



ŽELEZNIČNÁ SPOLOČNOSŤ SLOVENSKO
NÁRODNÝ DOPRAVCA

FINANCIAL STATEMENTS
2023



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NÁRODNÝ DOPRAVCA

ŽELEZNIČNÁ SPOLOČNOSŤ SLOVENSKO, a. s.

SEPARATE FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS

As on 31 December 2023



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NÁRODNÝ DOPRAVCA**

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As on 31 December 2023

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Bratislava, 29 February 2024

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LIST OF USED ABBREVIATIONS

BCC	Bureau Central de Clearing s.c.r.l., Brussels
Bdt	Non-air-conditioned passenger coach of 2 nd class
Bdgteer	Air-conditioned modernised coach of 2 nd class
CF	Cohesion Fund of the EU
Coll.	Collection of Laws
DMU	Diesel multiple unit
EC	European Communities
EDU	Electric double-deck unit
ETCS	European Train Control System
EU	Electric unit
EU	European Union
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IDIS	Intelligent Transport Information System
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
iKVC	Innovated IS for comprehensive handling of passengers
MF	Ministry of Finance of the Slovak Republic
MT	Ministry of Transport of the Slovak Republic
NRFC	Non-repayable financial contribution
PSC	Public Service Contract
RS	Rolling stock
SAP, SAP HANA	Economic and information software
SB	State Budget
SW	Software
TAP TSI	Telematic application for passenger transport within Trans-European railway system
THÚ	Technical and hygienic maintenance
ZSSK	Železničná spoločnosť Slovensko, a. s.
ZSSK CARGO	Železničná spoločnosť Cargo Slovakia, a. s.
ŽOS	Railway coach repair workshop
ŽS	Železničná spoločnosť, a. s.
ŽSR	Železnice Slovenskej republiky, a. s.

LIST OF BANK INSTITUTIONS

Československá obchodná banka, a. s. (ČSOB)

Tatra banka, a. s. (TB)

UniCredit Bank Czech Republic and Slovakia, a. s., a foreign bank subsidiary (UCB)

Slovenská sporiteľňa, a. s. (SLSP)

Komerční banka, a. s.

Všeobecná úverová banka, a. s. (VUB)

365.bank, a. s.

J&T BANKA, a. s.

STATEMENT OF FINANCIAL POSITION

For the year ended on 31 December 2023

<i>(in thousand EUR)</i>	Note	31 December 2023	31 December 2022
ASSETS			
Long-term assets			
Long-term tangible assets	4	1,207,007	1,072,106
Investments into real estates	4	1,895	1,904
Long-term intangible assets	5	23,069	22,432
Financial lease, IFRS 16	6	56,666	63,993
Financial assets	7	6,588	6,196
Other long-term assets	8	61,535	307,385
		1,356,760	1,474,016
Current assets			
Inventories	9	178,817	84,928
of which: incomplete production		153,333	62,29
assets held for sale		1,283	901
Trade receivables and other receivables	10	37,163	35,008
Receivables resulting from the Contract on Transport Services in Public Interest	21	0	0
Financial means and financial equivalents	11	17,413	14,624
		233,393	134,56
Held-for-sale assets	4	26	5
TOTAL ASSETS		1,590,179	1,608,581
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	212,441	212,441
Statutory reserve fund	12	29,9	29,217
Other funds	12	-33,622	-33,622
Re-valuation of employee benefits	14	-262	2,909
Statutory fund	12	6,046	0
Unpaid loss	12	-17,386	-18,136
Profit (loss) in the reporting period	12	20,928	6,823
Total shareholders' equity		218,045	199,632
Long-term liabilities			
Interest-bearing loans and borrowings	13	268,946	284,816
Employee benefits	14	8,944	9,531
Reserves	15	4,548	5,17
Financial lease liabilities - long-term IFRS 16	6	49,527	57,588
Deferred tax	19	25,968	24,939
Other long-term liabilities	17	849,78	882,539
		1,207,713	1,264,583
Short-term liabilities			
Interest-bearing loans and borrowings	13	68,651	45,242
Employee benefits	14	4,86	1,731
Reserves	15	2,302	638
Financial lease liabilities - short-term IFRS 16	6	9,093	8,662
Trade liabilities and other liabilities	18	79,515	88,093
		164,421	144,366
Total liabilities		1,372,134	1,408,949
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,590,179	1,608,581

STATEMENT OF COMPREHENSIVE INCOME

For the year ended on 31 December 2023

<i>(in thousand EUR)</i>	Note	31 December 2023	31 December 2022
Income			
Transport of passengers and related revenues	20	116,757	100,622
Compensation for services in the public interest	21	408,699	378,347
Income from subsidies	22	34,367	31,809
Other net operating (costs) revenues	23	15,542	7,709
		575,365	518,487
Costs and expenses			
Consumption and services	24	-255,075	-238,687
Personnel costs	25	-164,637	-147,551
Depreciation, amortisation and impairment of tangible assets	26	-115,633	-102,104
Depreciation and amortisation pertaining to financial lease - IFRS 16	6	-14,936	-8,651
		-550,281	-496,993
Financial (costs) revenues			
Financial income	27	578	37
Financial costs	28	-1,949	-995
Interests on lease instalments - IFRS 16	28	-715	-736
		-2,086	-1,694
Tax costs	19	-2,070	-12,977
Profit (loss) in the reporting period		20,928	6,823
Other comprehensive income:			
Items not to be re-classified as income		-3,171	3,265
Re-valuation of employee benefits		-3,171	3,265
Items that might subsequently be re-classified into income		0	0
Other comprehensive income in the reporting period		-3,171	3,265
Total comprehensive income in the reporting period		17,757	10,088

STATEMENT OF CHANGES IN EQUITY

For the year ended on 31 December 2023

<i>(in thousand EUR)</i>	Share capital	Statutory reserve fund	Other funds	Statutory fund	Re-valuation of employee benefits	Unpaid loss	Profit (loss) in the reporting period	Total
Balance as on 1 January 2022	212,441	28,917	-33,622	0	-355	-20,675	2,998	189,704
Recognition of profit of 2021	0	300	0	0	0	2,698	-2,998	0
Other comprehensive income - 2022	0	0	0	0	3,264	0	0	3,264
Income (costs) of past reporting periods	0	0	0	0	0	-159	0	-159
Profit in the reporting period of 2022	0	0	0	0	0	0	6,823	6,823
Balance as on 31 December 2022	212,441	29,217	-33,622	0	2,909	-18,136	6,823	199,632
Recognition of profit of 2022	0	682	0	6,141	0	0	-6,823	0
Other comprehensive income - 2023	0	0	0	0	-3,171	0	0	-3 171
Costs of past reporting periods	0	0	0	-95	0	751	0	656
Profit in the reporting period of 2023	0	0	0	0	0	0	20,928	20,928
Balance as on 31 December 2023	212,441	29,899	-33,622	6,046	-262	-17,385	20,928	218,045

STATEMENT OF CASH FLOW

For the year ended on 31 December 2023

(in thousand EUR)	Note	31 December 2023	31 December 2022
Operating income		599,734	531,363
Income from main activity		161,759	135,289
Compensation for services in the public interest		411,529	379,216
Other income		22,673	14,616
Income from international clearing		3,748	2,196
Income from operating loans		-22	-3
Income of the daughter company		48	49
Operating costs		-482,717	-447,945
Costs on material		-80,725	-82,760
Costs on services		-235,815	-211,994
of which: Track access charges		-68,129	-63,720
Wages and other labour costs		-157,697	-143,543
Expenses on international clearing		-8,480	-9,648
Costs on transferring the share capital to the daughter company		0	0
Received interests		540	5
Paid interests		-2	0
Dividends +/-		0	0
Income tax +/-		0	0
CASH FLOW FROM OPERATING ACTIVITY		117,556	83,423
Income from sale of long-term assets		36	224
State budget subsidies on investments		0	0
Investment subsidies from EU Structural Funds + State Budget		255,756	91,735
Returned investment subsidies from EU Structural Funds + State Budget		0	0
Purchase of long-term assets		-362,823	-152,813
CASH FLOW FROM INVESTMENT ACTIVITY		-107,031	-60,854
Financial income		57,498	40,873
Income from bank loans		56,280	40,838
Income from borrowings		0	0
Other financial income		1,218	35
Financial costs		-62,646	-113,337
Costs on bank loans		-49,614	-92,406
Costs on instalments of loans		0	0
Costs on settlement of liabilities from leasing		-8,436	-7,852
Other financial costs		-4,596	-13,079
Paid interests		-2,588	-2,259
Interests on leasing under IFRS 16		-715	-736
Other interests		-1,873	-1,523
CASH FLOW FROM FINANCIAL ACTIVITY		-7,736	-74,723
Net increase (decrease) of financial means and financial equivalents		2,789	-52,154
Financial means and financial equivalents as on 1 January	11	14,624	66,778
Financial means and financial equivalents as on 31 December	11	17,413	14,624

2 GENERAL INFORMATION

Information on the Company

Železničná spoločnosť Slovensko, a. s. („ZSSK“ or the „Company“), a joint-stock company registered in the Slovak Republic was founded on 13 December 2004 as one of the two successor companies of Železničná spoločnosť, a.s. (ŽS). On 1 January 2005 the Company was entered into the Companies' Register of the Municipal Court of Bratislava III, Section Sa, Entry no. 3497/B, company ID no. 35 914 939, tax registration no. 20 219 200 76.

The predecessor of the Company, ŽS, was founded on 1 January 2002 by being split from and overtaking a part of the railway company Železnice Slovenskej republiky (ŽSR) when it took over responsibility for provision of freight and passenger railway transport services within Slovakia.

ŽS was dissolved without liquidation with effectiveness as of 31 December 2004. After its split-up it was replaced by two newly established successor companies: ZSSK for passenger transport and transport services, and Železničná spoločnosť Cargo Slovakia, a. s. (ZSSK CARGO) for freight transport and transport services.

The exclusive owner (a sole shareholder) of the Company is the State. The rights of the State as the shareholder are executed by the Ministry of Transport of the Slovak Republic (MT) with the seat at Námestie slobody 6, 811 06 Bratislava. The Company does not figure as an associate partner with unlimited liability in any other company.

In terms of § 21 (4) of Act no. 540/2001 Coll. on State Statistics as amended, in April 2016 ZSSK was included into the statistical register of organisations in the S13 sector – Public Administration.

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, the Company is an entity subject to oversight and is obliged to establish an audit committee since 17 June 2016. In compliance with Article 34 (4) d) of the above Act, the Supervisory Board of ZSSK acts as the audit committee.

Main activities

The Company as an operator of transport by rail provides for transport services in compliance with the interests of the State transport policy and market demand. 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 Passenger Rail Transport Services concluded pursuant to Regulation 1370/2007 of the European Parliament and the Council (EC) on services in public interest and Act no. 514/2009 Coll. on transport by rail as amended, between Železničná spoločnosť Slovensko, a.s. as the transport operator and the State (represented by MT) as the contracting authority.

Registered seat of the Company

Rožňavská 1
832 72 Bratislava
Slovakia

These Financial Statements are deposited at the registered seat of the Company and in the electronic registry of financial statements.

2.1 BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Separate Financial Statements of the Company ("Financial Statements") for the previous reporting period were approved by the regular General Assembly which took place on 21 July 2023.

The Financial Statements were prepared on the basis of historic prices. The Financial Statements were prepared in compliance with Article 17a of Act 431/2002 on accounting as amended, for the reporting period starting on 1 January 2023 and ending on 31 December 2023.

These Financial Statements were prepared with the going concern assumption, which fact is supported by the signed Contract on Transport Services in Public Interest (PSC) for the period of 2021 – 2030, concluded on 27 November 2020 with the Slovak Republic represented by MT, effective as of 1 January 2021, and by the Partial Contract for 2023 to the framework PSC. The Contract on Transport Services in Public Interest for 2021 – 2030 includes also transport services on the line of Bratislava – Dunajská Streda – Komárno until 10 December 2023, i.e. until the new train timetable becomes effective for the period of 2023/2024.

The figures provided in the Financial Statements are reported in thousand EUR.

Consolidation

The Company does not prepare consolidated financial statements in terms of Article 22 of Act no. 431/2002 Coll. on accounting as amended.

The Company founded a daughter company ZSSK_THU s. r. o. with a 100-% share owned by ZSSK, entered into the Companies' Register on 8 February 2020. In compliance with Article 22 (12) of Act no. 431/2002 Coll. on accounting, the Company shall prepare the Financial Statements only on its own behalf as the parent reporting entity. The Individual Financial Statements will not have a significant impact on the financial situation, costs, income and business results of the consolidated entity (FS of the parent ZSSK, and FS of the daughter ZSSK_THU).

The Company is part of the Consolidated Financial Statements of public administration under the chapter on Transport, prepared by the Ministry of Finance of the Slovak Republic (MF). The most important transactions entering the consolidation include the relationships with MT and MF in the area of operating and capital subsidies (notes 21, 22). The consolidation subject does not include capital subsidies from the EU funds. The Company has significant business transactions within the public administration consolidation with ZSSK Cargo and ŽSR. Relationships with other public administration bodies (municipalities, health insurance companies etc.) are insignificant as to their volume.

The Company, as an entity reporting pursuant to the International Financial Reporting Standards, enters the data for public administration consolidation pursuant to the national accounting standards in compliance with the instructions of MF.

The reporting period is a calendar year.

Declaration of conformity

The Financial Statements were reported in compliance with the International Financial Reporting Standards and all effective IFRS adopted within EU. IFRS include standards and interpretations adopted by the International Accounting Standards Board (IASB) and IFRS Interpretation Committee (IFRIC).

At the moment, given the process of IFRS adopting and in respect of the nature of the Company activities, there are no differences between IFRS accounting principles applied by the Company and IFRS adopted by the EU.

2.2 CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURE

The applied accounting principles are consistent with the principles applied to the Separate Financial Statements reported as on 31 December 2022.

The company has accepted all new and revised standards and interpretations as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) at IASB and as adopted for use within the European Union (EU), and which apply to the Company activities and are effective for the reporting periods starting as of 1 January 2023.

The following standards, amendments and interpretations issued by the International Accounting Standards Board and adopted by the EU were applied by the Company for the first time in 2023:

- IAS 8 – new definition of accounting estimates (issued on 12 February 2021). The standard is effective for the reporting periods beginning on 1 January 2023.
- IAS 1 and IFRS Practice Statement 2 – new amendments on disclosure of accounting policies and instruction on how to decide material nature of policies in specific cases – effective for the reporting periods beginning on or after 1 January 2023.

The changes in IAS 1 and IAS 8 were incorporated into the Financial Statements of ZSSK.

- IAS 12 – amendments on Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) – the changes include an additional condition for not applying an exemption from the initial recognition. The amendment is effective for the reporting period beginning on 1 January 2023.
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules, effective as of 1 January 2023
- IFRS 17 Insurance Contracts (amendment issued on 19 November 2021) – a new standard replacing IFRS 4. IFRS 17 is effective for the reporting periods beginning on 1 January 2023
- Amendment to IFRS 17 on Initial Application of the standard and amendment to IFRS 9 – Comparative Information – effective for the reporting period beginning on 1 January 2023.

These changes in the new standards and the amendments do not have a significant impact on the Financial Statements of the Company.

International Financial Reporting Standards, interpretations and amendments effective after 31 December 2023 and which the Company did not apply prematurely:

- IAS 1 – amendments – Classification of Liabilities as Current or Non-current (issued on 23 January 2020) and Long-term Debts with Covenants (issued on 31 October 2022), both amendments effective for the annual reporting periods beginning on or after 1 January 2024.
- IFRS 16 – Lease Liability in a Sale and Leaseback (issued on 22 September 2022), with effective date set by IASB for the annual reporting period beginning on or after 1 January 2024. The amendment has not yet been adopted by the EU.
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements (issued on 25 May 2023), effective for the reporting periods beginning on 1 January 2024. The amendment has not yet been adopted by the EU.
- Amendments to IAS 21 – Lack of exchangeability (issued on 15 August 2023), effective as of 1 January 2025. The amendment has not yet been adopted by the EU.

The Company did not decide on an earlier application of any standard, interpretation or amendment that has been published but has not yet become effective.

The Company has currently been examining the impacts of these standards on its financial statements.

2.3 SIGNIFICANT ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS

Significant accounting estimates and assumptions

Preparation of the Financial Statements in accordance with IFRS requires use of estimates and assumptions which affect the items reported in the Financial Statements and the Notes to the Financial Statements. Even if these estimates are based on the best knowledge of the current circumstances and methods, the actual results may differ from these estimates. A more detailed description of the estimates is specified in the respective notes, however, the most important estimates include the following:

Lawsuits

The Company has been a party to several lawsuits and civil litigations arisen from its ordinary activities. The Company makes use also of services provided by external legal advisors and experience from previous similar lawsuits to determine probable outcomes of lawsuits and to establish reserves.

Quantification and timing of environmental liabilities

The Company makes estimates of future cash flows related to the environmental liabilities by comparison of prices, use of analogies with similar past activities and other estimates. The amount of the reserve and assumptions for calculation of the reserve are re-evaluated on an annual basis, always as on the balance-sheet date. Even if these estimates are based on the best knowledge of the current circumstances and methods, the actual results may differ from these estimates.

Assets impairment

As on each reporting date, the Company determines whether there is an indication of assets impairment. If there is any such indication, an estimate of a recoverable amount of the asset in question is made or an estimate of the cash-generating unit, to which the asset was classified. When determining the useful value, the Company has to make an estimate of future expected cash flows and choose a suitable discount rate for calculation of the present value of cash flows. If necessary, the net selling price is determined on the basis of the market development in Slovakia and other Central European countries.

Employee benefits and severance pay

Costs on the scheme of employee benefits and severance pay are determined by actuarial calculations. These calculations contain estimates of discount rates, future growth of wages, mortality rate or fluctuation. Given the long-term nature of these schemes, such estimates are subject to uncertainty to a great degree.

Depreciation period and residual value of long-term tangible assets

An estimate of lifespan of a long-term asset results from an assessment based on the Company experience with a similar asset. Depreciation period and residual value of long-term tangible assets are determined on the basis of the current strategic goals of the Company. As on the balance-sheet date, it is examined whether the used estimates are still suitable for such determination.

Fair value measurement of assets and liabilities according to IFRS 13

IFRS 13 did not introduce new requirements stipulating when to measure at fair value, but stipulated manners of fair value measurement and specified the requirements for disclosure in case of fair value measurement. Depending on the measurement manner, three levels of measurement of assets and liabilities were determined. Individual levels were defined as follows:

- Level 1 – quoted prices (unadjusted) on active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – inputs of assets or liabilities that are unobservable according to market data.

2.3 SIGNIFICANT ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS (CONT.)

Measurement of non-financial items:

(in thousand EUR)

Assets	Level 1	Level 2	Level 3
Investment property (IAS 40)			1,895
Assets held for sale (IFRS 5)			26
of which: real estates			26
machines and other moveable assets			0
Total as on 31 December 2023			1,921
Investment property (IAS 40)			1,904
Assets held for sale (IFRS 5)			5
of which: real estates			5
machines and other moveable assets			0
Total as on 31 December 2022			1,909

Measurement used to derive fair values at Level 3:

Fair value of investments into real estates at Level 3 as on 31 December 2023 amounted to EUR 1,895 thousand (as on 31 December 2022 in the amount of EUR 1,904 thousand).

Fair value of assets held for sale at Level 3 as on 31 December 2023 amounted to EUR 26 thousand (as on 31 December 2022 in the amount of EUR 5 thousand).

Fair value of investments into real estates and assets held for sale was determined by a qualified estimate.

Description of the measurement technique:

- physical characteristics of assets, their size, location, demographic development etc. are taken into account in measurement,
- legal aspects that take into account limits of the asset's use, its distribution, change in use and impact of zone planning,
- offers on internet real estate market, strength of buyers in the given region, costs on changes in the asset use are taken into consideration,
- in case of machines, the fair value is derived from the carrying amount representing an expert-determined value, reduced by amortisation, due to a missing active market and specific features of some assets.

2.3 SIGNIFICANT ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS (CONT.)

Description of the measurement process:

Measurement is carried out by the specific Company departments based on their technical knowledge, information available on internet, real estate market and experience from sale of similar assets.

Taxes

Deferred tax liabilities are recognised in case of all deductible temporary differences and the carry-forward of unused tax losses to the extent that it is probable that future taxable profit will enable to redeem these deductible temporary differences and unused tax losses carried forward.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

a) Presentation currency

Data in these Separate Financial Statements are expressed in the Euro currency which is the functional and presentation currency of the Company.

Transactions in a foreign currency are re-calculated into EUR by a reference exchange rate determined and published by the European Central Bank or the National Bank of Slovakia on the day preceding the day of the accounting case. Cash assets and liabilities in a foreign currency are recalculated by the exchange rate of the functional currency prevailing on the balance-sheet date. All differences are included into the Statement of Comprehensive Income. Non-monetary items evaluated in historic prices in a foreign currency are recalculated by the exchange rate prevailing on the day of the initial transaction.

b) Tangible assets

Tangible assets are reported in their acquisition prices without costs on everyday servicing, after deduction of accumulated depreciation and accumulated impairment. If a substantial part of tangible assets needs to be replaced in intervals, these components are reported as individual tangible assets with a specific lifespan and depreciation. If repairs of long-term tangible assets are done, involving replacement of significant components, costs on such repair are included in the acquisition price of the long-term tangible asset, if the reporting criteria are met.

Repairs and maintenance are reported in the Statement of Comprehensive Income as costs of the reporting period, in which the given work was carried out. Assets are depreciated evenly during their lifespan period (20 - 50 years in case of buildings, 3 - 34 years in case of machines, equipment and other assets), while lands are not depreciated.

Tangible assets are written-off when sold or if no future economic benefits are expected out of their use. Profit or loss of disposed-of assets (calculated as the difference between net revenues from sale and the carrying amount) is included in the Statement of Comprehensive Income in the year, in which the asset is disposed of.

The residual values of assets, lifespans and methods are regularly examined and, if necessary, adjusted at the end of each financial year.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

c) Intangible assets

Intangible assets are reported in their acquisition prices, after deduction of adjustments and accumulated impairment. Assets are depreciated evenly during their lifespan (2 - 5 years).

An intangible asset is disposed of if sold, or if no future economic benefits are expected from its use or sale. Profit or loss of disposed-of assets (calculated as the difference between net revenues from sale and the carrying amount) is included in the Statement of Comprehensive Income in the year, in which the asset is disposed of.

The residual values of intangible assets, lifespans and methods are regularly examined and, if necessary, adjusted at the end of each financial year.

d) Long-term assets held for sale

Long-term assets and groups to be disposed of, classified as held for sale are measured in the lower of these two amounts: carrying amount and fair value reduced by costs on sale. Long-term assets and groups to be disposed of are classified as held for sale if their carrying amount will be recovered sooner via a sale transaction rather than continuous use. This condition is considered fulfilled only in case a sale is highly probable and the asset or a group to be disposed of are ready for an immediate sale in the current condition. The Company management has to be involved in the sale, which is presumed to be completed within one year of the classification date.

Long-term assets classified as held for sale are not depreciated.

e) Inventories

Inventories are measured in the lower of the acquisition price or net realisable value, after adjustments to low-turn or useless inventories are created. Costs on bought inventories include the purchase price of inventories and costs related to their acquisition (transport costs, insurance, duty, commissions, excise tax). Weighted average method is used to calculate the acquisition price.

A net recoverable value is the estimated selling price at ordinary activity, reduced by estimated costs necessary for sale.

f) Impairment of non-financial assets

As at each reporting date, the Company assesses whether there is an indication of assets impairment. If there is such indication or a yearly asset impairment test is required, the Company makes an estimate of the recoverable amount of the assets. The recoverable amount of an asset is the higher of its fair value or cash-generating unit reduced by costs on sale and its value in use. It is determined in terms of IAS 36 at the level of the cash-generating unit.

If the carrying amount of assets is higher than their recoverable amount, the asset is considered impaired and is decreased down to the recoverable amount. When assessing the value in use, the assumed future cash flows are discounted down to their present value by a discount rate before taxation which reflects the present market evaluations of the time value of money and risks specific for the asset in question.

Impairment losses are reported in the Statement of Comprehensive Income as costs on depreciation, amortisation and asset impairment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

As on each reporting date, it is assessed whether there is an indication that impairment losses reported in the previous period do not exist or should be reduced. If there is any such indication, an estimate of the recoverable amount is made. Impairment loss reported in the previous period is recognised only when the estimates used to determine the recoverable amount of the asset changed since the last impairment loss was reported. In that case the carrying amount of the asset is increased up to its recoverable amount. Such increased amount may not exceed the carrying amount (after deduction of depreciation) which would be determined if no impairment loss was reported in the previous years.

The amount is reported in the Comprehensive Income. After such recognition, depreciation is adjusted in the future periods so that the adjusted carrying amount reduced by residual value would be allocated systematically during the remaining lifespan.

g) Financial assets

Initial recognition and measurement

Financial assets are first recognised at the moment when the Company becomes a party to the contractual provisions concerning the financial instrument. At initial recognition, financial assets are measured at their fair value which (to the exception of financial assets measured at their fair value with changes reported into profit or loss) is increased by costs directly related to acquisition of the financial asset. The best proof of the fair value of a financial asset at its initial recognition is usually the transaction price, i.e. the fair value given for the procured asset.

Receivables without an interest rate are initially measured in the amount of the receivable, if the effect of their discounting to the present value, i.e. the effect of fair value determination, is insignificant.

Financial assets of the Company consist of financial means in cash, financial means on bank accounts, short-term and long-term receivables and ownership interests.

Subsequent measurement

Subsequent measurement of financial assets depends on their classification into categories according to IFRS 9 where the four following categories of financial assets are distinguished.

Financial assets measured at fair value with changes reported as profit or loss

The financial assets in this category are measured at fair value with changes reported through profit and loss. The category includes two groups of financial assets – financial assets held for trading and financial assets designated to be measured at fair value through profit and loss.

Financial assets held for trading are the ones procured or originated with the purpose of their short-term sale, or are part of the portfolio of jointly managed instruments, for which there is evident trading in the recent period with a short-term profit generation. Assets held for trading include also derivatives with a positive fair value which do not meet the conditions for classification as hedging instruments defined pursuant to IFRS 9.

Reporting entities may determine the financial assets which meet the set conditions for fair value measurement through profit and loss at their own will. The Company does not make use of this choice.

Loans and receivables

Loans and receivables represent non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are reported in their amortised value by effective interest rate method. Amortised value is calculated while taking into account the discount and bonus at acquisition, fees that are inseparable part of the effective interest rate, and transaction costs. The amortised value is

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

reduced by a possible allowance taking into account a credit-risk loss. Yields of interest are recognised via the effective interest rate method and, besides the contractual interest, they take into consideration also amortisation of the above-mentioned discounts, bonuses, fees and transaction costs. Yields of interest are presented in the Statement of Comprehensive Income under "Financial Income". In case of receivables without an interest rate, the effective interest rate is not determined and the yield of interest is not recognised if the effect of discounting down to the present value is insignificant. Profit and loss from derecognised loans and receivable as well as impairment losses are reported into profit and loss.

As regards the Company's financial assets, trade receivables, other receivables and financial means in banks are classified into this category. The Statement of Financial Position includes them under items of "Other long-term assets", "Trade receivables and other receivables", "Receivables from Contract on Transport Services in Public Interest" and "Financial means and financial equivalents".

Investments held to maturity

Investments held to maturity are non-derivative financial assets with fixed or determinable payments, with fixed maturity, which the reporting entity intends and is able to hold until their maturity. After being initially recognised, investments held to maturity are measured in amortised costs. The Company does not classify any assets as investments held to maturity.

Financial assets available for sale

Available-for-sale financial assets are those non-derivative financial assets available for sale and not classified in any of the previous three categories of financial assets. After initial recognition, the financial assets available for sale are measured in their fair value, with unrealised gain or loss reported as other comprehensive income under reserve from revaluation. In case such financial asset is derecognised or its impairment is identified, cumulative profit or loss that was reported before in the last comprehensive income, is recognised in profit/loss of the accounting period. As regards assets held by the Company, this category includes ownership interests with insignificant impact presented under "Financial assets" of the Statement of Financial Position.

Impairment of financial assets

In terms of IFRS 9 the Company made use of the simplified model in determining impaired receivables. ZSSK made use of a matrix for allowances in order to determine the allowances to receivables as on 31 December 2023. The matrix is based on historic information about trade and other receivables and costs on these liabilities by bank transfer or set-off in the period of 3 years (2020, 2021, 2022). The matrix helped to calculate the historic rate of loss in individual due periods of receivables. The amount of open items of customers as on 31 December 2023 according to individual due periods was recalculated through the historic rate of loss. The historic rate of loss will be updated as on each reporting date.

Assets measured in amortised costs

If there is objective evidence of an impairment loss, the loss amount is determined as a difference between the carrying amount of the asset and the present value of estimated future cash flows discounted by the original effective interest rate for the given financial asset. In case of receivables without an interest rate where the effective interest rate is not determined due to an insignificant discounting effect, the impairment is determined without discounting the estimated cash flows.

The carrying amount of an asset is reduced through the allowance account and the reduced amount is recognised in profit/loss under "Costs and expenses" for respective items in the Statement of Comprehensive Income. Financial assets are written off in case there is no real chance of their future payment and all securing was realised or transferred to the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

If in the subsequent year the amount of expected impairment increases or decreases due to an event occurring after the impairment was reported, the previously reported impairment is increased or decreased through the account of allowances. If written-off loans are payable, the repayment is reported as revenue in the Statement of Comprehensive Income.

Financial assets available for sale

From among the Company's financial assets, the category of financial assets available for sale includes only ownership interests. For that reason, the Company applies the provisions of IFRS 9, applying them to impairment of investments into equity instruments.

If there is objective evidence of impairment of an asset available for sale, the amount corresponding to the difference between its acquisition price and its current fair value is transferred from equity into profit/loss. This amount is reduced by impairment losses reported in the previous reporting periods. The reported impairment losses may not be subsequently derecognised through profit/loss and an increase in the fair value is reported via other comprehensive result in the Statement of Comprehensive Income.

h) Financial liabilities

Initial recognition and measurement

Financial liabilities are first recognised at the moment when the Company becomes a party to the contractual provisions concerning the financial instrument. At initial recognition, financial liabilities are measured at their fair value which – to the exception of financial liabilities measured at their fair value with changes reported into profit or loss – is reduced by costs directly related to the transaction. Specific information concerning the initial measurement of liabilities from loans and trade liabilities is provided below under the chapter on financial liabilities measured at amortised costs.

Financial liabilities of the Company include trade liabilities, other liabilities, current accounts, loans and borrowings.

Subsequent measurement

Subsequent measurement of financial liabilities depends on their classification into categories according to IFRS 9, where the two following categories relevant for the Company are distinguished.

Financial liabilities measured at fair value with changes reported as profit or loss

The financial liabilities in this category are measured at fair value with changes reported through profit and loss. The category includes two groups of financial liabilities – financial assets held for trading and financial liabilities designated to be measured at fair value through profit and loss.

Financial liabilities held for trading are the ones originated with the purpose of their short-term purchase, or are part of the portfolio of jointly managed instruments, for which there is evident trading in the recent period with a short-term profit generation. Liabilities held for trading include also derivatives with a negative fair value which do not meet the conditions of hedging instruments as defined pursuant to IFRS 9.

Reporting entities may determine the financial liabilities which meet the set conditions for fair value measurement through profit and loss at their own will. The Company does not make use of this choice

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

Financial liabilities measured at amortised costs

After their initial recognition, the Company measures the remaining liabilities at their amortised costs via the effective interest rate method. The amortised cost is calculated while taking into consideration the discount and bonus at initial recognition and transaction costs. Interest costs are recognised via the effective interest rate method and, besides the contractual interest, they take into consideration also amortisation of the above-mentioned discounts, bonuses, and transaction costs. The interest costs are presented in the Statement of Comprehensive Income under the item of "Financial costs", except for when capitalised as part of the acquisition price of qualified assets pursuant to IAS 23. The Company's liabilities measured at amortised costs may be divided into a group of loans and a group of trade liabilities and other liabilities.

Loans

Loans are initially recognised in the fair value of the received consideration after deducting the costs on obtained loan. After initial recognition they are reported in an amortised value by the effective interest rate method. They are presented in the Statement of Financial Position under the items of "Interest-bearing loans and borrowings".

Trade liabilities and other liabilities

Trade liabilities and other liabilities are reported and measured at the originally invoiced price, if the impact of their discounting on the present value is insignificant. An invoiced interest on overdue payment is reported under trade liabilities. They are presented in the Statement of Financial Position under item of "Trade liabilities and other liabilities".

i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net value is reported in the balance sheet in case the Company has a legally enforceable right to compensate them and intends to offset them, or realise the asset and offset the liability at the same time.

j) Fair value of financial instruments

In case of investments actively tradable on organised financial markets the fair value as at balance-sheet date is determined on the basis of quoted market prices or dealer's offered price, without deducting any transaction costs.

In case of investments where quoted market price is not available, the fair value is determined by suitable measurement techniques. Such techniques include use of a recent independent market transaction, price determination on the basis of the present market value of another instrument which is the same in its nature, or the price is calculated on the basis of expected cash flows of net underlying assets of the investment or other measurement models.

k) Financial means and financial equivalents

Financial means and financial equivalents consist of cash deposited in bank and in cash registers, and short-term deposits with maturity of three months or less, with only a slight risk of any change in value.

For the purposes of an overview of cash flows, the report includes the financial means and financial equivalents as defined above, after deduction of unpaid bank overdrafts.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

l) Employee benefits

The Company returns a proportion of paid gross wages to the state as contributions to health and social insurance and contributions into the unemployment fund, as stipulated by statutory rates effective during the year. Costs on such contributions are included into the Profit and Loss Statement of the same period as the associated wage costs. The Company is not obliged to return contributions above the framework of statutory rates.

The Company uses also uncovered long-term schemes with fixed benefits, which include benefits in the form of single contributions in case of employment termination, a life anniversary or invalidity. Costs on provision of these employee benefits are assessed separately for each scheme via the projected unit credit method, where costs incurred on employee benefits are reported in the Profit and Loss Statement or in the equity so as to distribute them during the period of employment in the Company. The liability from employee benefits is determined as present value of forecasted future cash decreases.

The actuarial profit and loss resulting from empiric adjustments and changes in actuarial forecasts is reported as revenues and costs at the time of their occurrence. Changes and adjustments of these long-term schemes with determined benefits are reported during the average remaining period of service of the respective employees in the Profit and Loss Statement, except for cases of employee benefits after employment termination. In such case, any change and adjustment of long-term schemes of employee benefits is reported within other comprehensive profit and loss and directly in the equity.

Reserve for severance pay

Pursuant to the Slovak legislation and based on the conditions of the Collective Agreement concluded between the Company and its employees, the Company employees are entitled to severance pay immediately after termination of their employment due to organisational changes. The amount of this liability is included into the reserves on liabilities and fees, if the plan of employee number reduction is defined and announced and if conditions for its implementation are met.

m) Reserves

Reserves are reported when the Company has an actual statutory or non-contractual obligation as a consequence of a past event, settlement of which is expected to result in a probable (rather yes than no) decrease of company resources representing economic benefits, when the amount of such obligation may be reliably estimated. Reserves are re-measured as at each balance-sheet date and their amount is adjusted so as to reflect the current best estimate.

The reserve amount represents the present value of expenses which take into account the existing risks and which will probably be used to settle the liability in question. These expenses are determined via estimated risk-free interest rate as a discount rate. Where discounting is used, the carrying amount of the reserve is increased in each period in order to take into consideration reduction of discount from time perspective. This increase is reported as interest costs.

Reserve on lawsuits

Financial statements include reserves on lawsuits and potential lawsuits which were calculated through available information and assumptions of achievable outcomes of individual lawsuits, and it is probable that the outcome of such lawsuits will present a reliably measurable cost for the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

Reserve for costs on the environment protection

The reserve on the environment protection is created when occurrence of costs on reconstruction of the environment is probable and these costs may be reliably estimated. In general, creation of such reserves is time-wise corresponding to adoption of a formal plan or a similar obligation to sell investments or discard unused property. The amount of reported reserve is the best estimate of the necessary expenses.

n) Reporting of revenues

Revenues are reported in case it is probable that they will bring economic benefits to the Company, and when the amount of revenues may be reliably determined. Revenues are reported in the fair value of received consideration, without discounts, rebates and value added tax.

Revenues from transport and related services, as well as from other services are reported in the accounting period when the services were delivered, adjusted by discounts and deductions.

o) Lease

A contract is considered a lease when it includes a lease, if such contract transfers the right to use the identified assets for a certain time period in exchange of a consideration. The Company takes into account the business terms and conditions of the contracts and all relevant facts and circumstances. The Company applies the assessment conditions in a consistent way to contracts with similar features and concluded under similar circumstances.

Lessee

In case of a contract containing a lease element and one or several other lease or other elements, the Company allocates a consideration in the contract to every lease elements on the basis of a proportionate separate price of the lease element and an overall separate price of other-than-lease elements.

As on the beginning date, the Company reports the asset with the right of use and a lease liability. As on the beginning date, the asset with the right of use is measured at its acquisition price. The acquisition price of an asset with the right of use includes:

- a) the amount of the initial measurement of the lease liability;
- b) all leasing instalments paid before or on the beginning date, reduced by all received leasing stimuli;
- c) all initial direct costs incurred by the lessee;
- d) estimated costs incurred by the Company even in case of division and removal of the underlying asset and in case of renewal of the place of its location, or in case of returning of the underlying asset into the state required by the lease terms and conditions, if such costs are not incurred with the aim of reserves.

K dátumu začiatku oceňuje lízingový záväzok súčasnou hodnotou lízingových splátok, ktoré k tomuto dátumu nie sú uhradené. Lízingové splátky sa diskontujú použitím implicitnej úrokovej miery lízingu.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

If the ownership of the underlying asset is transferred to the Company at the end of the lease period, or if the acquisition price of the asset with the right of use reflects the fact that the Company will exercise its option to purchase, the Company depreciates the asset with the right of use as of the beginning date until the end of the period of use of the underlying asset. Otherwise, the Company depreciates the asset with the right of use as of the beginning date until the earliest date – the end of the period of use of the asset with the right of use or the end of the lease period. In case of assets with unlimited lease period, the depreciation period was determined as 40 years in case of operating premises, and 30 years in case of administrative premises.

Lessor

The Company classifies each lease either as an operating lease or financial lease.

Lease is classified as financial lease if, in substance, all risks and remunerations resulting from ownership of the underlying asset are transferred through the lease. Lease is classified as operating lease if, in substance, all risks and remunerations resulting from ownership of the underlying asset are not transferred through the lease. The Company assesses whether lease is financial or operating based rather on the transaction nature than on the contractual form.

The main criteria of lease classification as financial lease include:

- a) at the end of the lease period, the ownership of the underlying asset is transferred through the lease to the lessee;
- b) lessee has an option to purchase the underlying asset for the price that is expected to be substantially lower than the fair value as on the date the option becomes exercisable so that at its beginning it is sufficiently clear that the option is to be exercised;
- c) the lease period is for the substantial part of the economic lifespan of the underlying asset, even if the ownership right is not to be transferred;
- d) at the beginning date, the present value of leasing instalments equals – at least in its substance – the whole fair value of the underlying asset, and
- e) the underlying asset is of such a specific nature that only the lessee is able to use it without major modifications.

Lease where the Company does not transfer all risks and benefits resulting from ownership of the leased item is classified as operating lease. Leasing instalments from operating lease are reported as revenues evenly during the lease period.

In case of a contract containing a lease element and one or several other lease or non-lease elements, the lessor allocates a consideration in the contract, divided into yields pursuant to IFRS 15 – Revenue.

p) Costs on received loans and borrowings

Capitalisation of costs on received loans and borrowings starts during preparation of qualified assets for their intended use, and expenses and costs are incurred in relation to received borrowings and loans. Costs on received borrowings and loans are capitalised until the asset is prepared for its intended use. Costs on received borrowings and loans consist of cost interests and other costs associated with foreign resources, including exchange rate differences from loans and borrowings in a foreign currency used to finance these projects in the scope, in which they are considered as adjustments of interest costs.

3 ZHRNUTIE VÝZNAMNÝCH ÚČTOVNÝCH ZÁSAD (pokračovanie)

q) Subsidies

Subsidies are reported in their fair value if there is adequate assurance on reception of a subsidy and fulfilment of all conditions related to receiving of such subsidy. The Company reports the following subsidies::

- compensation of costs on services in the public interest based on the Contract on Transport Services in Public Interest concluded with the Slovak Republic represented by MTC. The Company reports them in the current accounting period, in which the costs related to these services in public interest are reported. In case of compensation of costs on services in the public interest incurred in the previous periods, it is reported as revenues of the period, in which MTC decided to cover them.
- subsidies related to acquisition of long-term assets (mainly rolling stock). The Company reports State subsidies granted by the Slovak Republic separately from subsidies granted from EU funds, which are further divided by individual funds. The Company reports them in the Statement of Financial Position as deferred income and as revenues evenly during the lifespan of the acquired long-term asset.

r) Payable and deferred tax

Income tax consists of payable tax and deferred tax. Tax is reported in the comprehensive income, except for cases when it relates to items reported within other comprehensive income and loss or directly in equity. If it relates to these items, the tax is also reported within other comprehensive income and loss or directly in equity.

Payable tax

Tax receivables and liabilities for current and previous accounting periods are measured in the value, in which they are expected to be settled with the tax administrator. Payable tax is calculated pursuant to tax rates enacted as on the balance-sheet date.

Deferred tax

Deferred income tax is reported pursuant to a liability method with temporary differences discovered as on the balance-sheet date between the tax base of assets and liabilities and their carrying amount for the purposes of financial reporting.

Deferred tax liability is reported for all taxable temporary differences.

Deferred tax liabilities are recognised in case of all deductible temporary differences, the carry-forward of unused tax loans and unused tax losses to the extent that it is probable that future taxable profit will enable to redeem these deductible temporary differences and unused tax loans and unused tax losses that were carried forward.

Review of the carrying amount of deferred tax receivables is carried out as on each balance-sheet date and the value is reduced to such extent that it is no longer probable that the taxable profit will be enough to redeem the whole deferred tax receivable or its part. Unreported deferred tax receivables are again re-measured as on each balance-sheet date and reported in the extent that it is probable that the future taxable profit will enable retroactive return of the deferred tax receivable.

Deferred tax receivables and liabilities are measured at tax rates assumed to be applied in the period when the asset is realised or the liability is paid, based on tax rates (and tax laws) enacted as on the balance-sheet date.

4 LONG-TERM TANGIBLE ASSETS

in thousand EUR	Acquisition price				As on 31 December 2023	Cumulated adjustments				Residual value as on 31 December 2023	
	As on 1 January 2023	Additions	Disposals	Transfers		As on 1 January 2023	Additions to adjustments	Disposals	Transfers		
Lands and buildings	91,828	6,062	1,754	6,579	102,715	31,555	2,753	1,334	-81	32,93	69,822
of which: impairment loss	0										
Transport vehicles	1,816,780	48,507	31,649	43,658	1,877,296	900,056	99,441	24,891	-1,469	973,137	904,159
of which: impairment loss											
Plants, equipment and other assets	56,057	7,554	1,404	2,686	64,893	35,551	4,903	1,322	0	39,132	25,761
of which: impairment loss	0				0	0			0	0	
Unfinished investments	24,220	170,233	71	-12,210	182,172	0			0	182,172	
Provided pre-payments	50,383	16,991	0	-42,281	25,093	0			0	25,093	
Total long-term tangible assets	2,039,268	249,347	34,878	-1,568	2,252,169	967,162	107,097	27,547	-1,550	1,045,162	1,207,007
IAS 40	2,241		4	27	2,264	337		1	33	369	1,895
IFRS 5	57		572	1,541	1,026	52		569	1,517	1,000	26

in thousand EUR	Acquisition price				As on 31 December 2022	Cumulated adjustments				Residual value as on 31 December 2022	
	As on 1 January 2022	Additions	Disposals	Transfers		As on 1 January 2022	Additions to adjustments	Disposals	Transfers		
Lands and buildings	88,626	2,612	1,258	1,848	91,828	29,096	2,806	345	-2	31,555	60,273
of which: impairment loss	0				0	0					
Transport vehicles	1,754,936	68,140	29,881	23,585	1,816,780	836,888	85,206	23,696	1,658	900,056	916,724
of which: impairment loss						0					
Plants, equipment and other assets	52,361	5,297	1,716	115	56,057	32,524	4,418	1,467	76	35,551	20,506
of which: impairment loss	0				0	0			0	0	
Unfinished investments	29,910	61,047	62,291	-4,446	24,220	0				0	24,220
Provided pre-payments	32,771	36,701		-19,089	50,383	0				0	50,383
Total long-term tangible assets	1,958,604	173,797	95,146	2,013	2,039,268	898,508	92,430	25,508	1,732	967,162	1,072,106
IAS 40	2,559			-318	2,241	398			-61	337	1,904
IFRS 5	6,070		4,318	-1,695	57	5,933		4,210	-1,671	52	5

4 LONG-TERM TANGIBLE ASSETS (CONT.)

The category of Lands and Buildings includes operation and administrative buildings, customer centres, dressing rooms for train crews, depots, warehouses and track yards, together with underground services in the amount of EUR 69,822 thousand. Rolling stock in the amount of EUR 904,159 thousand represents the most significant item. Other items include IT devices, cranes, air-conditioning and heating equipment, technological equipment of depots, inventories and tools used for repairs and maintenance of rolling stock in the amount of EUR 25,761 thousand.

The most significant item of unfinished investments is represented by the project documentation and costs on re-construction of locomotive depots in Nové Zámky, Košice, Bratislava, Brezno, Kralovany and Vrútky in the amount of EUR 14,660 thousand. The most significant items of machines and equipment include procurement of hardware and software for backup data centre in the amount of EUR 1,180 thousand, procurement of HW for IS for passengers fitted into rolling stock of 813/913 series in the amount of EUR 408 thousand and HW for the on-board information system in the amount of EUR 400 thousand, and procurement of ticket-selling devices and maintenance equipment in the amount of EUR 3,869 thousand.

As on 31 December 2023, advance payments were made concerning new electric sets in the amount of EUR 19,238 thousand, where their procurement is co-financed from the EU funds under EFD10. Furthermore, advance payments were made on delivery of ETCS for motive power units of 361 series co-financed from the EU funds under EFD12 in the amount of EUR 5,560 thousand, delivery of ETCS for electric units co-financed from the EU funds under EFD4A in the amount of EUR 292 thousand.

As on 31 December 2023 the costs on procurement of the project preparation and construction of the light-maintenance centres amounting to EUR 153,290 thousand are reported under the International Accounting Standard – IAS 2 Inventories as of 1 January 2022. Construction of individual light-maintenance centres, including project preparation, was transferred from accounts for investment acquisition into inventories, and is reported as Unfinished production for sale when completed.

As on 31 December 2023, the Company carried out a comprehensive test of asset impairment in line with IAS 36 at the level of the cash-generating unit. The test included examination of the condition and use of assets, which resulted in no impairment discovered as on 31 December 2023. The recoverable amount of the unused assets was determined as selling price reduced by costs related to sale of the given assets, when the usable value was determined as zero or close to zero.

Non-Current Assets Held for Sale

As on 31 December 2023 the assets held for sale include railway tracks, switches and fencing in the amount of EUR 26 thousand in the locomotive depot of Nové Zámky that, after inspection of their condition, were designated for a planned sale to the light-maintenance centre of Nové Zámky. Based on the decision of the Board of Directors of ZSSK no. 115/2023 of 27 October 2023, Decision no. 67/2023 of 30 May 2023 and Decision no. 130/2023 of 15 November 2023, in the course of 2023 the rolling stock with zero residual value were designated as assets held for sale. Some of them were sold for a purchase price of EUR 25 thousand in 2023.

4 LONG-TERM TANGIBLE ASSETS (CONT.)

Assets categorisation can be seen in the following table:

(in thousand EUR)

Class	Title	As on 31 December 2023	As on 31 December 2022
10	Buildings	0	0
20	Constructions	26	5
30 and 40	Machines and equipment	0	0
60	Transport vehicles	0	0
70	Inventory	0	0
90	Real estate/lands	0	0
	Total	26	5

The following costs and revenues are related to the assets held for sale:

(in thousand EUR)	Amount
Sale	1
Total revenues	25
Profit from assets held for sale	24

Investments into real estates

There were no changes in the fair value of real estates reported pursuant to IAS 40 as on 31 December 2023.

(in thousand EUR)

Rented assets	As on 31 December 2023	As on 31 December 2022
Track yard in Bratislava	17	17
Track yard in Trnava	83	83
Building at Stromová, Košice	81	81
Land in Štrba	6	6
Track yard at the locomotive depot in Humenné	0	3
Humenné Staničná	53	53
Locomotive depot in Filákov	13	0
Locomotive depot in Kraľovany	31	0
Indoor washer in Bratislava	958	1,008
Repair workshops in Vrútky	299	299
Buildings and lands at Podkolibská, Bratislava	69	69
Buildings and lands at Jesenského, Zvolen	285	285
Total	1,895	1,904

4 LONG-TERM TANGIBLE ASSETS (CONT.)

The following costs and revenues are related to assets reported pursuant to IAS 40:

<i>(in thousand EUR)</i>	Amount
Taxes (on lands and constructions)	22
Other costs (repairs, maintenance)	41
Total costs	63
Lease	189
Total revenues	189
Income from property	126

The manner and value of long-term assets insurance

The Company insured the significant long-term assets based on the following insurance policies:

Fleet insurance policy with ALLIANZ-Slovenská poisťovňa, a. s. no. 7710049405 concerning insurance of trucks and trailers – "Moje auto KASKO" (accident insurance of service vehicles) was concluded for the period from 1 January 2020 to 31 December 2023. The total insured value for the insurance period amounts to EUR 150 thousand. The premium for 2023 is EUR 44 thousand.

Insurance policy with ALLIANZ-Slovenská poisťovňa, a.s. no. 411029015 concerning insurance of rolling stock was concluded for the period from 1 March 2022 to 29 February 2024. The insurance premium for the first insurance period from 1 March 2022 to 28 February 2023 amounted to EUR 1,790 thousand, and the amount for the second insurance period from 1 March 2023 to 29 February 2024 is EUR 1,790 thousand.

Insurance policy with PREMIUM Insurance Company Limited no. 1110025283 concerning insurance of self-service fuel filling equipment and stock insurance is concluded for the period from 1 January 2023 to 31 December 2026. The insurance premium for 2023 amounts to EUR 4 thousand.

5 LONG-TERM INTANGIBLE ASSETS

in thousand EUR	Acquisition price				Cumulated adjustments				Residual value as on 31 December 2023
	As on 1 January 2023	Additions	Disposals	Transfers	As on 31 December 2023	Additions to adjustments	Disposals	Transfers	As on 31 December 2023
Intangible assets	47,432	2,335	366	496	49,897	3,612	366	0	40,336
Unfinished investments	12,083	1,920	6	-496	13,501	0	0	0	0
Provided pre-payments	7	0	0	0	7	0	0	0	0
Total	59,522	4,255	372	0	63,405	3,612	366	0	40,336

in thousand EUR	Acquisition price				Cumulated adjustments				Residual value as on 31 December 2022
	As on 1 January 2022	Additions	Disposals	Transfers	As on 31 December 2022	Additions to adjustments	Disposals	Transfers	As on 31 December 2022
Intangible assets	46,712	687	67	100	47,432	3,653	67	0	37,090
Unfinished investments	8,239	3,944	0	-100	12,083	0	0	0	0
Provided pre-payments	7	0	0	0	7	0	0	0	0
Total	54,958	4,631	67	0	59,522	3,653	67	0	37,090

The most significant items in the category of intangible assets is represented by SAP 4/HANA software in the amount of EUR 4,777 thousand, SW licences for iKVC of EUR 700 thousand, SW licences to support the integration platforms of EUR 674 thousand, SW for operation management in the amount of EUR 260 thousand, and SW for Datacentre of EUR 482 thousand. SW for ASW POP ticket-selling in the amount of EUR 718 thousand.

The unfinished investments include the following most significant items: procurement of SW for TAP TSI project co-financed from a grant in the amount of EUR 7,746 thousand, plus a pertaining amount financed from own resources of EUR 471 thousand, intranet functionality extension in the amount of EUR 487 thousand, on-board IS in the amount of EUR 490 thousand, SW for data security in the amount of EUR 504 thousand, and BigData – Datawarehouse SW in the amount of EUR 419 thousand.

As on 31 December 2023, the amount of EUR 6 thousand was transferred from the costs on procurement of intangible investments into inventories of Unfinished production – construction of light maintenance centre.

6 LEASES – IFRS 16

in thousand EUR	Acquisition price				Cumulated adjustments				Residual value as on 31 December 2023	
	As on 1 January 2023	Additions	Disposals	Transfers	As on 31 December 2023	Additions to adjustments	Disposals	Transfers		
The right to use the asset under IFRS16 of which: Transport vehicles	92,752	7,609	7,829	0	92,532	28,759	8,043	936	0	35,866
	60,223	4,776	0	0	64,999	23,694	6,677	0	0	30,371
Lands and buildings	32,529	2,833	7,829	0	27,533	5,065	1,366	936	0	5,495
Unfinished investments	0	0	0	0	0	0	0	0	0	0
Total	92,752	7,609	7,829	0	92,532	28,759	8,043	936	0	35,866

in thousand EUR	Acquisition price				Cumulated adjustments				Residual value as on 31 December 2022	
	As on 1 January 2022	Additions	Disposals	Transfers	As on 31 December 2022	As on 1 January 2022	Additions to adjustments	Disposals	Transfers	As on 31 December 2022
The right to use the asset under IFRS16 of which: Transport vehicles	89,504	3,967	719	0	92,752	20,827	7,979	47	0	28,759
	57,796	2,427			60,223	17,195	6,499			23,694
Lands and buildings	31,708	1,540	719		32,529	3,632	1,480	47		5,065
Unfinished investments	0	0	0		0	0	0			0
Total	89,504	3,967	719	0	92,752	20,827	7,979	47	0	28,759
										63,993
										36,529
										27,464
										0
										63,993

6 LEASES – IFRS 16 (CONT.)

The new standard IFRS 16 Leases became effective as of 1 January 2019, replacing the original IAS 17 Leases. Based on this fact, the Company revaluated all lease contracts and recognised acquisition of the right from asset use, liabilities from leases and differences in measurement of the asset and the liability from lease in the results of past periods. The Company applied an exception from the standard in case of short-term leases and leases with low-value assets up to EUR 5 thousand. At the same time, given the scope of lease contracts, an internal directive determined that if the calculated lease liability does not exceed EUR 15 thousand, the Company will not report it as a lease. Variable instalments related to indexation are reported as part of leases. The Company does not recognise other variable instalments that were not part of lease measurement.

When shifting to IFRS 16 Leases, the Company chose a modified retrospective approach, i.e. a lease liability is measured at present value of unpaid lease instalments, discounted by the incremental interest rate as on the date of the shift, i.e. 1 January 2019, where the asset was measured as if it was reported under IFRS 16 since the lease beginning, using the interest rate effective on 1 January 2019 and reduced by depreciation as on the shift date.

Leases are divided into two main groups according to the underlying asset, namely: rolling stock, and land and buildings. The most significant item under rolling stock is lease of 10 electric motive power units Vectron in the amount of EUR 32,560 thousand and lease of a dining car in the amount of EUR 2,038 thousand. Significant items within the lands and buildings include the lease of the Company headquarters in Rožňavská 1 in Bratislava in the amount of EUR 823 thousand, lands and track yard for light-maintenance centre in Zvolen of EUR 1,976 thousand, the coach repair workshop premises in Bratislava in the amount of EUR 1,355 thousand, the social and operating facilities of the coach repair workshop in Zvolen in the amount of EUR 1,138 thousand, track yard in the locomotive depot of Čadca in the amount of EUR 1,342 thousand, and the operating building of a station for technical inspections in Bratislava-Nové Mesto of EUR 1,116 thousand. Other leases concern operating and administrative buildings, depots, offices, customer centres and overnight accommodation for train and locomotive crews.

Depreciation and amortisation pertaining to financial lease

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Depreciation	- 8,043	-7,979
Residual value of discarded right to use assets	-6,893	- 672
Total	-14,936	-8,651

<i>(in thousand EUR)</i>	31/12/2023	31/12/2024	31/12/2025	31/12/2026
IAS 17 (operating lease)	15	15	15	15
IFRS 16 (balance-sheet model)				
Lease liability (short-term part)	9,093	7,743	7,797	7,626
Lease liability (long-term part)	49,527	41,784	33,987	26,361
Right to use the asset	56,665	48,661	40,695	32,869
Cost interests	715	652	552	452
Depreciation of the right to use the asset	8,043	8,004	7,966	7,826

7 FINANCIAL ASSETS

(in thousand EUR)	Number of shares (pieces)	Participation in the equities in %	Financial assets	
			as on 31 December 2023	As on 31 December 2022
Eurofima	1.3	0.50 %	6,581	6,189
BCC	1	0.68 %	1	1
ZSSK THU, s.r.o.		100%	5	5
Eurail B.V.	607	0.607 %	1	1
Celkom	x	x	6,588	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.

8 OTHER LONG-TERM ASSETS

(in thousand EUR)	31 December 2023	31 December 2022
Trade receivables	206	405
Other long-term receivables	126	126
Receivables from subsidies granted on investments (EU funds)	61,203	306,854
Total	61,535	307,385

9 INVENTORIES

<i>(in thousand EUR)</i>	Acquisition price 2023	(The lower of) acquisition value, or net recoverable value 2023	Acquisition price 2022	(The lower of) acquisition value, or net recoverable value 2022
Total material	28,810	23,567	26,162	21,074
Fuel in tank	359	360	409	409
Goods	313	274	293	254
Real estates for sale	1,283	1,283	901	901
Products	0	0	0	0
Uncompleted production	153,333	153,333	62,290	62,290
Total inventories	184,098	178,817	90,055	84,928

No right of lien was established regarding the procured inventories.

On the grounds of the contractual conditions based on the phase of construction of the light maintenance centres, the manner of reporting the light maintenance centres was changed as of 1 January 2022 to the International Accounting Standards IAS/IFRS in compliance with IAS 2 Inventories. Construction of individual light maintenance centres, including project preparation, was re-classified from the accounts of investment procurement into inventories, and is reported as Unfinished production to be sold after completion. As on 31 December 2023 it amounts to EUR 153,333 thousand.

In accordance with IAS 2 Inventories, as of 1 January 2022 the **land** where construction of light-maintenance centres takes place is reported as Real estate for sale due to construction to be sold. **Buildings, constructions and movable assets** held for sale was re-classified as of 1 January 2022 under **IFRS 5 Assets held for sale** and activities to be completed.

10 TRADE RECEIVABLES AND OTHER RECEIVABLES

(in thousand EUR)	31 December 2023	31 December 2022
Short-term trade receivables	12,446	9,966
Tax receivable (excessive VAT deduction, excise tax)	19,068	17,700
Receivables from subsidies granted on investments (EU funds)	539	6,082
Other receivables	7,169	3,462
	39,222	37,210
Allowances to trade receivables and other receivables	-2,059	-2,202
	37,163	35,008

Receivables after maturity date amounted to EUR 5,850 thousand as on 31 December 2023 (EUR 5,873 thousand as on 31 December 2022).

An inspection of EFD2F project resulted in an obligation of ZSSK to return a part of the subsidy in the amount of EUR 2,617 thousand, of which short-term part payable in 2024 in the amount of EUR 872 thousand.

Trade receivables are interest-free and in general payable within 14 – 90 days.

Information on receivables from related parties is stated under note 31.

Analýza pohľadávok podľa lehoty splatnosti k 31. decembru 2023:

Year	Total	After maturity and without an adjusting entry						
		Within maturity and without an adjusting entry	0 – 90 days	91 – 120 days	121 – 150 days	151 – 180 days	181 – 360 days	> 361 days
2023	39,222	33,372	3,989	156	33	31	130	1,511
2022	37,210	31,337	2,366	33	151	13	279	3,031

11 FINANCIAL MEANS AND FINANCIAL EQUIVALENTS

For the purposes of a cash flow overview, the financial means and financial equivalents contain the following items:

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Financial means in cash register and financial equivalents	236	242
Financial means in banks	17,177	14,382
Total	17,413	14,624

Bank overdrafts form an indivisible part of cash flow management and are reported as short-term interest-bearing loans and borrowings.

ZSSK does not report any bank overdrafts as on 31 December 2023.

12 SHAREHOLDERS' EQUITY

Share capital

Share capital is formed by a state investment in the Company administered by MT SR as a deposit of certain assets and liabilities of the predecessor company, Železničná spoločnosť, containing 64 pieces of registered ordinary shares in the nominal value of one share of EUR 3,319,392. All these shares were issued and paid in full.

Statutory reserve fund

When the Company was founded, a statutory reserve fund in the amount of 10 % of the share capital of the Company was established in the form of a non-monetary investment and pursuant to the Slovak legislation. In terms of Article 22 of the Company's Articles of Association the statutory reserve fund has to increase at least by 10 % of the annual net profit up to 20 % of the share capital of the Company.

Other funds

Other funds represent the difference between the value of assets and liabilities deposited by the State when the Company was founded and by an additional investment in October 2005, and the share capital and statutory reserve fund. In 2013, retrospectively as on 1 January 2012 and due to application of an amendment to IAS 19, the other funds were adjusted by a liability of the Company from long-term schemes of employee benefits, recognised and reported into the equity. The amount of the Company's re-evaluation from long-term schemes of employee benefits pursuant to IAS 19 as on 31 December 2023 which were reported into the equity is EUR -262 thousand (re-evaluation of EUR 2,909 thousand as on 31 December 2022).

The Company established a development fund pursuant to Article 23 of the Articles of Association by transferring to the fund the remaining net profit after deduction of the contributions to the reserve fund. The development fund serves to procure or cover investment assets that are used to fulfil the basic business activity of the Company.

Settlement of the business result from the previous accounting period

Settlement of profit in the amount of EUR 6,823 thousand for the accounting period of 2022 was adopted by the General Assembly, which decided on 21 July 2023 to divide the profit by transferring a part into the statutory reserve fund in the amount of EUR 682 thousand and by transferring a part into the development fund in the amount of EUR 6,141 thousand.

Detailed figures on shareholders' equity are provided in the Statement of Changes in the Equity.

13 INTEREST-BEARING LOANS AND BORROWINGS

As on 31 December 2023:

	Currency	Amount in foreign currency	Principal balance in thousand EUR	Maturity	Hedging
LONG-TERM LOANS					
Tatra banka, a.s.	EUR		28,572	31/12/2027	No hedging
ČSOB, a.s.	EUR		26,500	18/03/2025	No hedging
ČSOB, a.s.	EUR		45,244	29/12/2028	No hedging
ČSOB, a.s.	EUR		8,000	24/07/2029	No hedging
ČSOB, a.s.	EUR		27,973	28/09/2029	No hedging
ČSOB, a.s.	EUR		56,280	31/12/2030	No hedging
SLSP, a.s.	EUR		21,407	19/09/2024	No hedging
VUB, a.s.	EUR		5,548	22/12/2024	No hedging
UCB, a.s.	EUR		15,890	31/12/2025	No hedging
UCB, a.s.	EUR		27,064	31/12/2026	No hedging
UCB, a.s.	EUR		21,013	31/07/2028	No hedging
UCB, a.s.	EUR		30,000	31/03/2027	No hedging
UCB, a.s.	EUR		24,106	31/10/2027	No hedging
Total long-term loans			337,597		
Short-term part of loans and borrowings			68,651		
Long-term part of loans and borrowings			268,946		

13 INTEREST-BEARING LOANS AND BORROWINGS (CONT.)

	Currency	Amount in foreign currency	Principal balance in thousand EUR	Maturity	Hedging
SHORT-TERM LOANS					
UniCredit Bank Czech Republic and Slovakia a. s., subsidiary of a foreign bank	EUR		0	without final maturity date (3-month notice period)	No hedging
Všeobecná úverová banka, a. s.	EUR		0	without final maturity date (3-month notice period)	No hedging
Tatra banka, a. s.	EUR		0	without final maturity date (3-month notice period)	No hedging
Československá obchodná banka, a. s.	EUR		0	without final maturity date (3-month notice period)	No hedging
Total short-term loans			0		
Short-term part of loans and borrowings (see above)			68,651		
Bank overdrafts (note 11)			0		
Total short-term loans and borrowings			68,651		

Some loan contracts include also an obligation of the Company to fulfil certain financial and non-financial indicators. These indicators are derived from the management accounts prepared by the Company.

The fair value of interest-bearing loans and borrowings is EUR 337,597 thousand (EUR 330,058 thousand as on 31 December 2022).

All interest-bearing loans and borrowings bear interest at variable or fixed interest rate.

13 INTEREST-BEARING LOANS AND BORROWINGS (CONT.)

As on 31 December 2022:

	Currency	Amount in foreign currency	Principal balance in thousand EUR	Maturity	Hedging
LONG-TERM LOANS					
Tatra banka, a.s.	EUR		6,296	31/12/2023	No hedging
Tatra banka, a.s.	EUR		35,714	31/12/2027	No hedging
ČSOB, a.s.	EUR		30,000	18/03/2025	No hedging
ČSOB, a.s.	EUR		45,244	29/12/2028	No hedging
ČSOB, a.s.	EUR		8,000	24/07/2029	No hedging
ČSOB, a.s.	EUR		32,838	28/09/2029	No hedging
SLSP, a.s.	EUR		21,407	19/09/2024	No hedging
VUB, a.s.	EUR		11,096	22/12/2024	No hedging
UCB, a.s.	EUR		23,835	31/12/2025	No hedging
UCB, a.s.	EUR		36,085	31/12/2026	No hedging
UCB, a.s.	EUR		25,437	31/07/2028	No hedging
UCB, a.s.	EUR		30,000	31/03/2027	No hedging
UCB, a.s.	EUR		24,106	31/10/2027	No hedging
Total long-term loans			330,058		
Short-term part of loans and borrowings			45,242		
Long-term part of loans and borrowings			284,816		

13 INTEREST-BEARING LOANS AND BORROWINGS (CONT.)

	Currency	Amount in foreign currency	Principal balance in thousand EUR	Maturity	Hedging
SHORT-TERM LOANS					
UniCredit Bank Czech Republic and Slovakia a. s., subsidiary of a foreign bank	EUR		0	without final maturity date (3-month notice period)	No hedging
Všeobecná úverová banka, a. s.	EUR		0	without final maturity date (3-month notice period)	No hedging
Tatra banka, a. s.	EUR		0	without final maturity date (3-month notice period)	No hedging
Československá obchodná banka, a.s.	EUR		0	without final maturity date (3-month notice period)	No hedging
Total short-term loans			0		
Short-term part of loans and borrowings (see above)			45,242		
Bank overdrafts (note 11)			0		
Total short-term loans and borrowings			45,242		

14 EMPLOYEE BENEFITS

<i>(in thousand EUR)</i>	Bonuses at retirement	Bonuses at retirement after 40 worked years	Contributions at life anniversaries	Compensatory contribution in case of invalidity	Total
As on 1 January 2023	9,283	0	1,584	395	11,262
Costs on present services	245	0	57	0	302
Interest costs	386	0	65	16	467
Actuarial profit and loss	-334	0	12	0	-322
Additions	0	2,569	0	0	2,569
Transfers	24	929	0	0	953
Paid benefits	-1,194	0	-214	-77	-1,485
Costs on past services	22	0	6	30	58
As on 31 December 2023	8,432	3,498	1,510	364	13,804
Short-term as on 31 December 2023	1,109	3,498	201	52	4,860
Long-term as on 31 December 2023	7,323	0	1,309	312	8,944
As on 31 December 2023	8,432	3,498	1,510	364	13,804

<i>(in thousand EUR)</i>	Bonuses at retirement	Contributions at life anniversaries	Compensatory contribution in case of invalidity	Total
As on 1 January 2022	11,558	2,002	372	13,932
Costs on present services	373	81	0	454
Interest costs	142	24	5	171
Actuarial profit and loss	-2,168	-284	66	-2,386
Paid benefits	-622	-239	-86	-947
Costs on past services	0	0	38	38
As on 31 December 2022	9,283	1,584	395	11,262
Short-term as on 31 December 2022	1,411	243	77	1,731
Long-term as on 31 December 2022	7,872	1,341	318	9,531
As on 31 December 2022	9,283	1,584	395	11,262

14 EMPLOYEE BENEFITS (CONT.)

Re-valuation of employee benefits

<i>in thousand EUR</i>	As on 31 December 2023	As on 31 December 2022
Bonuses at retirement	906	2,168
Severance payment	-1,168	1,553
Total	-262	3,721
Deferred tax	0	-812
Total	-262	2,909

Main actuarial assumptions:

	2023	2022
Discount rate (% p.a.)	3.53 %	4.16 %
Increase of wages (%)	11.65 % - 5 %	4.32 % - 5 %
Probability of male mortality (%)	0.038% - 2.46%	0.038 % - 2.46 %
Probability of female mortality (%)	0.0209% - 0.10439%	0.0209.% - 0.10439 %

Long-term reserve for employee benefits

As on 31 December 2023 the Company reports a liability in the amount of EUR 13,804 thousand (of which: short-term liability part amounting to EUR 4,860 thousand and long-term liability part amounting to EUR 8,944 thousand) to cover the estimated liabilities related to remuneration at retirement or disability pension, remuneration at life anniversaries and compensatory bonus due to reduced ability to work of an employee.

In compliance with the effective Collective Agreement for 2022 – 2023 ZSSK grants the following types of bonuses to its employees upon fulfilment of determined conditions:

The employer grants a bonus in case of the first termination of the employment due to retirement, premature retirement or invalidity retirement if:

- **in case of retirement, premature retirement or invalidity retirement** - the employee worked for the employer for at least 10 years continuously as on the day of employment termination; the employment was not terminated due to violated working discipline; the employee is not entitled to severance pay under the Collective Agreement; in the amount depending on the years worked for the employer, EUR 100 per each worked year;
- **in case of retirement or premature retirement** - the employee worked for the employer for at least 10 years continuously as on the day of employment termination; the employment was not terminated due to violated working discipline; the employee is entitled to severance pay under the Collective Agreement; in the amount depending on the years worked for the employer, EUR 10 per each worked year;
- **in case of invalidity retirement** - the employee worked for the employer for at least 10 years continuously as on the day of employment termination; the employment was not terminated due to violated working discipline; the employee is entitled to severance pay; in the amount depending on the years worked for the employer, EUR 15 per each worked year.

14 EMPLOYEE BENEFITS (CONT.)

For the purpose of calculating the bonus amount, the years worked in employment for the employer are added together. The bonus is granted as a single payment.

As acknowledgement and appraisal of many-year work, the employer grants a bonus to the employee if the condition of a continuous employment over 10 years for the employer is met on the life anniversary of **50 years of age**. The bonus amount is calculated pursuant to the length of employment as follows:

- in the amount of EUR 165 (for over 10 to 15 years),
- in the amount of EUR 235 (for over 15 to 20 years),
- in the amount of EUR 330 (for over 20 to 25 years),
- in the amount of EUR 500 (for over 25 years).

At life anniversary of **60 years of age** of an employee, the employer grants a single bonus in the amount of EUR 500 if the condition of a continuous employment over 25 years is met on the life anniversary date. The bonus is granted as a single payment.

In compliance with Article 76a of the Labour Code, Železničná spoločnosť Slovensko, a.s. grants a severance pay in the amount of the employee's average monthly wage in case of the employee's first employment termination due to retirement, premature retirement or invalidity retirement with reduced ability to work of more than 70 %. The employer grants severance pay to the employee if he or she requests the retirement pension before termination of employment or within 10 days after employment termination.

As on the day of book closing, Železničná spoločnosť Slovensko, a.s. has no plan to optimise the employee number.

Wage increase

An increase in all tariff wages in the amount of EUR 150 was approved for 2023, effective as of 1 May 2023:

Mortality rate: Mortality table for the Slovak Republic for 2015 – 2019 (source: <https://slovak.statistics.sk>).

The calculated liabilities include costs on health and social insurance incurred on the basis of the amendments to Acts no. 461/2003 Coll. and no. 580/2004 Coll. effective as of 01 January 2014.

Description of risks

The Company does not hold any assets that would serve to cover the liability. The Company thus avoids the risk from investing the financial means, on the other hand, however, no assets serving to cover the liabilities are valorised.

Sensitivity of the level of "POST EMPLOYMENT BENEFITS" to change in pre-conditions

1. Change of discount by +100 bps for all years to come, assuming that other pre-conditions entering the calculation remain unchanged, results in decrease of the liability by 8.23 %.
2. Change of wage increase by +100 bps for all years to come, assuming that other pre-conditions entering the calculation remain unchanged, results in increase of the liability by 4.61 %.
3. Fluctuation reduced by 10 % for all years to come, assuming that other pre-conditions entering the calculation remain unchanged, results in increase of the liability by 1.32 %.
4. Assumed mortality rate reduced by 10 % for all years to come, assuming that other pre-conditions entering the calculation remain unchanged, results in increase of the liability by 0.90 %.

14 EMPLOYEE BENEFITS (CONT.)

The average maturity of liabilities is provided in the table below:

Type of liability	Average maturity of the reserve	Average maturity of the benefits
OTHER LONG TERM EMPLOYEE BENEFITS	6.16	10.50
POST EMPLOYMENT BENEFITS	9.17	15.44

The actuarial profit and loss, changes of financial assumptions are caused by a change in discount from 4.16 % to 3.53 % and a change in the expected wage increase.

The costs on past services are caused by an increase in allowances for healthcare insurance for 2024-2027.

15 RESERVES

(in thousand EUR)	Environmen- tal burdens	Lawsuits	Redundancy payment, severance payment	Bonuses at retirement after 40 worked years	Other reserves	Total
As on 1 January 2023	0	204	5,604	0	0	5,808
Additions	0	178	219	706	0	1,103
Transfers	0	0	-1,751	798	0	-953
Interest costs	0	0	233	0	0	233
Recognised part of the reserves	0	-169	0	0	0	-169
Actuarial profit and loss	0	0	1,539	0	0	1,539
Use	0	-4	-707	0	0	-711
As on 31 December 2023	0	209	5,137	1,504	0	6,850
Short-term as on 31 December 2023	0	184	614	1,504	0	2,302
Long-term as on 31 December 2023	0	25	4,523	0	0	4,548
As on 31 December 2023	0	209	5,137	1,504	0	6,850

15 REZERVY (pokračovanie)

(in thousand EUR)	Environmen- tal burdens	Lawsuits	Redundancy payment, severance payment	Other re- serves	Total
As on 1 January 2022	350	194	7,589	0	8,133
Additions	0	10	313	0	323
Interest costs	0	0	88	0	88
Recognised part of the reserves	350	0	0	0	350
Actuarial profit and loss	0	0	-986	0	-986
Use	0	0	-1,400	0	-1,400
As on 31 December 2022	0	204	5,604	0	5,808
Short-term as on 31 December 2022	0	10	628	0	638
Long-term as on 31 December 2022	0	194	4,976	0	5,170
As on 31 December 2022	0	204	5,604	0	5,808

16 CONTINGENT ASSETS AND LIABILITIES

a) Contingent assets

- 1) Damage caused by a level-crossing crash. On 23 July 2018 a smaller accident of B3 category – a level-crossing accident – a crash of a train with a car took place on an international track section of Nováky – Zemianske Kosťolány. Diesel motor power unit of 861 series was damaged. The person guilty of the accident was employed at MSJ group, s.r.o. at the time. The accident was settled by the insurance company Kooperativa. Lawsuit against defendants: 1. MSJ group, s.r.o., 2. KOOOPERATIVA poisťovňa, a.s. Vienna Insurance Group concerning payment of EUR 1,249,454.38 with interests as damages was filed at the first-instance court.
- 2) Proceedings concerning a claim of ZSSK against the defendants: 1. AVUS International, spol. s r.o. (the insurance company defined by the 2nd-line defendant), 2. Slovenská kancelária poisťovateľov, 3. Świerkot spo. z o.o. (a car owner), 4. Kazimierz Aleksy Ziebur (a car driver – deceased in the meantime and excluded from the proceedings), 5. Powszechny Zakład Ubezpieczeń Spółka Akcyjna (the insurance company insuring the car), 6. ŽSR, 7. Self-Governing Region of Košice, 8. Road Infrastructure Administration of the Self-Governing Region of Košice, concerning payment of EUR 570,565.81 with interests. The lawsuit concerns damages occurred on 3 November 2015 at the level crossing between the switch point at Petrovce nad Laborcom and the railway station of Michalovce where the fast train R 442 crashed into a trailer of an articulated lorry carrying a harvester. The first expert's opinion determined partial fault to the defendants 3., 4., 6., 7., and 8. A new expert proof was carried out confirming the fault of the car driver (the defendant 4.) and the responsibility of the company Świerkot Spółka z ograniczoną odpowiedzialnością (the defendant 3.) that carried out an over-size transport without the necessary permissions. ZSSK succeeded at the first-instance court. Some of the defendants appealed against this decision, and the dispute was returned back to the first-instance court.
- 3) On 15 July 2019 a smaller accident of B3 category – a crash of a slow train Os 5108 of ZSSK with a freight lorry of Scania brand took place between the railway station of Ivanka pri Nitre and the railway station of Nitra. The multiple unit 95 56 7 861 032-5 ZSSK was damaged. The insured event is dealt with by the insurance company Allianz, file no.: The claim to pay EUR 499,348.92 with interests as damages is filed with the first-instance court. Due to the fact that a part of the principal sum has been paid up, the current dispute amounts to EUR 55,000.

17 OTHER LONG-TERM LIABILITIES

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Deferred income in relation to investments from EU Structural Funds	173,723	86,756
Deferred income in relation to investments from the State Budget	518	630
Deferred income in relation to investments from the EU Cohesion Fund	470,281	373,193
Deferred income in relation to investments in combination of the State Budget and EU Structural Funds	53,291	40,660
Deferred income in relation to investments in combination of the State Budget and EU Cohesion Fund	82,984	65,850
Deferred income in relation to investments from the EU grant	7,725	7,725
Deferred income in relation to investments – stipulated by the Contract on NRFC	18,620	264,755
Deferred income in relation to investments – stipulated by the Contract on GRANT	42,379	42,379
Contracted compensation – non-investment	204	591
Liabilities towards the social fund	0	0
Other liabilities	55	0
Total	849,780	882,539

Changes in the social fund are presented in the following table:

<i>(in thousand EUR)</i>	Text	2023	2022
As on 1 January		0	226
Creation		1,041	984
Drawing		1,041	1,210
As on 31 December		0	0

18 TRADE LIABILITIES AND OTHER LIABILITIES

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Trade liabilities and other liabilities	47,664	59,504
Short-term part of deferred income in relation to investments	30,510	27,154
Short-term part of deferred income in relation to operating costs	171	338
Tax liabilities	1,170	1,097
Total	79,515	88,093

Short-term trade liabilities after maturity (account 321) amounted to EUR 59 thousand as on 31 December 2023 (EUR 16 thousand as on 31 December 2022).

More detailed information on liabilities towards related parties is stated under note 31.

19 INCOME TAX

Income tax consists of payable tax and deferred tax. In 2023 the Company's tax base, upon amortisation of the loss of previous periods, amounted to EUR 0. The Company was not obliged to file the income tax return for 2022.

The economic result before taxation is profit in the amount of EUR 20,928 thousand that is adjusted by recognised deferred and payable tax.

When calculating the deferred income tax, the tax rate effective as of 1 January 2024 was taken into consideration.

<i>(in thousand EUR)</i>	2023	2022
Tax due (deductible and licence tax)	229	0
Deferred tax	1,841	12,977
Total	2,070	12,977

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Economic result before taxation pursuant to IAS/IFRS	20,928	19,800
Theoretical tax at statutory tax rate of 21 %	4,395	4,158
Impact of tax loss that cannot be redeemed in the future	0	0
Constant extra charges and deductible revenues	-2,325	8,819
Income tax (payable and deferred tax)	2,070	12,977

19 INCOME TAX (CONT.)

As on 31 December 2023, the Company decided not to report any deferred tax receivables given the fact that there is no guarantee of achieving the tax base in the future. The Company does not assume a tax base against which to redeem tax losses of previous periods, thus neither to redeem the deferred tax receivables. It bases its assumptions on the long-term strategy. As on 31 December 2023, the Company reports deferred tax liabilities divided as follows:

(in thousand EUR)	31 December 2023	31 December 2022
Deferred tax receivables		
Unamortised tax loss	0	0
Employee benefits reported in the comprehensive income	0	0
Redundancy payment, severance payment	0	0
Investment subsidies	-35,423	-27,973
Other	0	0
	-35,423	-27,973
Deferred tax liabilities		
Long-term tangible assets	61,391	52,1
Employee benefits reported in the equity	0	812
	61,391	52,912
Net deferred tax liabilities	25,968	24,939

The Company is entitled to redeem **the loss reported for 2019 for the last time** according to the amendment to Income Tax Act effective as of 1 January 2014 **evenly during four** consecutive tax periods, starting on the tax period following immediately after the tax period, in which the tax loss was reported. **In 2019** the Company reported tax basis of **EUR 0** as it exercised the option to redeem the tax loss of past periods. The Company is entitled to redeem **the loss reported for 2020 in the amount of EUR 17,360,753.76** and tax loss reported for **2021 in the amount of EUR 50,544,734.32** according to the amendment to Income Tax Act effective as of 2020 **unevenly during five** consecutive tax periods, starting on the tax period following immediately after the tax period, in which the tax loss was reported, however, **in the maximum amount of 50 % of the reported tax basis**.

The redemption of losses is assumed as follows:

(in thousand EUR)	31 December 2023	31 December 2022
2023	20,000	0
2024	40,364	61,305
2025	0	0
2026	0	0
2027	0	0
Total tax loss carried forward	60,364	61,305

20 TRANSPORT OF PASSENGERS AND RELATED REVENUES

(in thousand EUR)		31 December 2023	31 December 2022
Passenger transport			
Passenger transport - national		66,227	57,728
Passenger transport - international		26,098	19,888
		92,325	77,616
Other transport-related revenues:			
Performance of passenger coaches		11,956	10,377
Traction performance abroad		7,175	8,462
Other revenues		5,301	4,167
		24,432	23,006
Total		116,757	100,622

When applying tariffs in national services by trains under PSC, the Company follows the effective decrees of the Transport Authority on fare regulation in railway transport which stipulate the scope and maximum amount of selected types of fare.

If the tariffs are not regulated by a decree of the Transport Authority or any other effective regulation or a decision of the contracting authority, the Company can transport passengers also for a lower fare. In such case the Company is responsible for preparation of the amount and structure of tariffs and informs MT about provided discounts, together with justification and expected income as these tariffs are subject to approval of the contracting authority. The Company has to discuss any discounted price with the contracting authority, usually 2 weeks before such price reduction is effective. The contracting authority can oblige the transport operator to change or maintain the amount and structure of tariffs. Reduced prices may not violate the rules of competition.

Within its national services and in compliance with Government Resolution no. 530/2014 and Government Resolution no. 590/2014, the Company provides 100 % discount of the fare for transport in the 2nd class for children until their completed 16th year of age, pupils and full-time students until their completed 26th year of age, as well as transport of person older than 62 years of age and all pensioners pursuant to Act no. 461/2003 Coll. on social insurance as amended, as well as for people entitled to a similar right to pension payment acknowledged by a public institution of an EU Member State, and transport of beneficiaries of widow's pensions for years of service, widower's pensions for years of service, orphan's pensions for years of service, and disability pensions pursuant to Act no. 328/2002 Coll. on social insurance of policemen and soldiers, changing and modifying certain act, as amended.

The Company operates selected trains outside the scope of PSC, and the fare in these trains is not subject to regulation conditions in terms of the regulation decree. The transport operator determines the tariff for trains excluded from PSC at its own discretion.

21 COMPENSATION FOR SERVICES IN THE PUBLIC INTEREST

The Company has concluded the Contract on Transport Services in Public Interest with the Slovak Republic represented by the Ministry of Transport which is the basis for operation of passenger transport by rail. In 2023 compensation in the form of prepayments amounting to EUR 411,092 thousand was granted for its operation. By mutual agreement on the relationship between the Slovak Ministry of Transport and ZSSK, the Ministry of Transport approved of the return of a part of the pre-payments for transport services in public interest for 2023 in the estimated amount of EUR 2,339 thousand. The overall assumed amount of compensation for delivery of services in public interest in 2023 is EUR 408,753 thousand.

Based on the Protocol assessing the fulfilment of the Contract on Transport Services in Public Interest in 2022 of 22 September 2023, the Ministry of Transport – based on economically eligible costs and revenues and the reasonable profit – discovered overcompensation of ZSSK for services in public interests in 2022 in the amount of EUR 954 thousand. ZSSK paid the liability to MT SR in terms of the instruction to settle the financial relations against the State Budget on 12 July 2023. The difference between the estimated and actual amount of overcompensation of EUR 54 thousand was reported in September 2023 against the Company's profit.

In its Protocol, MT calculated sanctions against ZSSK for failed fulfilment of the train standards and cancelled and delayed trains in 2023 in the amount of EUR 53,490, paid by ZSSK within the deadline of 30 days of the signature date, i.e. by 10 October 2023.

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Compensation for services in public interest - prepayments	411,092	379,247
Estimated overcompensation – estimated refunded prepayments	-2,339	-900
Adjustment to revenues due to evaluation of PSC for 2022 in terms of the Protocol assessing the fulfilment	-54	-
Total compensation for services in public interest	408,699	378,347

22 INCOME FROM SUBSIDIES

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Income from investment subsidies:		
- from the State Budget	212	747
- from the State Budget in combination with EU funds	4,245	3,801
- from Structural Funds	6,987	4,425
- from the State Budget in combination with the EU Cohesion Fund	3,177	3,315
- from the EU Cohesion Fund	18,007	18,784
- from CEF grant	0	0
Income from non-investment subsidies	1,739	737
Total	34,367	31,809

22 INCOME FROM SUBSIDIES (CONT.)

State Budget subsidies

In 2022 the Company was not granted any capital transfers for investment purposes. Revenues include subsidies of previous periods (EUR 11,618 thousand in 2010 and EUR 33,194 thousand in 2009) which were designated and used to reconstruct diesel coaches 810+010 and multiple-unit sets 813+913, modernisation of Bdt and Bdgteer coaches and motive power units of 362 and 363 series.

As on 31 December 2023, the amount of EUR 518 thousand is reported in the long-term deferred income concerning investments from the State Budget, as well as a short-term amount of EUR 112 thousand.

(in thousand EUR)		As on 1 January 2023	Drawing (-returns)	Subsidy recognition	As on 31 December 2023
Rolling stock modernisation	2009	801		-173	628
	2010	41		-39	2
	Total	842		-212	630

(in thousand EUR)		As on 1 January 2022	Drawing (-returns)	Subsidy recognition	As on 31 December 2022
Rolling stock modernisation	2009	1,228		-427	801
	2010	361		-320	41
	Total	1,589		-747	842

Subsidies from the State Budget in combination with subsidies from Structural Funds of the European Union

Under the Operational Programme Transport focusing on renewal of the rolling stock fleet for suburban and inter-regional railway public passenger transport in Slovakia, the Company started to draw non-repayable financial contributions as of 2009.

According to the Contract on provision of a non-repayable financial contribution, in 2021 financial means were granted for the following projects:

- Procurement of electric double-deck units and diesel units (Project EFD1)
- Modernisation of passenger coaches (Project EFD7 MOV) – modernisation of 35 passenger coaches of Bdt series for regional railway transport
- Procurement of new passenger coaches (Project EFD8 NOV) – procurement of 17 new passenger air-conditioned coaches of 2nd class, offering the option of bicycle transport for regional transport services
- Modernisation of rolling stock for the Tatra Electric Railway (Project EFD13 HKV 425 – TEŽ) – modernisation of 15 electric units of 425.95 series and their upgrade to air-conditioned units for operation on regional lines of TEŽ in the High Tatras.

In 2023 the contracted amount of NRFC was increased in case of the following projects: Modernisation of passenger coaches (Project EFD7 MOV) in the amount of EUR 2,577 thousand and Procurement of new passenger coaches (Project EFD8 NOV) in the amount of EUR 1,159 thousand. The contracted amount for the project of Modernisation of rolling stock for the Tatra Electric Railway (Project EFD13 HKV 425 – TEŽ) was reduced by EUR 5 thousand.

22 INCOME FROM SUBSIDIES (CONT.)

As of 2019, based on the Contracts on provision of a non-repayable financial contribution under the Operational Programme Integrated Infrastructure focusing on **Construction of infrastructure for inspection and preparation of the rolling stock fleet for passenger railway transport**, the 3rd phase of construction of the following projects has been implemented:

- Technical and hygienic maintenance of rolling stock in Humenné (Project EFD3A THÚ HE),
- Technical and hygienic maintenance of rolling stock in Nové Zámky (Project EFD3A THÚ NZ),
- Technical and hygienic maintenance of rolling stock in Zvolen (Project EFD3A THÚ ZV).

In the course of 2022 the following projects were added upon signing the Contracts on provision of a non-repayable financial contribution:

- 3rd phase of the project preparation for Technical and hygienic maintenance in Žilina and Košice (Project EFD3B)

Other subsidies from the Slovak State Budget in combination with the EU Structural Funds are dedicated to:

- Bike-sharing in the Region of Košice (Project EFBike) focusing on procurement of an automated bike-renting system in the Region of Košice,
- Multimodal planner of travelling services LinkingDanube (Project EF Linking DNB) that will make use of ecological-friendly ways of travelling in the Danube River Region.

As of 2021 the Company has been implementing the following science and research project under the Operational Programme Integrated Infrastructure – Promoting research, development and innovations:

- Safe mobility during COVID 19 (GERMTRAIN) – Safe mobility during the pandemic caused by COVID-19 disease, focusing on safe operation and use of public railway transport.

The project was completed in 2023, awaiting only finalisation of inspections by the contractor.

As on 31 December 2023 the amount of EUR 173,723 thousand is reported in the long-term deferred income concerning the investments from the EU Structural Funds, and the respective share from the State Budget in the amount of EUR 53,291 thousand. The provisions of the contracts are reported in the amount of EUR 17,999 thousand. The short-term part amounts to EUR 11,125 thousand.

(in thousand EUR)	Resource	As on 1 January 2023	Drawing (-returns)	Recognised part	Contract provision	As on 31 December 2023
Procurement of electric double-deck units and diesel multiple units	EU	33,460	0	-3,717	0	29,743
	and SB	33,585		-3,657	0	29,928
	Total	67,045	0	-7,374	0	59,671
Linking Danube – for the Danube River Region	EU	13		-6	0	7
	and SB	0			0	0
	Total	13	0	-6	0	7
Bike-sharing in the Region of Košice	EU	493			0	493
	and SB	87			0	87
	Total	580	0	0	0	580
Construction of technical and hygienic maintenance centre in Zvolen, Nové Zámky and Humenné	EU	83,821	42,538		-42,538	83,821
	and SB	14,792	7,507		-7,507	14,792
	Total	98,613	50,045	0	-50,045	98,613
Modernisation of passenger coaches	EU	26,603	14,664	-1,786	-12,473	27,008
	and SB	4,695	2,588	-315	-2,202	4,766
	Total	31,298	17,252	-2,101	-14,675	31,774
Procurement of new passenger coaches	EU	27,745	17,456	-1,059	-16,471	27,671
	and SB	4,896	3,080	-187	-2,906	4,883
	Total	32,641	20,536	-1,246	-19,377	32,554

22 INCOME FROM SUBSIDIES (CONT.)

Modernisation of rolling stock for the Tatra Railway	EU	25,613	20,487	-490	-20,491	25,119
	and SB	4,520	3,615	-86	-3,616	4,433
	Total	30,133	24,102	-576	-24,107	29,552
Safe mobility COVID 19	EU	169	-78	71	77	239
	and SB	0	0	0	0	0
	Total	169	-78	71	77	239
Project preparation for technical and hygienic maintenance in Žilina and Košice	EU	2,676	2,276	0	-2,276	2,676
	and SB	472	402	0	-402	472
	Total	3,148	2,678	0	-2,678	3,148
Subsidies in combination of the Slovak State Budget (SB) and Structural Funds	EU	200,593	97,343	-6,987	-94,172	196,777
	and SB	63,047	17,192	-4,245	-16,633	59,361
	Total	263,640	114,535	-11,232	-110,805	256,138

(in thousand EUR)	Resource	As on 1 January 2022	Drawing (-returns)	Recognised part	Contract provision	As on 31 December 2022
Procurement of electric double-deck units and diesel multiple units	EU	37,218	0	-3,758	0	33,460
	and SB	37,290		-3,705	0	33,585
	Total	74,508	0	-7,463	0	67,045
Linking Danube – for the Danube River Region	EU	20		-7	0	13
	and SB	0			0	0
	Total	20	0	-7	0	13
Bike-sharing in the Region of Košice	EU	493			0	493
	and SB	87			0	87
	Total	580	0	0	0	580
Construction of technical and hygienic maintenance centre in Zvolen, Nové Zámky and Humenné	EU	83,821	26,994		-26,994	83,821
	and SB	14,792	4,764		-4,764	14,792
	Total	98,613	31,758	0	-31,758	98,613
Modernisation of passenger coaches	EU	27,029	10,503	-426	-10,503	26,603
	and SB	4,770	1,853	-75	-1,853	4,695
	Total	31,799	12,356	-501	-12,356	31,298
Procurement of new passenger coaches	EU	27,862	8,359	-117	-8,359	27,745
	and SB	4,917	1,475	-21	-1,475	4,896
	Total	32,779	9,834	-138	-9,834	32,641
Modernisation of rolling stock for the Tatra Railway	EU	25,613				25,613
	and SB	4,520				4,520
	Total	30,133	0	0	0	30,133
Safe mobility COVID 19	EU	286	85	-117	-85	169
	and SB	0	0	0	0	0
	Total	286	85	-117	-85	169
Project preparation for technical and hygienic maintenance in Žilina and Košice	EU	0			2,676	2,676
	and SB	0			472	472
	Total	0	0	0	3,148	3,148
Subsidies in combination of the Slovak State Budget (SB) and Structural Funds	EU	202,342	45,941	-4,425	-43,265	200,593
	and SB	66,376	8,092	-3,801	-7,620	63,047
	Total	268,718	54,033	-8,226	-50,885	263,640

22 INCOME FROM SUBSIDIES (CONT.)

Subsidies from the State Budget in combination with subsidies from the Cohesion Fund of the European Union

In 2013 the Company started to draw non-repayable financial contributions under the Operational Programme Transport focusing on **renewal of the rolling stock for integrated transport systems** in sub-urban and inter-regional public railway passenger transport in the Slovak Republic.

Based on the Contracts on provision of a non-repayable financial contribution, financial means were provided for the following projects:

- Procurement of electric and diesel multiple units (Project EFD2)
- Procurement of new passenger coaches and modernisation of passenger coaches (Project EFD2D)
- Procurement of new passenger coaches and modernisation of motive power units (Project EFD2E)
- Modernisation of motive power units of 361 series and passenger coaches (Project EFD2F)
- Modernisation of motive power units of 163 series and passenger coaches (Project EFD2H)
- Modernisation of motive power units and multiple-unit sets (Project EFD2J)
- Procurement of diesel multiple units and electric units (Project EFD4)
- Procurement of electric units for the Cog and Tatra Electric Railway (Project EFD5)
- Procurement of electric units (Project EFD6) – procurement of 9 new electric units with 300 seats for regional transport
- Procurement of electric units (Project EFD10) – procurement of 4 new electric units of 1st and 2nd class for regional and inter-regional transport

Subsidies granted under the Operational Programme Integrated Infrastructure include the projects to procure the European Train Control System (ETCS) for the electric units, specifically:

- Procurement of ETCS for electric double-deck units (Project EFD2A)
- Procurement of ETCS Level 2 for electric units (Project EFD4A), where the contracted subsidy was reduced by EUR 2,696 thousand in 2021 to reflect the purchase price resulting from the public tender. In 2023 the contracted amount of the subsidy was reduced by EUR 125 thousand.

In 2021 the following projects were added under the Operational Programme Integrated Infrastructure:

- Procurement of ETCS Level 2 (Project EFD12) – procurement of train control system for 12 motive power units of 361 series, and
- Increasing of railway traffic safety (Project EFD14) – delivery and installation of 54 radio-stations and 88 Black-Boxes into rolling stock.

Under the Operational Programme Transport, the measure on Construction of Infrastructure for Integrated Transport Systems, the Company procured the project preparation for construction of light maintenance centres (technical and hygienic maintenance), namely the following projects:

- Project preparation for Technical and hygienic maintenance of rolling stock (Project EFD2B),
- Project preparation for Technical and hygienic maintenance of rolling stock – PHASE II (Project EFD2I).

The amounts contracted in the Contracts on provision of the non-repayable financial contribution are recognised in the Company books because ZSSK meets the conditions for receiving the subsidy and there is adequate certainty that the subsidy will be received.

As on 31 December 2023, the long-term deferred income concerning investments from the EU Cohesion Funds is reported in the amount of EUR 470,281 thousand, plus the respective share from the State Budget in the amount of EUR 82,984 thousand. The Contract is for EUR 621 thousand. The short-term amount is EUR 19,273 thousand.

22 INCOME FROM SUBSIDIES (CONT.)

<i>(in thousand EUR)</i>	Resource	As on 1 January 2023	Drawing (-returns)	Recognised part	Contract provision	As on 31 December 2023
Procurement of electric and diesel multiple units	EU	72,133		-4,695		67,438
	and SB	12,727		-828		11,899
	Total	84,860	0	-5,523	0	79,337
Procurement of ETCS (European Train Control System) for EDUs	EU	3,703		-224		3,479
	and SB	653		-39		614
	Total	4,356	0	-263	0	4,093
Project preparation for Technical and hygienic maintenance of rolling stock	EU	6,289				6,289
	and SB	1,110				1,110
	Total	7,399	0	0	0	7,399
Procurement of new passenger coaches and modernisation of passenger coaches	EU	16,055		-1,754		14,301
	and SB	2,833		-310		2,523
	Total	18,888	0	-2,064	0	16,824
Procurement of new passenger coaches and modernisation of motive power units	EU	20,905		-2,111		18,794
	and SB	3,689		-372		3,317
	Total	24,594	0	-2,483	0	22,111
Modernisation of motive power units of 361 series and passenger coaches	EU	11,902		-736		11,166
	and SB	2,097		-130		1,967
	Total	13,999	0	-866	0	13,133
Interoperable communication devices to increase safety of railway traffic	EU	0		0		0
	and SB	0		0		0
	Total	0	0	0	0	0
Modernisation of motive power units of 163 series and passenger coaches	EU	8,902		-777		8,125
	and SB	1,571		-137		1,434
	Total	10,473	0	-914	0	9,559
Project preparation for Technical and hygienic maintenance of rolling stock – PHASE II	EU	4,833				4,833
	and SB	853				853
	Total	5,686	0	0	0	5,686
Modernisation of driving trailers in multiple units	EU	1,023		-460		563
	and SB	180		-81		99
	Total	1,203	0	-541	0	662
Procurement of diesel and electric multiple units	EU	183,068		-5,893	0	177,175
	and SB	32,306		-1,040	0	31,266
	Total	215,374	0	-6,933	0	208,441
Procurement of ETCS (European Train Control System) Level 2 for electric units	EU	12,516	9,730	0	-9,836	12,410
	and SB	2,193	1,717	0	-1,736	2,174
	Total	14,709	11,447	0	-11,572	14,584
Procurement of electric units for the Cog and Tatra Electric Railway	EU	27,458		-929	0	26,529
	and SB	4,845		-164	0	4,681
	Total	32,303	0	-1,093	0	31,210
Procurement of electric units	EU	63,193	56,873		-56,873	63,193
	and SB	11,151	10,036		-10,036	11,151
	Total	74,344	66,909	0	-66,909	74,344

22 INCOME FROM SUBSIDIES (CONT.)

Procurement of electric units	EU	63,740	41,466	0	-41,466	63,740
	and SB	11,248	7,318	0	-7,318	11,248
	Total	74,988	48,784	0	-48,784	74,988
ETCS (European Train Control System) - Level 2 for motive power units	EU	5,519	4,754	-11	-4,754	5,508
	and SB	974	839	-2	-839	972
	Total	6,493	5,593	-13	-5,593	6,480
Increasing safety of railway traffic	EU	4,120	2,135	-458	-2,135	3,662
	and SB	727	377	-81	-377	646
	Total	4,847	2,512	-539	-2,512	4,308
Subsidies in combination of SB and the Cohesion Fund	EU	505,359	114,958	-18,048	-115,064	487,205
	and SB	89,157	20,287	-3,184	-20,306	85,954
	Total	594,516	135,245	-21,232	-135,370	573,159

(in thousand EUR)	Resource	As on 1 January 2022	Drawing (-returns)	Recognised part	Contract provision	As on 31 December 2022
Procurement of electric and diesel multiple units	EU	78,755		-6,622		72,133
	and SB	13,896		-1,169		12,727
	Total	92,651	0	-7,791	0	84,860
Procurement of ETCS (European Train Control System) for EDUs	EU	3,927		-224		3,703
	and SB	693		-40		653
	Total	4,620	0	-264	0	4,356
Project preparation for Technical and hygienic maintenance of rolling stock	EU	6,289				6,289
	and SB	1,110				1,110
	Total	7,399	0	0	0	7,399
Procurement of new passenger coaches and modernisation of passenger coaches	EU	17,780		-1,725		16,055
	and SB	3,137		-304		2,833
	Total	20,917	0	-2,029	0	18,888
Procurement of new passenger coaches and modernisation of motive power units	EU	22,236		-1,331		20,905
	and SB	3,924		-235		3,689
	Total	26,160	0	-1,566	0	24,594
Modernisation of motive power units of 361 series and passenger coaches	EU	12,709		-807		11,902
	and SB	2,239		-142		2,097
	Total	14,948	0	-949	0	13,999
Interoperable communication devices to increase safety of railway traffic	EU	0		0		0
	and SB	0		0		0
	Total	0	0	0	0	0
Modernisation of motive power units of 163 series and passenger coaches	EU	9,679		-777		8,902
	and SB	1,708		-137		1,571
	Total	11,387	0	-914	0	10,473
Project preparation for Technical and hygienic maintenance of rolling stock – PHASE II	EU	4,833				4,833
	and SB	853				853
	Total	5,686	0	0	0	5,686

22 INCOME FROM SUBSIDIES (CONT.)

Modernisation of driving trailers in multiple units	EU	1,414		-391		1,023
	and SB	249		-69		180
	Total	1,663	0	-460	0	1,203
Procurement of diesel and electric multiple units	EU	188,979		-5,911	0	183,068
	and SB	33,349		-1,043	0	32,306
	Total	222,328	0	-6,954	0	215,374
Procurement of ETCS (European Train Control System) Level 2 for electric units	EU	12,516	1,192	0	-1,192	12,516
	and SB	2,193	210	0	-210	2,193
	Total	14,709	1,402	0	-1,402	14,709
Procurement of electric units for the Cog and Tatra Electric Railway	EU	28,352	2,842	-894	-2,842	27,458
	and SB	5,003	502	-158	-502	4,845
	Total	33,355	3,344	-1,052	-3,344	32,303
Procurement of electric units	EU	63,195	0		-2	63,193
	and SB	11,152	0		-1	11,151
	Total	74,347	0	0	-3	74,344
Procurement of electric units	EU	63,744	22,274	0	-22,278	63,740
	and SB	11,249	3,931	0	-3,932	11,248
	Total	74,993	26,205	0	-26,210	74,988
ETCS (European Train Control System) - Level 2 for motive power units	EU	5,519	540	0	-540	5,519
	and SB	974	95	0	-95	974
	Total	6,493	635	0	-635	6,493
Increasing safety of railway traffic	EU	4,222	1,976	-102	-1,976	4,120
	and SB	745	349	-18	-349	727
	Total	4,967	2,325	-120	-2,325	4,847
Subsidies in combination of SB and the Cohesion Fund	EU	524,149	28,824	-18,784	-28,830	505,359
	and SB	92,474	5,087	-3,315	-5,089	89,157
	Total	616,623	33,911	-22,099	-33,919	594,516

22 INCOME FROM SUBSIDIES (CONT.)

Subsidies from grants

The following projects are implemented thanks to financial means of the grants:

- Project on implementing technical interoperability for TAP TSI subsystem within ZSSK (Project GRTAP TSI), and
- Procurement of ETCS (European Train Control System) Level 2 (Project GR ETCS Level 2) for motive power units of 361 series.

In 2022 a new project was added:

- Procurement of ETCS (European Train Control System) for electronic units (Project GR6A) based on an option exercised under project EFD 6A

As on 31 December 2023 the long-term part of deferred income in relation to investments from grants is reported in the amount of EUR 7,725 thousand and the contractual provision in the amount of EUR 42,379 thousand.

<i>(in thousand EUR)</i>	As on 1 January 2023	Drawing (-returns)	Recognised subsidy	Contract provision	As on 31 December 2023
Project on implementation of technical interoperability for TAP TSI subsystem within ZSSK	6,769	0	0	0	6,769
Procurement of ETCS (European Train Control System) Level 2 – CEF grant	956	0	0	0	956
Procurement of ETCS for electric units	42,379	0	0	0	42,379
	50,104	0	0	0	50,104

<i>(in thousand EUR)</i>	As on 1 January 2022	Drawing (-returns)	Recognised subsidy	Contract provision	As on 31 December 2022
Project on implementation of technical interoperability for TAP TSI subsystem within ZSSK	3,153	3,616	0	0	6,769
Procurement of ETCS (European Train Control System) Level 2 – CEF grant	956	0	0	0	956
Procurement of ETCS for electric units	0	0	0	42,379	42,379
	4,109	3,616	0	42,379	50,104

23 OTHER NET OPERATING (COSTS) REVENUES

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Insurance of long-term tangible assets	-2,833	-2,404
Right to eliminable damages	3,907	2,237
Net revenues from sale of assets and material	537	554
Other net income from business activity and extraordinary income	13,931	7,322
Total	15,542	7,709

24 CONSUMPTION AND SERVICES

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Track access charges	-56,623	-53,242
Energy consumption	-51,263	-50,393
Material consumption	-48,301	-56,338
Repairs and maintenance	-27,085	-16,032
Cleaning of rolling stock	-10,027	-8,038
IT services	-9,780	-8,023
Performance of passenger coaches	-9,576	-8,103
Performance of motive power units	-8,965	-7,195
Rental	-6,814	-8,135
Costs on replacement bus transport during traffic closures	-4,303	-3,556
Travelling costs	-4,250	-3,466
Services of Wagon Slovakia	-3,183	-3,423
Operators' performance	-2,789	-2,325
Mediating commissions	-1,990	-1,653
Cleaning costs, waste removal	-1,371	-1,207
Costs on property security	-1,094	-1,071
Costs related to care of employees	-1,045	-1,350
Shunting	-760	-869
Other assurance services	-538	-491
Annual reserve on un-billed deliveries	-328	321
of which: recognition of the environmental reserve	0	-150
Costs on audit	-46	-53
of which: costs on audit of the current Financial Statements	-28	-22
Other costs	-4,944	-4,045
	-255,075	-238,687

24 CONSUMPTION AND SERVICES (CONT.)

Significant items of consumed purchases and services in 2023 include mostly costs on track access charges, traction energy consumption, and traction diesel consumption. Costs on repairs regard mainly rolling stock and services related to operation of rolling stock. The Company has contracts for provision of these activities with Železničná spoločnosť Cargo Slovakia, a. s., ŽOS Trnava, a. s., and ŽOS Vrútky a. s..

The Company has concluded a business relationship concerning the use of ŽSR infrastructure where the price depends on kilometres and rates for individual types of transport as stipulated by the Decree of the Transport Authority. It has also concluded contracts on purchase of traction energy.

25 PERSONNEL COSTS

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Labour costs	-114,266	-103,645
Social security costs	-50,371	-43,906
Total	-164,637	-147,551

An overview of remuneration of the Supervisory Board and the Board of Directors:

<i>(in thousand EUR)</i>	2023	2022
Current members		
- Board of Directors	5	50
- Supervisory Board	54	38
Former members		
- Board of Directors	50	0
- Supervisory Board	0	13
Total remunerations:	109	101

As on 31 December 2023 the number of employees was 5,240 (5,610 as on 31 December 2022), of which 209 managing employees (209 as on 31 December 2022).

The average wage in 2023 amounted to EUR 1,720.49, while in 2022 it was EUR 1,516.41.

26 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE ASSETS

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Depreciation	-110,709	-96,013
Residual value of discarded long-term tangible and intangible assets	-4,924	-6,091
Residual value of sold long-term tangible and intangible assets	-25	-74
Residual value of discarded long-term tangible and intangible assets – losses and damage	0	0
Impairment of significant spare parts	0	0
Impairment of other assets	0	0
Total	-115,658	-102,178

27 FINANCIAL INCOME

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Yield interests	540	5
Income from long-term financial assets	9	30
Other net financial income	29	2
Total	578	37

28 FINANCIAL COSTS

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Cost interests	-1,848	-1,522
Bank expenses	-480	253
Net exchange rate losses	379	274
Total	-1,949	-995

<i>(in thousand EUR)</i>	31 December 2023	31 December 2022
Interest from leasing instalments	-715	-736
Total	-715	-736

29 FINANCIAL RISK MANAGEMENT

The activities of the Company are exposed to various market risks. The main risks for the Company include the interest risk, liquidity risk and, a less significant credit risk. To minimize the risk resulting from changes in exchange rate differences and interest rates, in the past the Company entered into transactions with required parameters, or concluded derivative contracts to hedge individual transactions and total risks via instruments available on the market.

Transactions meeting the hedging conditions are called hedging transactions, while those carried out for hedging purposes but not meeting the conditions for hedging operations are classified as commercial transactions.

The main financial liabilities of the Company include loans and borrowings bearing interest, bank overdrafts and trade liabilities. The main purpose of these financial liabilities is to secure the funding for the Company operation. The Company has various financial assets at its disposal, including trade receivables and other receivables and short-term deposits which result directly from its activities.

The Board of Directors of the Company monitors and approves the procedures of management of the above risks as stated below.

Interest risk

The Company is exposed to the risk of changes in the market interest rates associated with long-term and short-term liabilities resulting from loans and bank overdrafts with variable interest rates. The Company has a broad portfolio of loans with various variable as well as fixed interest rates, which the Company is able to keep at a very low level. In 2023, as a reaction to developments of the money market, the Company applied variable rates in case of the long-term loan. The Company is prepared to react to the rates development. The Company has been monitoring the market development constantly.

The following table shows a sensitivity analysis concerning changes in interest rate by 100 basis point upwards or downwards, assuming all other variables would remain without changes. It includes a forecasted impact on income before taxation for the period of 12 months after the balance-sheet date.

	31 December 2023	31 December 2022
O/N, 1M EURIBOR (+/- 1 %)	+/- 0.000	+/- 0.000
3M, 6M EURIBOR (+/- 1 %)	+/- 3.180	+/- 3.253

Liquidity risk

The Company policy is to hold sufficient amount of financial means and financial equivalents in compliance with its financial strategy, or to have financial means available in an adequate amount from foreign resources to cover the insufficient liquidity risk. The amount of foreign resources in the form of available loans as on 31 December 2023 and 2022 is as follows:

(in thousand EUR)	31 December 2023	31 December 2022
Long-term loan resources	268,946	284,816
Short-term loan resources	68,651	45,242
Total available loan resources	337,597	330,058

29 FINANCIAL RISK MANAGEMENT (CONT.)

The following table shows financial liabilities based on contractual non-discounted payments by maturity dates.

(in thousand EUR)	Within 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Long-term loans	0	0	189,856	79,090	268,946
Trade liabilities and other liabilities	47,535	39	90	0	47,664
Short-term loans	11,811	56,840	0	0	68,651
Total as on 31 December 2023	59,346	56,879	189,946	79,090	385,261

(in thousand EUR)	Within 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Long-term loans	0	0	182,586	102,230	284,816
Trade liabilities and other liabilities	55,766	3,411	327	0	59,504
Short-term loans	11,311	33,931	0	0	45,242
Total as on 31 December 2022	67,077	37,342	182,913	102,230	389,562

The Company applies cash-flow planning to manage the liquidity risk. The actual cash-flow development is then evaluated at regular basis. In case risk events occur that would threaten the liquidity, measures and operative instruments are modelled in order to manage the liquidity. The Company has sufficient short-term operative loan possibilities to span short-term oscillations in liquidity.

Credit risk

Credit risk represents a risk of financial loss of the Company in case a customer or a counterparty to a financial instrument fails to fulfil its contractual obligations. The Company sells its services to various customers, of which none, whether individually or jointly, represents a significant risk of unpaid receivables as to their volume, solvency or nature of business. The Company management monitors continuously the credit risk exposure, where it is governed by an internal regulation for claims.

A certain risk of failed payment is represented by the carrying amount of each financial asset, reported in the balance sheet and reduced by allowance. The Company has the risk under control, as it is strictly limited by the measures applied. The Company further constantly monitors development of the risk.

Capital management

The main objective of the Company as regards capital management is to ensure high credit rating and sound financial capital indicators with the aim to support its business activity and maximize the value for shareholders.

The Company manages and adjusts its capital structure with respect to changes in economic conditions.

The Company monitors its indebtedness through an indebtedness indicator calculated as the ratio of debt consisting of interest-bearing loans and borrowings from third parties, and the equity, as well as through an indebtedness indicator calculated in relation to the total assets of the Company.

29 FINANCIAL RISK MANAGEMENT (CONT.)

(in thousand EUR)	31 December 2023	31 December 2022
Long-term loans	268,946	284,816
Short-term loans, including short-term part of long-term loans	68,651	45,242
Debt	337,597	330,058
Shareholders' equity	218,045	199,632
Indicators of indebtedness (%)	155 %	165 %

30 POSTAL SERVICES

ZSSK was registered at the Postal Regulatory Office in the Postal Services Register on 15 August 2012 under number 17 as a postal entity providing interchangeable postal services and other postal services in compliance with Article 23 of Act no. 324/2011 Coll. on postal services.

In accordance with the provisions of Article 36 of the Act on Postal Services, the Company is obliged to keep separate accounts on costs and revenues from interchangeable services. Separate bookkeeping of costs and revenues is ensured by the second degree of analytical evidence.

The greatest revenues of 2023 include revenues from concluded long-term contracts on provision of postal services for Železnice Slovenskej republiky.

Operating costs and revenues

(in thousand EUR)	As on 31 December 2023	As on 31 December 2022
Consumed material	-3	-3
Energy consumption	-1	-1
Repairs and maintenance	-1	-2
Personnel costs	-101	-119
Depreciation of tangible and intangible assets	-22	-30
Other costs	-28	-35
Total costs	-156	-190
Revenues from provision of interchangeable postal services	180	180
PROFIT (loss)	24	-10

31 RELATED PARTIES

Parties related to the Company are the companies associated through property: ŽSR, ZSSK CARGO, the daughter company ZSSK THU, s.r.o., and the Board of Directors.

The following table shows the total amount of transactions concluded with related parties during the years ending on 31 December 2023 and 2022:

<i>(in thousand EUR)</i>				
31 December 2023				
Related parties	Revenues generated with related parties	Costs on transactions with related parties	Receivables towards related parties	Liabilities towards related parties
ŽSR	1,618	106,998	54	409
ZSSK CARGO	2,385	11,685	198	842

<i>(in thousand EUR)</i>				
31 December 2022				
Related parties	Revenues generated with related parties	Costs on transactions with related parties	Receivables towards related parties	Liabilities towards related parties
ŽSR	662	105,137	46	646
ZSSK CARGO	3,125	17,718	308	768

The main contracts of the Company with ŽSR and ZSSK CARGO are concluded usually for a period of one year and are renewed on a yearly basis. Costs towards ŽSR include mostly track access charges and costs on purchase of traction electric energy. Costs towards ZSSK CARGO include mostly repairs, reconstructions and modernisation of passenger coaches and motive power units, and purchase of diesel.

31 RELATED PARTIES (CONT.)

Daughter company, ZSSK THU, s.r.o.

An overview of the assets, liabilities, income and costs of the daughter company ZSSK THU, s.r.o..

ZSSK THU, s.r.o.	As on 31 December 2023	As on 31 December 2022
Income	342	302
Costs	-333	-288
Business result after taxation in the reporting period	9	14

ASSETS		
Financial means	35	18
Trade receivables and other receivables	34	34
Total assets	69	52

LIABILITIES		
Share capital	5	5
Statutory reserve fund	1	0
Undivided profit/Unpaid loss of previous periods	9	-5
Business result to be approved	9	14
Trade liabilities and other liabilities	45	38
Total liabilities	69	52

As on 31 December 2023 ZSSK THU, s.r.o. had 10 employees, of which 2 executive officers with remuneration for the position (7 employees, of which 2 executive officers as on 31 December 2022).

Statutory body: Board of Directors

Name	Position	From:	Note
Mgr. Peter Helexa	Chairman	01/12/2023	
Ing. Roman Koreň	Chairman	30/04/2021	To 30/11/2023
Mgr. Martin Bahurinský	Vice-Chairman	01/12/2023	
Ing. Ján Lukáč	Vice-Chairman	24/05/2021	To 29/11/2023
Ing. Karol Henzély, MBA	Member	30/11/2023	
Ing. Karol Martinček	Member	23/05/2021	To 29/11/2023

31 RELATED PARTIES (CONT.)

Supervisory body: Supervisory Board

Name	Position	From:	Note
Ing. Peter Bartalos	Chairman	20/09/2017	Position held until 20/09/2022; re-appointed from 21/09/2022 to 31/03/2023
Ing. Tomáš Vašuta	Vice-Chairman	25/05/2020	
Peter Dubovský	Member	23/01/2015	
Ján Viglaš	Member	24/01/2020	
Ing. Mgr. Rudolf Gregorovič	Chairman	01/04/2023	Member until 28/06/2022
Ing. Ivan Černega	Member	23/06/2017	Position held until 23/06/2022; re-appointed as of 14/09/2022
Ing. Peter Šulko, PhD., MBA	Member	01/04/2023	Removed from office as of 18/01/2024

32 EVENTS WHICH OCCURRED AFTER THE BOOK CLOSING DATE

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



ŽELEZNIČNÁ SPOLOČNOSŤ SLOVENSKO
NÁRODNÝ DOPRAVCA

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