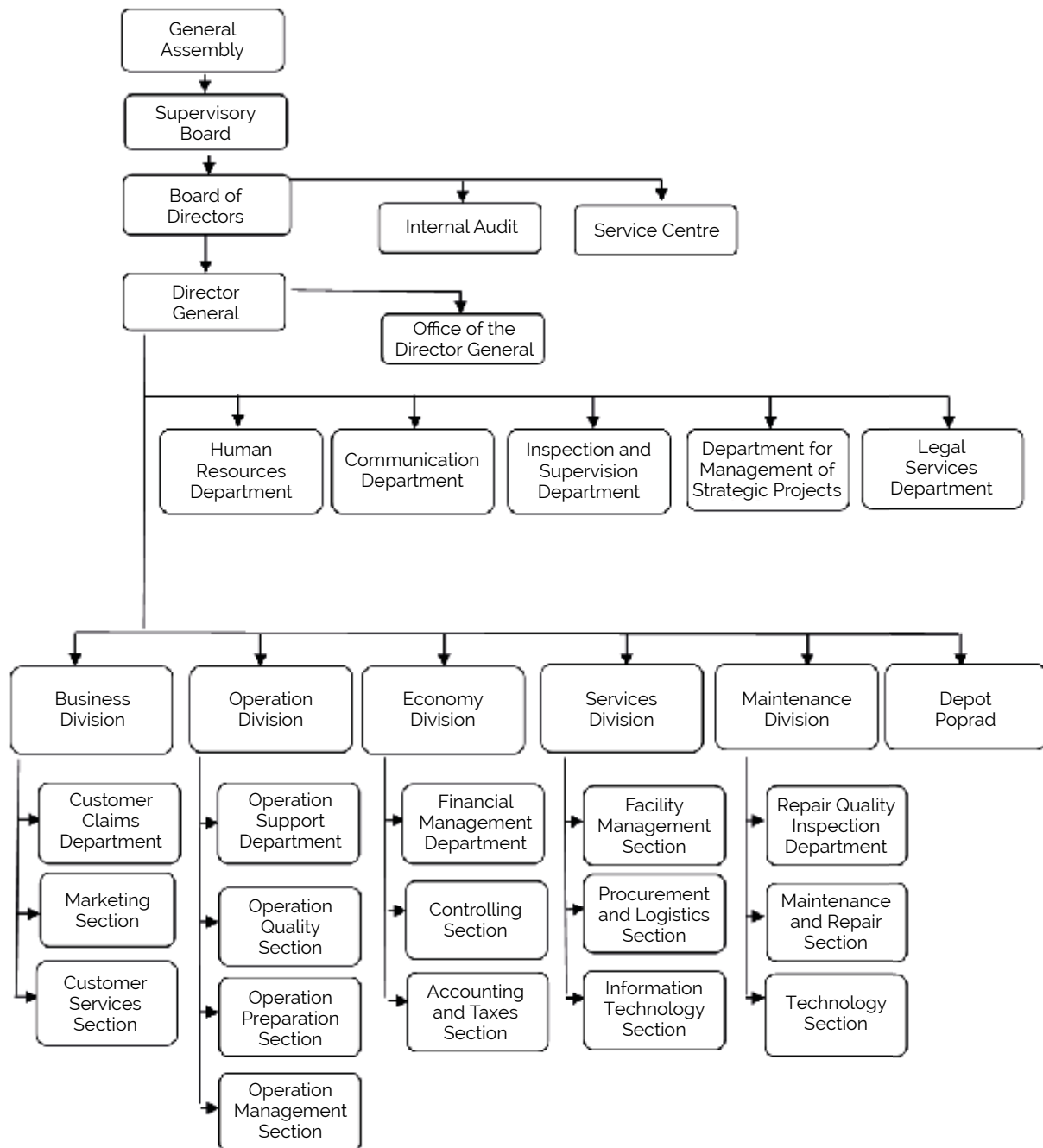
the time – overall train delays, train cancellations.

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:

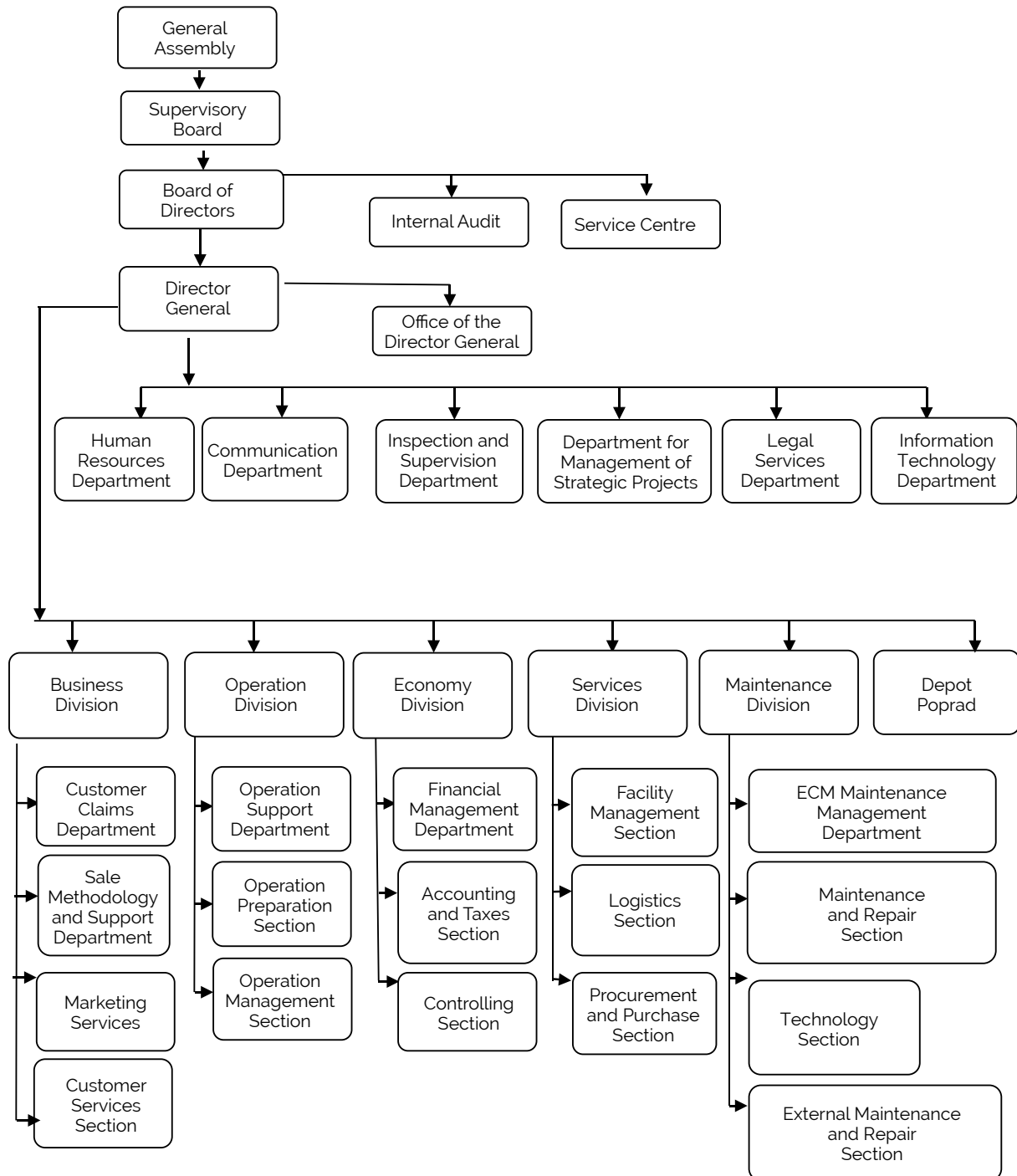
- measures under labour law (lower bonuses, an interview, an interview with possibility of a dismissal notice),
- organisational measures (increased inspections, instructions at regular trainings, extraordinary tests in serious cases).

In case of justified, and usually repeated, 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 from 1 January to 14 May 2021



ORGANISATIONAL STRUCTURE OF ZSSK from 15 May to 31 December 2021



ORGANISATIONAL UNITS

ZSSK has no organisational units.

LIST OF USED ABBREVIATIONS

BCC	Bureau Central de Clearing s.c.r.l., Brussels
Coll.	Collection of Acts
CEF	Instrument to connect Europe – EU Communities programme (Connecting Europe Facility)
DMU	Diesel multiple unit
EC	European Community
EDU	Electric double-deck unit
EMU	Electric multiple unit
EN STN	European norm, Slovak Technical Norm
ETCS	European Train Control System
EUs	Electric units
EU	European Union
EUROFIMA	European Company for the Financing of Railroad Rolling Stock, Basel
IMS	Integrated Management System
IC, R 6xx	InterCity trains, fast trains
ISA	International Standards on Auditing
ISO	The International Organization for Standardization
NRFC	Non-repayable financial contribution
MTC	Ministry of Transport and Construction of the Slovak Republic
ME	Ministry of Economy of the Slovak Republic
MENV	Ministry of the Environment of the Slovak Republic
MF	Ministry of Finance of the Slovak Republic
MI	Ministry of Interior of the Slovak Republic
MH	Ministry of Healthcare of the Slovak Republic
OHS	Occupational Health and Safety
OPII	Operational Programme Integrated Infrastructure
PSC	Public Service Contract
SM	Management System
SR	Slovak Republic
THU	Technical and hygienic maintenance (light maintenance)
UIC	Union Internationale des Chemins de Fer
ÚRŽD	Railway Regulatory Authority
ZSSK	Železničná spoločnosť Slovensko, a. s.
ŽSR	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

**INDEPENDENT AUDITOR'S REPORT –
on the Separate Financial Statements as on 31 December 2021**



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 2021



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 2021, 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 2021, 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.

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.

- 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 2021 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, 25 February 2022

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 2021

The Annual Report is annexed with the Separate Financial Statements of ZSSK reported pursuant to the International Financial Reporting Standards as on 31 December 2021.



ŽELEZNIČNÁ SPOLOČNOSŤ SLOVENSKO
NÁRODNÝ DOPRAVCA

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