



Annual

Report 2022



Annual Report of Železničná spoločnosť Slovensko, a. s. for 2022

Bratislava, 25 April 2023

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 2022, stated as the Annex to the Annual Report of the Company, to which we issued the Independent Auditor's Report on 31 March 2023 that can also 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 2022 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, 25 April 2023

BDR, spol. s r.o. Banská Bystrica
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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. Ľudmila Svätová, MBA
Key Audit Partner
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TABLE OF CONTENT

TABLE OF CONTENT	3
FOREWORD OF THE CHAIRMAN OF THE BOARD OF DIRECTORS	4
COMPANY PROFILE	5
BOARD OF DIRECTORS OF ZSSK	6
SUPERVISORY BOARD	7
SCOPE OF BUSINESS	8
IMPACT OF COVID-19 PANDEMIC	11
BUSINESS MODEL	13
PASSENGER TRANSPORT	15
NUMBER AND TYPES OF RECEIVED COMPLAINTS	16
ANTI-CORRUPTION POLICY OF ZSSK	18
ECOLOGY	21
QUALITY MANAGEMENT SYSTEM, CERTIFICATES	22
STRATEGIC OBJECTIVES	24
OWNERSHIP INTERESTS OF ZSSK as on 31 December 2022	27
BUSINESS RESULTS	28
INDICATORS	29
DATA ON REMUNERATION OF THE STATUTORY AND SUPERVISORY BODIES OF ZSSK	30
SIGNIFICANT EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION	31
SETTLEMENT OF THE REPORTED BUSINESS RESULTS OF 2022	32
HUMAN RESOURCES	33
ORGANISATIONAL STRUCTURE OF ZSSK	36
ORGANISATIONAL UNITS	36
LIST OF USED ABBREVIATIONS	37
INDEPENDENT AUDITOR'S REPORT – on the Separate Financial Statements as on 31 December 2022	39
ANNEX – Separate Financial Statements of ZSSK for 2022	43

FOREWORD OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

At the beginning of the Annual Report of ZSSK for 2022, let me summarize some of the most significant indicators for the Company and let me also point out the context that might not be obvious at first sight.

The most important topic of 2022 was a gradual return of passengers to travelling by train after two years marked by the COVID-19 pandemic. We transported 67 million passengers during the whole year, which is an increase of 47 % compared to 2021; however, we were able to fulfil our own business plan for 2022 only in 85 %. Revenues from transport amounted to EUR 79 million, which represents a year-to-year increase by 70 % and fulfilment of the plan in 102.5 %.

ZSSK achieved profit of EUR 6.8 million. The results were positively affected by lower operating costs achieved thanks to measures adopted throughout the year. ZSSK provided transport services in the volume of 36.7 million train-km, which is a year-to-year increase by 7.7 % and meets the plan. The business results were positively impacted by compensation from the State Budget increased by EUR 26 million, provided to ZSSK to cover the costs and revenues lost due to the pandemic, increasing prices of purchased goods and services, as well as to compensate the financial impact of the humanitarian aid provided in relation to the war conflict in Ukraine.

In 2022 we continued modernising the rolling stock fleet in a more significant way, as it is the most crucial indicator in the eyes of our customers. We modernised or purchased rolling stock worth EUR 88.4 million, and further rolling stock in the amount of EUR 122 million was ordered and is to be delivered in the upcoming years. For a long period of time the majority of these investments have been financed from the EU funds. However, these funds cannot be used for this purpose in the future, therefore, the Supreme Audit Office recommends searching for different funding resources at national level.

The investments of the past years helped to gradually decrease the rolling stock modernisation debt, which was most evident in the 1990s and during the first decade of the present century. In the majority of the country, passengers may experience older rolling stock only in exceptional cases, and 80 % of trains are equipped with air-conditioning. The situation concerning the average age of locomotives is worse, and their age tends to increase.

We have been preparing the Company for railway transport liberalisation. As the national transport operator with a long history of operation in the whole national territory, we have to be ready for a competitive environment. First and foremost, it means higher efficiency. Therefore, in compliance with recommendations of the Ministry of Finance, we have reduced the number of sale points at stations, and have been introducing the so-called self-serving ticketing machines at local railway lines. These lines are served by trains with only a train-driver on-board, without any accompanying personnel. The system was introduced for the first time at the Tatra Electric Railways already 19 years ago. It has been significantly extended in the last years, and nowadays there are 17 more lines where you would not find a train conductor. The measure brought along annual savings of hundred thousand euros.

As the director of the largest transport operator in Slovakia, I would like to draw your attention also to another topic that you cannot find in the figures within the Annual Report. The major problem of our railways for the past years seems to be the railway infrastructure. The fact that Slovakia preferentially focused on construction of road infrastructure caused that the highest speeds achieved on our railway lines are lower compared to the neighbouring states and the regular maintenance of rails generates debts of billions of euros. For this reason, trains have to significantly slow down to 30 or 50 km/h even on tracks where construction design allows for double speed, with subsequent delays, which are perceived as our responsibility by the passengers.

If we wish to improve the general opinion of railways, and to make trains the first choice for people when planning their journeys as recommended by the EU, the State will have to significantly redirect the finances into modernisation of railway infrastructure owned by ŽSR (the State), including railway stations. Otherwise, we – as passengers – will have to constantly repeat that railway transport abroad looks much different.

Ing. Roman Koreň

Chairman of the Board of Directors and Director General



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 MT SR 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 S13 sector – the 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 MT 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

Ing. Roman KOREŇ

Chairman of the Board of Directors

As of 30 April 2021

Ing. Ján LUKÁČ

Vice Chairman of the Board of Directors

As of 24 May 2021

Ing. Karol MARTINČEK

Member of the Board of Directors

As of 14 February 2022

SUPERVISORY BOARD

Ing. Peter BARTALOS

Chairman of the Supervisory Board

From 20 September 2017 to 20 September 2021
Re-elected as of 21 September 2022

Ing. Tomáš VAŠUTA

Vice Chairman of the Supervisory Board

As of 25 May 2020

Ing. Ivan ČERNEGA

Member of the Supervisory Board

From 23 June 2017 to 23 July 2022
Re-elected as of 14 September 2022

Peter DUBOVSKÝ

Member of the Supervisory Board

As of 23 January 2015

Ing. Mgr. Rudolf GREGOROVÍČ, MBA

Member of the Supervisory Board

As of 28 June 2022

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. advertising and promotional activities,
3. administrative and photographic activities,
4. organisation of education in the field of railway transport,
5. purchase of goods for purposes of their sale to other sole traders (wholesale trade),
6. purchase of goods for purposes of their sale to the final consumer (retail trade),
7. intermediary activity within the scope of free trade,
8. lease of real estates including provision of supplementary services – procurement services,
9. software provision – sale of ready-made programmes under the contract with the author,
10. automated data processing,
11. advisory and consultancy services in the field of hardware and software,
12. accounting consultants' services,
13. bookkeeping,
14. forwarding,
15. provision of mailing services,
16. lease of transport vehicles and mechanisms,
17. lease of consumer and industrial goods,
18. publishing activity within the scope of free trade,
19. storage of goods, except for administration of a public bonded warehouse,
20. activity of the chief clearance agent,
21. metal working,
22. running of technical libraries,
23. welding of rolling stock,
24. luggage storage,
25. procurement activity in the field of civil engineering,
26. accommodation services without board or catering,
27. repairs, maintenance, revision and testing of specific technical lifting and transportation devices,
28. non-destructive testing of rolling stock,
29. carrying out of inspections and non-destructive testing of lifting steel structures,
30. carrying out of specific activities: assembly, repairs, maintenance, reconstruction, revision, tests of specified electric technical devices on railway infrastructure,
31. carrying out assembly, repairs, revision and testing of specific technical gas devices,
32. carrying out assembly, repairs, revision and testing of specific technical pressure devices,
33. carrying out technical inspection of rolling stock before their commissioning and during their operation, and testing of technical capability of rolling stock for operation,
34. 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,
35. carrying out of training and testing of professional capability to work with specified technical devices – operation of pressure devices,
36. carrying out training and testing of professional capability to work with specified technical electric devices,
37. carrying out of training and testing of professional capability to work with specified technical devices – operation of gas devices,

- 38. non-destructive testing of steel bridge and bridge-like infrastructure structures,
- 39. research and development in the field of natural, technical, social and humanistic sciences,
- 40. 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 2022 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 MT, 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 – MT, 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 2022 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 2022 to the Contract on Transport Services in Public Interest (PSC) as amended by Supplement no. 1 to Supplement no. 6, ZSSK was granted compensation for transport services in public interest that takes into account also financial impact of the COVID-19 pandemic. ZSSK was granted an increased compensation from the State Budget to compensate costs related to anti-Covid measures and to compensate lost revenues from transport of passengers due to COVID-19 pandemic.

The costs of EUR 1,615,392 were spent on anti-Covid measures as on 31 December 2022. The most significant items of the amount were the costs on disinfection of rolling stock interiors (82 %), cleaning and disinfection of ZSSK workplaces (14 %) and disinfection, respirators, overalls and other means of personal protection (3 %).

At the same time, protective means of EUR 2,300 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 62,539.

Compared to the planned revenues from passenger transport in terms of the Partial Contract for 2022 to PSC, ZSSK recognised lost revenues of EUR 9,239,416.

The amounts granted to ZSSK to compensate the financial impact of the COVID-19 pandemic are subject to final settlement of the Partial Contract for 2022 to the Contract on Transport Services in Public Interest, as amended by Supplements 1 to 6.

BUSINESS MODEL

Business model scheme



Business model description

ZSSK is a company continuously striving to generate value for its customers based on the principle of sustainable mobility, while delivering high-quality services at reasonable price. The Company is able to apply its competitive advantage in case of long-term prices, continuous innovation of products and manner of their distribution. It makes use of a hybrid sale model via points of sale, digital sale channels as well as stationary ticket machines with sale promotion focusing on Brand. It offers its services and products within B2B as well as B2C segments. With its strategies and future goals, ZSSK strives to positively impact its share in public transport services and the overall mobility, which will have a positive impact on CO₂ generation reduction. Goals fulfilment is conditioned by the weight and nature of external risks that are out of the Company's reach, however, elimination of which might have a long-term character.

The business model contains inputs that are transformed by the Company during the key production process into outputs (values) for the customers. The inputs lead to the key process; they represent a sum of guarantees for a continuous growth and beneficial development of the Company. The key process consists of the strategic pillars of the Company which, in mutual effect, create conditions to generate the values in the form of services and products.

Pillars of the key process:

Human resources development

The Company provides stable employment. It develops professional as well as personal experience of its employees, motivates them and ensures the best conditions for them in order to create agile labour force. ZSSK participates in training and education of the current as well as potential employees at its own initiative within the Company, but also within various partnerships. The implemented Integrated Management System speeds up the efficiency and quality of the activities provided by the Company.

Intelligent capacity management

Modernisation and digitalisation leading to efficiently and sustainably spent resources. Use of autonomous technologies in traffic management and rolling stock maintenance management in a predictive way ensures smooth running and optimal management of energy costs. At the same time, it ensures regular volume of driven kilometres, and functional and reliable repairs and maintenance. It includes establishment of new comprehensive servicing premises.

New relationship with customers and internal efficiency

Railway transport represents an ecological and sustainable solution for continuously increasing mobility of the inhabitants. The Company draws attention to the processes focusing on meeting the customers' requirements, while striving to anticipate their future needs. Internal efficiency gives an advantage to the Company to succeed on the market, which supports the effort to achieve an increased number of passengers transported within individual segments. In doing so, it implements the basic, social and discounted perspectives divided into:

- national transport of passengers for segments making use of:
 - basic fare,
 - discounted social fare,
 - discounted customer fare,
 - closed tariff systems,
- international transport of passengers,
- commercial transport of passengers,
- and extraordinary transport of passengers.

Constant innovations of digital sale channels make it possible to significantly reduce paper consumption, and contribute also to reduction of emissions as the customers are able to plan and buy tickets from the comfort of their homes. The number of passengers transported in 2022 was 67,118,167, of which 45,671,949 passengers were transported in 2021 (an increase by 47 %). The growing number of transported passengers brings along saved CO₂ and greenhouse gas emissions from traffic. In 2022, 530,576 tonnes of CO₂ were saved by passengers who gave preference to a train instead of a car.

Goals	Definition	Planned measurable value	As achieved on 31 December 2022
Technical	Share in transport market in passengers*	11.00 %	11.03 %
	Share in transport market in passenger-km*	37.00 %	41.27 %
Non-financial	To preserve the index of overall customer contentedness with trains and ZSSK	67.00	65.90

Source: *Statistical Office of the Slovak Republic, Indicators of freight and passenger transport in Slovakia 2022_12

Cooperation with partners and contractors

We share our risks as well as results in an equal partnership with contractors and entrepreneurs. We thus generate outcomes for our strategic processes, increase our efficiency and reduce the negative economic as well as ecological impacts.

PASSENGER TRANSPORT

In 2022, passenger transport services transported a total of 67,119 thousand passengers, which was more by 21,448 thousand passengers compared to the previous year, i.e. a year-to-year increase by 47 %, of which:

- national transport services saw a year-to-year increase by 18,108 thousand passengers (+41.68 %),
- international transport saw a year-to-year increase by 2,887 thousand passengers (+134.59 %),
- commercial services saw an increase in transported passengers by 453 thousand passengers, which was a high increase percentage-wise, because the commercial services were reduced in 2021.

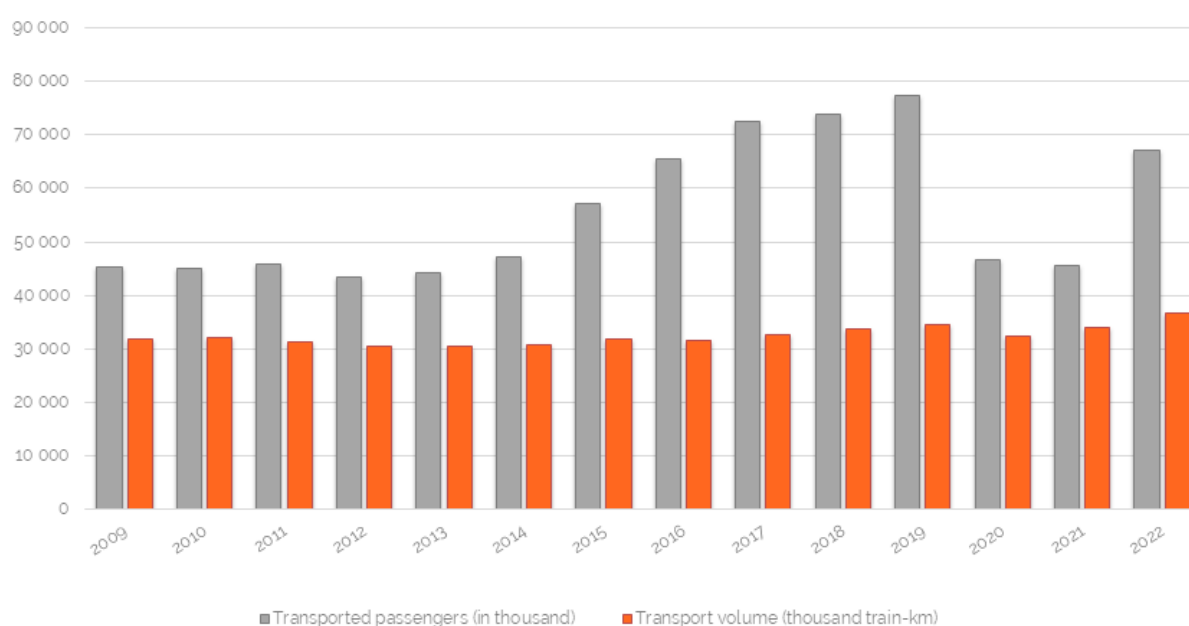
The year-to-year increase in the number of transported passengers was reflected in an increase of the transport performance in passenger-km, which amounted to 3,226,969 thousand passenger-km in 2022. Compared to 2021, the transport performance increased by 1,260,823 thousand passenger-km (+64.13 %).

The transport performance in train-km, including replacement bus services, amounted to a total of 36,678 thousand train-km in 2022. Compared to the last year the transport performance increased by 2,609 thousand train-km (+7.66 %).

Development of volumes in passenger transport:

Total passenger transport	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022/ 2021
Transport volume (million passenger-km)	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	3,226.97	0.64
Passengers (million)	45.34	45.00	45.96	43.45	44.29	47.29	57.28	65.61	72.47	73.81	77.36	46.66	45.67	67.12	0.47
Transport volume (million train-km)* /	31.98	32.05	31.33	30.56	30.44	30.79	31.86	31.48	32.64	33.65	34.50	32.45	34.07	36.68	0.08

* / train-km including replacement bus transport



NUMBER AND TYPES OF RECEIVED COMPLAINTS

ZSSK, as the national transport operator, receives petitions and claims from the citizens – 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, and coded in the structure of the 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 2022:	11,815
Total number of justified (customers') claims	3,873
of which: number of claims with external justification	1,258
number of claims with internal justification	2,615
Form of delivery:	
Letter, book of complaints, other form	168
Electronic claims (@, fax, web)	11,640
Forwarded, mass-media	7

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	3,559
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	504
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)	1,772
Customer care – behaviour of employees towards customers	1,015
Availability of travel documents – at cash desks, higher frequency, other sale channels, internet sale of tickets, passengers with reduced mobility	926
Information – travel information provided in general, during accidents and extraordinary situations	483
Appreciation for employees of ZSSK	387
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)	1
Environment	33
Other	3,135

There was a significant increase of complaints concerning safety (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.

ANTI-CORRUPTION POLICY OF ZSSK

Implementation of the anti-corruption policy into the Management System of ZSSK is linked to the Slovak Government Resolution no. 58/2018 of 12 December 2018, adopting the Anti-Corruption Policy of the Slovak Republic for the period of 2019 – 2023 with the aim of improving prevention and battle against corruption, as well as increase the efficiency of anti-corruption measures at all levels and within all areas of the public sector.

The anti-corruption policy of ZSSK is defined and based on:

- Directive on implementation of the anti-corruption policy into the Management System of ZSSK
- Regulation of the Director General no. 5/2022 on implementation of the anti-corruption policy into the Management System of ZSSK, which summarize the anti-corruption measures adopted by the Board of Directors of ZSSK and are published at the web page of ZSSK:
<http://www.zssk.sk/sk/protikorupecny-program.html>.

The main goal of the Anti-Corruption Policy of ZSSK is:

- **zero tolerance of corruption** in any form, and in all company activities, and at all company levels,
- **elimination of any room and opportunity for corruptive behaviour,**
- **obtaining and maintaining of trust and contentedness** of customers, business partners and employees.

Every year ZSSK monitors and evaluates the anti-corruption measures, and informs about the results of corruption monitoring in the form of statistical data. It prepares the Annual Report on fulfilment of anti-corruption measures which is submitted to the Company Board of Directors for information, as well as to the sole shareholder, MT.

In the monitored period of 2022, ZSSK did not record any:

- motion concerning corruptive practices,
- finding of corruptive behaviour,
- finding of serious antisocial activity,
- problems in application of anti-corruption measures.

Code of Conduct

Act no. 552/2023 Coll. on execution of work in public interest as amended governs the rights and obligations of employees and employers when executing work in public interest. ZSSK, as a public-interest entity, in terms of the amendment to Act no. 407/2022 Coll. amending and supplementing Act no. 431/2002 Coll. on accounting as amended, transposed the provisions of the Act into its internal regulations via Regulation of the Director General of ZSSK no. 1 – Execution of work in public interest.

The ethical principles, standards and requirements obligatory for all employees are summed up also in one of the fundamental regulations of the Company, the Code of Conduct of ZSSK, which includes the Anti-Corruption Programme.

The Code of Conduct represents application of the ethical principles of responsibility, honesty, humanism, tolerance and protection of the environment into the business activities of the Company.

In accordance with the provisions of the Code of Conduct, we ensure that our Company:

- strives to obtain a reputation of an integrity, high-quality and trustworthiness, therefore, we undertake to abide by the Anti-Corruption Charter, to which we are a signatory, and take active steps against corruption and unfair economic competition,
- protects health and safety of its employees, customers, other transport operators and the public in all its activities,
- pays attention to establish professional and ethical relations with the media,
- provides comprehensible, true and regular information to the public about its business activities and goals,
- does not misuse the reputation, business name or assets to support any political party or movement,
- does not tolerate any political activity at work,
- develops correct relations with the bodies of state administration, self-government and public organisation, in compliance with the laws and moral principles; no illegal or unethical conduct is permissible on our side,
- provides truthful information about business results, strategic targets and important changes under preparation to the bodies of state administration,
- considers as its priority to protect the environment, to respect technological and ecological standards in its sphere of activity, to support programmes of protection and development of the environment,
- does not provide information about its customers, contractors and business partners; such information is considered confidential and our employees are pledged to secrecy in this regard,
- in the spirit of the Anti-Corruption Charter, we undertake to avoid any corruption practices, and establish anti-corruption environment through our business activities,
- we do not consider our competitors to be our enemies but rather equal partners, and we treat them in accordance with the rules of fair competition,
- we are represented by highly professional representatives with high standards of conduct at international organisations and associations where the Company is a member,
- the labour relationships are governed by the Labour Code, respective legislation and the Collective Agreement,
- we comply with all laws, standards and directives related to occupational health and safety of our employees,
- any abuse of alcohol, drugs, or narcotics at work or before starting work is prohibited, as well as smoking outside specified premises,
- discrimination during recruitment, training, assessment and dismissal of employees is not permissible,
- we follow just wage policy in compliance with the adopted regulations; any discrimination in employee remuneration is excluded,
- we respect the right of employees to be members of unions and employee organisations,
- based on the principles of equal opportunities, any form of discrimination is not tolerated in intrapersonal and labour relations,
- by adopting the Anti-Corruption Programme, we undertake to implement the fundamental ethical principles in our business activities, and adopt the necessary anti-corruption measures,
- the main goal of the Anti-Corruption Programme is zero tolerance for any form of corruption in all activities and at all levels,
- we implement maximal openness in respecting trade secrets,

- as an obliged entity in terms of the Act on Free Access to Information, we conclude written contracts with our business partners that are obligatorily published in the Central Register of Contracts, containing information related to the use of the Company assets as a legal entity subject to law,
- in the public tendering process we comply with the effective Act on Public Tendering; we apply the equal treatment principle, principle of non-discriminating the bidders, transparency principle, economical and efficiency principles,
- we do not offer, provide, nor accept any form of bribes in relation to our customers, intermediaries, business partners, contractors and, at the same time, we do not give preference to our partners, e.g. in payment of invoices, handling of orders.

ZSSK has a significant position within the national economy, therefore, we put emphasis not only on the quality of the delivered services while observing the stipulated ethical rules, but also on the rights of our employees that are governed, in particular, by the powerful Collective Agreement and other internal regulations of the Company.

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.

In respect of the issues of environmental burdens on the land of ZSSK, in 2022 the Company continued in rebuilding of the environmental burdens in the locomotive depots of Humenné and Košice under the management of the Slovak Ministry of Environment, as well as followed up the project financed from the EU Structural Funds, as well as the following monitoring in the sites where the rebuilding had been completed in order to verify and inspect fulfilment of the set soil and underground water thresholds.

In the course of 2022, 8 cases of an extraordinary worsening were recorded on the lines of ŽSR, namely threats to water quality (dealt with by the Slovak Environmental Inspectorate), caused by a technical fault of a motive power unit, or crash with a wild animal in one case, and a subsequent leakage of pollutants (diesel, oil) to the soil. In all the above cases, the Environment Protection Department adopted remedies, including pollution removal.

As regards waste management, great emphasis is put on prevention of waste generation. However, effort is made every year to improve the conditions for hoarding of dangerous and other waste at workplaces; and to observe correct waste separation and its subsequent disposal/liquidation in compliance with the effective legislation.

In 2022 the Environment Protection Department carried out inspections at ZSSK workplaces to monitor compliance with the legislative requirements, in particular as regards water management and water protection. Remedies were proposed and adopted in case of discovered shortcomings.

The Environment Protection Department plans to gradually introduce the Environmental Management Systems according to STN EN ISO 14 001 in the upcoming period in order to promote environment protection, pollution prevention, as well as to increase the environmental awareness of the employees of ZSSK. Further challenges in the environmental area are related to the EU objective to achieve carbon neutrality by 2050 and to adapt the strategies of companies and transform them into sustainable enterprises as regards the climate target. Our Company, similarly with many others, will have to fulfil its obligations related to reporting of sustainability information in terms of CSRD Directive, including defining ESG objectives, their fulfilment, calculation of carbon footprint etc., as well as obligations resulting from the Taxonomy Regulation (reporting the share of sustainable business activities fulfilling the environmental objectives of the EU).

QUALITY MANAGEMENT SYSTEM, CERTIFICATES

Integrated Management System

The Integrated Management System 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 2022 the Integrated Management System included the following certified items:

Quality SM, pursuant to ISO 9001

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

OHS SM, pursuant to ISO 45001

- ✓ operation of rail passenger transport services.

Risk Management System

ZSSK is an active player in an entrepreneur environment where it has to establish its position and adapt to the ever changing market conditions. Every change as well as every routine activity of the Company brings along risks that threaten – to a larger or smaller degree – fulfilment of the basic objectives of the Company.

Introduction of new requirements stipulated by the European Union, as well as new technologies and the pressure to enhance the quality of services and efficiency of finances spent on the operation of the Company – together put pressure on management of risks related to the operation of the Company.

The Risk Management System implemented within the Company represents a system of processes, activities and resources to identify, evaluate and manage the risks with the aim of ensuring effective prevention and mitigation of their impacts.

The methodology for risk management within the Company reflects the existing legislative framework for the sector of its business. It takes into account the requirements on risk management defined in the European law as well as Slovak legislation and other norms applicable to the railway transport sector.

The defining process makes use of best practices and ISO standards (STN ISO 3100 – Risk management, STN ISO/IEC 27001 – Information technology. Security techniques. Information security management systems. Requirements, STN ISO/IEC 27002 – Information technology. Security techniques. Code of practice for information security controls, STN ISO 22301 – Business continuity management systems) applicable to risk management and management of individual areas of security and quality.

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 of 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 digitalize our processes.
- 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 2022 ZSSK implemented projects in various areas.

In the area of rolling stock fleet renewal and modernisation:

- Project concerning delivery of RS for cog railway/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.
- Deliveries of the last EUs in the project on Modernisation of the rolling stock fleet of ZSSK under OP II – 2nd part, focusing on delivery of 25 electric units to be commissioned mostly in the Region of Žilina.
- Implementation of 3 new projects continued in 2022, 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 OP II, ZSSK has implemented a project on Modernisation of motive power units of 425 series (15 electric units for the Tatra Electric Railway) to span the period of 2022 – 2023.
- Continuous implementation 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.
- The on-going project concerning 9 EUs for the Regions of Košice and Prešov to be completed by the end of 2023, including implementation of a project financed under the Recovery and Resilience Plan related to the option on purchase of further 5 units with planned completion within the first half of 2025.
- Project on the "Concept, safety and related industrial research to replace diesel combustion engines by hydrogen fuel cells in diesel motor units of 861 series" in cooperation with the University of Žilina and ŽOS a.s. Vrútky, concerning research of the possibility to replace a diesel drive by a hydrogen one.
- 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 OP II to construct light maintenance depots in Nové Zámky, Zvolen and Humenné. The construction phase has continued, with the planned construction period of 2 years.
- Preparation of documentation for construction of light maintenance depots in Žilina and Košice.
- Preparation of documentation for construction of repair depot in Nové Zámky and Zvolen.
- Purchase of a coach repair workshop in the hub of Žilina, previously owned by ZSSK Cargo Slovakia, a.s.

In the area of traffic safety:

- Under OP II 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 2022 the project implementation continued and its completion is assumed in 2023.
- Project on Delivery and installation of ETCS into motive power units of 361 series, 2nd phase (including 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 own training centre provides room for obtaining of certificates and authorisations for training of employees by own lecturers, using own didactic tools.
- Dual training of mechanic technicians, electro-technicians and locomotive drivers is very active. ZSSK provides dual training in cooperation with 5 secondary schools in Slovakia (Secondary Electro-Technical Vocational Schools in Bratislava, Prievidza, Poprad, Secondary Transport Vocational School in Martin, and Secondary Railway Vocational School in Košice).

The negative impacts of the global health crisis due to COVID-19 pandemic on railway passenger transport gradually decreased in 2022. The first months of the year were still affected by anti-COVID measures when passengers as well as train crew protected their respiratory ways, and transport services were limited (commercial IC trains started to run only as of April). The second half of the year saw no more limiting measures concerning mobility of the inhabitants. We dispatched a record-breaking number of trains (577,709) and drove a record-breaking volume of train-km (36,677,143). In 2022 ZSSK transported 67.2 million passengers, which means that it has been gradually returning to the pre-pandemic numbers of transported passengers (in 2019 the number amounted to 77.4 million, while substantially less passengers were transported in 2020 and 2021 – around 46 million). Given the improving situation, the plan of ZSSK for 2023 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 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 liberalisation of the transport market, 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.

OWNERSHIP INTERESTS OF ZSSK as on 31 December 2022

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

	Number of shares in the equity (pieces) as on 31/12/2022	Share against the equity in %	As on 31 December 2021 in thousand EUR	As on 31 December 2022 in thousand EUR
EUROFIMA	1,300	0.50 %	5,898	6,189
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 %	1	1
Total	x	x	5,905	6,196

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 2022 are reported pursuant to the International Financial Reporting Standards.

Business result

In 2022 the business result of ZSSK was profit of EUR 6,823 thousand. In 2022 ZSSK planned profit in the amount of EUR 0.388 thousand.

Under OPII – Promoting research, development and innovations, since 2021 ZSSK has been implementing a research and development project on Safe mobility GERMTRAIN, focusing on safe operation and use of railway passenger transport.

In 2022 the costs on research and development of ZSSK in relation to GERMTRAIN project amounted to EUR 667 thousand.

In thousand EUR	Actual figures 31 December 2021	Actual figures 31 December 2022	Difference	Index 2022/2021
Revenues				
Passenger transport and related revenues	65,362	100,622	35,260	1.54
Compensation for services in public interest	365,268	378,347	13,079	1.04
Income from subsidies	37,531	31,809	-5,722	0.85
Other net operating (costs) revenues	8,785	7,709	-1,076	0.88
	476,946	513,487	41,541	1.087
Costs and expenses				
Consumption and services	-198,186	-238,687	-40,501	1.20
Personnel costs	-138,345	-147,551	-9,206	1.07
Depreciation, amortisation and impairment of tangible assets	-121,720	-102,104	19,616	0.84
Depreciation pertaining to financial lease – IFRS 16	-8,749	-8,651	98	0.99
	-467,000	-496,993	-29,993	1.064
Financial (costs) revenues				
Financial revenues	30	37	7	1.23
Net financial costs, IAS 7, items 32, 33, 34	-3,881	-995	2,886	0.26
Interests from lease instalments – IFRS 16	-780	-736	44	0.94
Net financial derivatives	0	0	0	
	-4,631	-1,694	2,937	0.37
Tax costs	-2,317	-12,977	-10,660	5.60
Loss (profit) in the accounting period	2,998	6,823	3,825	2.28
Other comprehensive results:				
Items not to be reclassified into results	991	3,265	2,274	3.29
Revaluation of employee benefits	991	3,265	2,274	3.29
Items that can be subsequently reclassified into results	0	0	0	
Other comprehensive income in the accounting	991	3,265	2,274	3.29
Total comprehensive income in the accounting	3,989	10,088	6,099	2.53

INDICATORS

	Unit	Actual figures 2021	Actual figures 2022	Difference	Index 2022/2021
Costs	thousand EUR	476,723	513,747	37,024	1.08
Revenues	"	479,721	520,570	40,848	1.09
Expensive ratio		0.99	0.99	-0.01	0.99
Operating revenues without compensation from public service contract and subsidies	thousand EUR	76,440	109,726	33,286	1.44
Operating costs without depreciation	"	338,848	387,656	48,808	1.14
Coverage of costs by revenues	%	22.56	28.31	5.74	1.25
Liabilities without accruals and deferrals*	thousand EUR	539,938	498,176	-41,762	0.92
Total assets	"	1,622,594	1,608,581	-14,013	0.99
Total indebtedness without accruals and deferrals *	%	33.28	30.97	-2.31	0.93
Current assets	thousand EUR	114,726	134,560	19,834	1.17
Short-term liabilities without accruals and deferrals*	"	115,950	116,132	182	1.00
Total liquidity		0.99	1.16	0.17	1.17
Loans + aid	thousand EUR	380,753	330,058	-50,695	0.87
Total assets	"	1,622,594	1,608,581	-14,013	0.99
Loan encumbrance of assets	%	23.47	20.52	-2.95	0.87

*) 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	2021	2022
Current members		
of which: Board of Directors	27	50
Supervisory Board	49	38
Former members		
of which: Board of Directors	20	0
Supervisory Board	0	13
Total remuneration	96	101

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

ZSSK does not report any significant events after the date of the Statement of Financial Position.

SETTLEMENT OF THE REPORTED BUSINESS RESULTS OF 2022

In 2022 ZSSK achieved accounting profit of EUR 6,822,818.15. Proposed settlement of the reported business results:

We propose to report the business results of 2022 as follows:

- to increase the statutory reserve fund in the amount of 10 % of the net profit, i.e. EUR 682,281.82 in compliance with the Statutes of ZSSK, Article 19.2 a), and,
- to increase the development fund in the amount of EUR 6,140,536.33 in compliance with the Statutes of ZSSK, Article 23.2 b) to be used for procurement or coverage of the investment assets related to fulfilment of the main business activity of the Company,

upon adoption of the Separate Financial Statements of ZSSK prepared in accordance with the International Financial Reporting Standards as on 31 December 2022 by the General Assembly.

HUMAN RESOURCES

The planned number of employees of ZSSK as on 31 December 2022 was 5,865, while the actual number as on 31 December 2022 amounted to 5,610, which was less by 255 employees compared to the plan. The re-calculated number of employees as on 31 December 2022 was 5,725.

Compared to 2021, the recorded number of employees decreased from 5,811 to 5,610, which is less by 3.46 % employees.

Recorded number of employees

Division	Rok 2021	Rok 2022
Division of the Director General	260	264
Business Division	981	953
Operation Division	2,978	2,819
Economy Division	90	88
Services Division	298	298
Maintenance Division	985	967
Depot in Poprad	219	221
Total number of ZSSK employees	5,811	5,610

Break-down by sex

Sex of employees	2021	2022	Year-to-year change
Men	3,799	3,664	-3.55 %
Women	2,012	1,946	-3.28 %
Total	5,811	5,610	-3.46 %

As on 31 December 2022 ZSSK employed fewer women by 3.28 % and fewer men by 3.55 % compared to 2021.

The average wage in ZSSK in 2022 amounted to EUR 1,516.41. Compared to 2021 it increased by EUR 163.39, which is an increase by 12.08 %.

Age structure of the employees

Out of the total number of employees of 5,610 there were:

589 employees of less than 29 years of age,	2,055 employees between 50 – 59 years of age,
891 employees between 30 – 39 years of age,	347 employees between 60 – 62 years of age,
1,494 employees between 40 – 49 years of age,	234 employees over 62 years of age.

There was a slight increase in the number of employees compared to 2021 in the age categories of 30 – 39, 50 – 59 and over 62 years of age.

The highest % of employees is recorded in the age category of 50 – 59 years of age, specifically 36.63 % of the total numbers of employees.

The average age of employees as on 31 December 2022 was 47.06 years, which – compared to

2021 (46.51) means an increase of the average age by 0.55 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.



Dual education

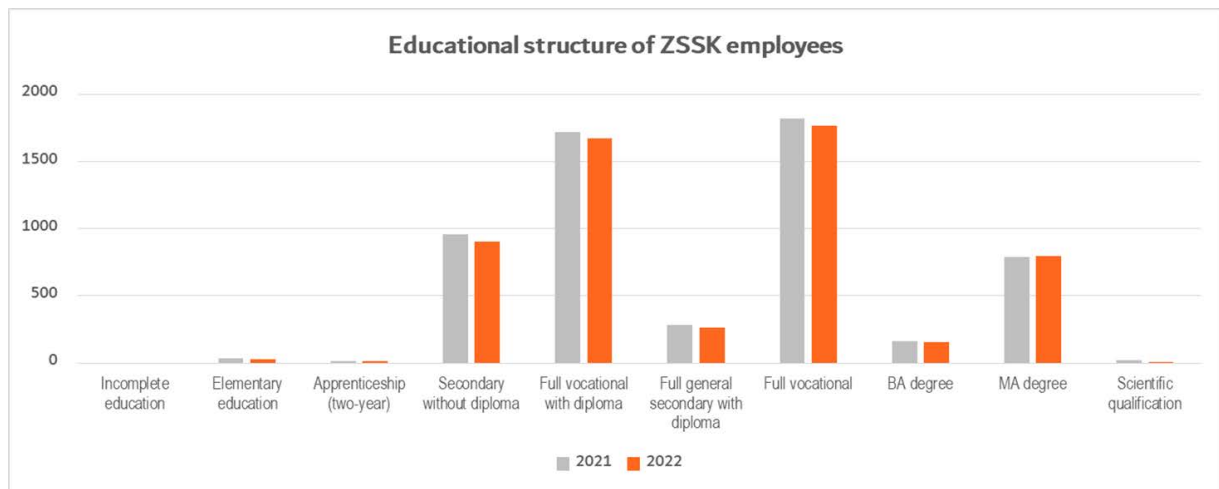
As regards training of employees, in 2022 we carried out 27,026 training events, of which 22,649 events were dedicated to the employees, and the remaining events focused on students and third parties.

ZSSK increased its independence in the area of organising training courses, when it organised 74 % of courses for train drivers internally, as well as 79 % of courses for chief train conductors and 100 % of courses for train masters. We also launched the first course for locomotive drivers that is carried out by own capacities in 100 %.

Dual education		2022
Secondary Vocational Transport School in Martin - Priekopa		36
Secondary Vocational Electro-Technical School in Poprad - Matejovce		2
Secondary Vocational Railway School in Košice		19
Secondary Vocational School in Prievidza		8
Secondary Vocational Electro-Technical School in Bratislava		1
Total		66
Main instructors		11
Instructors of Internal Maintenance and Repairs Section of ZSSK		118
Instructors of Inspection and Supervision Department of ZSSK		3
Instructors of Operation Management Section of ZSSK		5

Courses	Started in 2022
Locomotive driver	6
Chief train conductor	3
Train master	2
Cashier	4

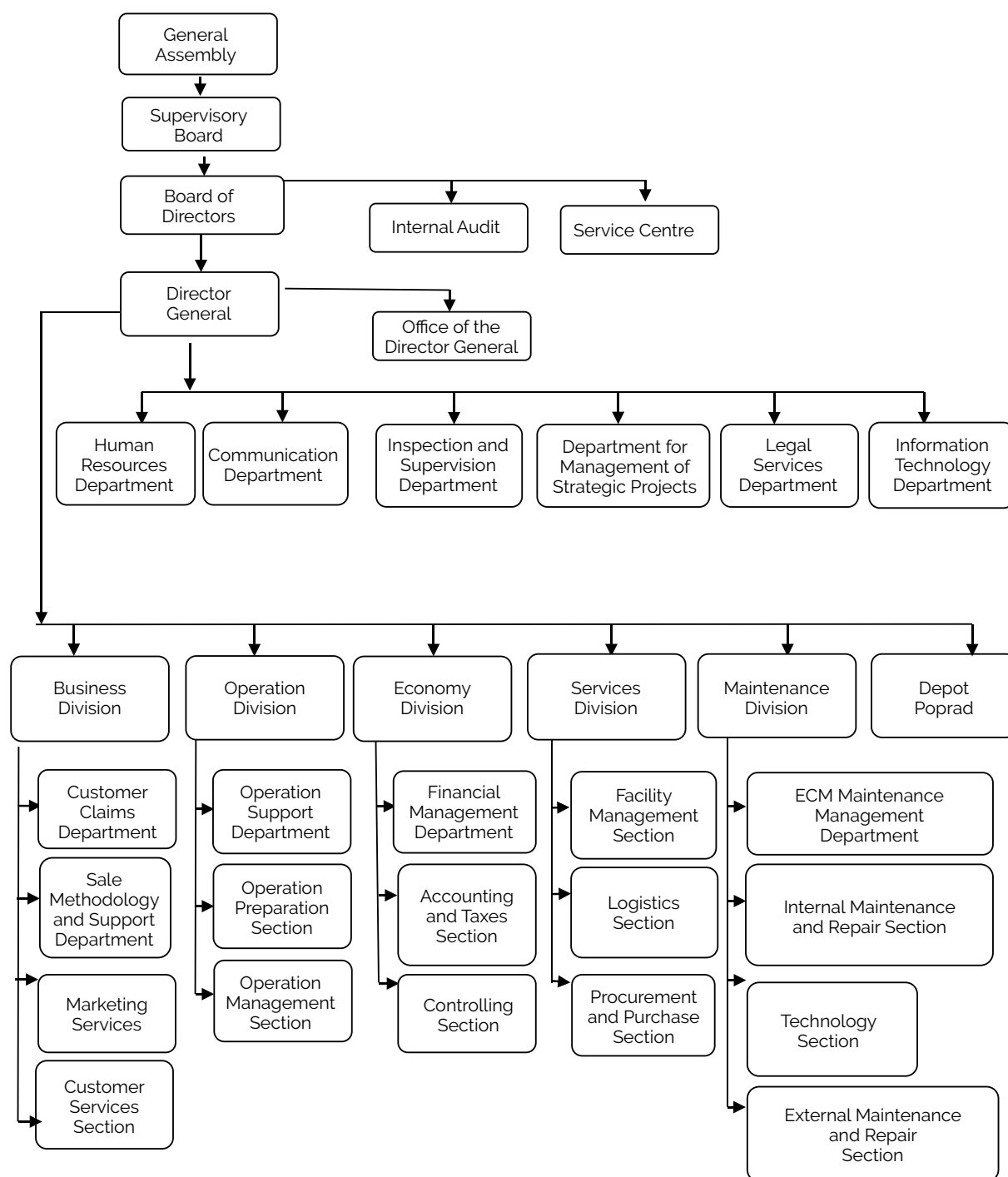
Education structure of the employees



The major group of ZSSK employees is represented by employees with full secondary specialized education with diploma amounting to 1,766, which is 31.48 % of the total employee number, and employees with full secondary education with diploma amounting to 1,670, which is 29.77 % of the total number of employees.

The number of employees with a university degree increased compared to 2021.

ORGANISATIONAL STRUCTURE OF ZSSK



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)
CSRD	Corporate Sustainability Reporting Directive
DMU	Diesel multiple unit
EC	European Community
EDU	Electric double-deck unit
EMU	Electric multiple unit
EN STN	European norm, Slovak Technical Norm
ESG	Environmental, social and governance
ETCS	European Train Control System
EUs	Electric units
EU	European Union
EUROFIMA	European Company for the Financing of Railroad Rolling Stock, Basel
GERMTRAIN	Safe mobility during the pandemic
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
MT	Ministry of Transport 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
MS	Management System
OHS	Occupational Health and Safety
OPII	Operational Programme Integrated Infrastructure
PSC	Public Service Contract
RS	rolling stock
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

16 rue Jean Rey F-75015 Paris

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**INDEPENDENT AUDITOR'S REPORT –
on the Separate Financial Statements as on 31 December 2022**



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 2022



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 2022, 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 2022, 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. 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 2022 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, 31 March 2023

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. Ľudmila Svätojánska Kiňová, MBA
Key Audit Partner
SKAu Licence no. 936



ANNEX – Separate Financial Statements of ZSSK for 2022

The Annual Report is annexed with the Separate Financial Statements of ZSSK reported pursuant to the International Financial Reporting Standards as on 31 December 2022.



ŽELEZNIČNÁ SPOLOČNOSŤ SLOVENSKO
NÁRODNÝ DOPRAVCA

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