



ŽELEZNICE SLOVENSKEJ REPUBLIKY

2020

ANNUAL REPORT



RAIL
INFRASTRUCTURE
MANAGER



ANNUAL REPORT 2020

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INDEPENDENT AUDITOR'S REPORT

For the Management Board of Železnice Slovenskej republiky and Audit Committee

I. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited Financial Statements of the company Železnice Slovenskej republiky, with the registered office in Bratislava, IČO (company registration number): 31 364 501, which consists of the statement of financial position as at 31 December 2020, statements of comprehensive income, changes in equity and cash flows for the year ending as at the above mentioned date as well as the notes to the Separate Financial statements, which comprise a summary of significant accounting principles and accounting methods and other explanatory comments.

In our opinion, enclosed Financial Statements give a true and fair view of the Železnice Slovenskej republiky company's financial position as at 31 December 2020, business results and cash flow for the year ending as at the above mentioned date in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and as amended Act No. 431/2002 Coll. on Accounting, as amended (hereinafter referred to as the "Act on Statutory Audit") related to ethics, including the Code of Ethics for Auditors, relevant to our audit of the Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis on some facts

Without qualifying our opinion we draw attention to the following facts:

1. As stated in section 1 of the Notes to the Separate Financial Statements, the Company's ability to continue as a going concern and to fulfil its investment program and other operating and financial commitments remains dependent upon continual support from State in the form of capital and operating subsidies.
2. As stated in sections 2.1 and 17 of the Notes to the Separate Financial Statements, Environmental Burden provision amounting to EUR 12,610 thousand as at 31 December 2020, is recorded if there is probable origin of costs to clean up the environment and can be measured reliably. The amount of the provision is the best estimate of necessary expenditures in future periods. Timing of these cash flows mirrors at the same time current assessment of priorities by the management, securing of technology and urgency of achieving these tasks. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may therefore differ from these estimates.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

When planning or during interim audit, we identified the following most significant risks:	Our auditor's reaction to those risks was as follows:
<p><i>Correctness and timeliness of putting non-current assets into use</i></p> <p>Additions to non-current assets amounted to EUR 231,8 million. The key matter of the audit is therefore the correct valuation of the acquired assets, the correct depreciation and the timeliness of putting the non-current assets into use.</p>	<p>We have verified the additions of non-current assets in connection with concluded contracts and supplier invoices, in connection with the fulfilment of the definition of non-current assets and the value of their initial valuation. As for the significant additions to non-current assets, we have verified the correctness of their depreciation in connection with the expected operating life of the assets as well as the timeliness of putting fixed assets into use.</p>
<p><i>Assessment of impairment of non-current assets</i></p> <p>Non-current assets represent a significant part of the Company's total assets. During the audit, we therefore also focused on assessing whether the value of fixed assets was impaired and, if so, whether it was correctly reported.</p>	<p>We have verified adjustments for non-current assets that reduce their residual value. We have verified the correctness of booking and recognition of adjustments in the Company's financial statements. In the area of assets under construction, we have focused on verifying the possible impairment of these assets in connection with the delayed putting of assets into use.</p>
<p><i>Correctness of presentation of received investment subsidies</i></p> <p>The decisive part of non-current assets is financed from external sources in the form of investment subsidies received from the state budget or from the European Union. Received subsidies for the acquisition of non-current assets are recognized as deferred income and are released in income in proportion to the related costs of the subsidized assets.</p>	<p>We have verified the recognition of received investment subsidies in deferred income in connection with concluded contracts. We have tested the release of the subsidy in connection with the costs related to non-current assets, which were financed from the received subsidies. We have verified the eligibility of the presentation of the subsidy and its compliance with International Accounting Standard 20.</p>
<p><i>Recognition of provisions for employee benefits and environmental liabilities</i></p> <p>The provision for employee benefits is in the amount of EUR 46,3 million and the provision for environmental liabilities is in the amount of EUR 12,6 million. Verification of the calculation of these provisions and their recognition is an important part of the audit.</p>	<p>We have evaluated and have verified the input data needed to calculate the amount of the provision for employee benefits and environmental liabilities. We have verified the method of calculation and their recognition in the financial statements.</p>

Responsibilities of Company Management and Those Charged with Governance for the Financial Statements

The company management is responsible for the preparation and true and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, company management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

This is a translation of the original Slovak Auditor's Report to the accompanying Financial Statements translated into English language.



using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement if it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by company management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



II. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Report on the Information Referred in the Annual Report

The Company management is responsible for the information referred in the Annual Report compiled in accordance with the requirements of Act on accounting. Our abovementioned opinion on the Financial Statements does not relate to any other information referred in the Annual Report.

With respect to the audit of Financial Statements, it is our responsibility to familiarize ourselves with the information referred in the Annual Report and to evaluate whether the information is not substantially inconsistent with the audited Financial Statements, with our knowledge obtained during auditing the Financial Statements, or the information appears to be materially misinterpreted otherwise. We considered whether the Annual Report of the Company includes the information required by Act on accounting.

Based on works performed during the audit of Financial Statements, in our opinion:

- the information referred in the Annual Report for the year 2020 is in compliance with the Financial Statement for the relevant year;
- the Annual Report includes the information according to Act on accounting.

Furthermore, based on our knowledge about the entity and its situation as we acquired during the audit of Financial Statements, we are obliged to state whether we found any material misstatements in the Annual Report we had received before the date of the issue of this Auditor's Report. In this context, there are no findings which should be reported.

Additional Requirements for the Content of Auditor's Report in accordance with the Regulation of the European Parliament and of the Council (EU) No. 537/2014 of 16 April 2014 on Specific Requirements regarding Statutory Audit of Public-Interest Entities

Appointment and approval of auditor

The statutory body of the Company appointed the statutory auditor on 28 August 2020 based on the approval by the Management Board of the Company on 25 June 2020. The overall continuous period of our audit, including the previous renewals of audit and our repeated appointments for statutory auditors is of 13 years.

Consistency with the Additional Report for the Audit Committee

Our auditor's opinion expressed in this report is consistent with the additional report worked out for the Audit Committee of the Company issued on the same date as the date of this report.

Non-Audit Services

We have not provided any prohibited non-audit services referred in Article 5, paragraph 1 of the Regulation of the European Parliament and of the Council (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, and while performing the audit, we remained independent from the Company. Besides the services of statutory audit, verification of economically eligible costs and revenues reported in accordance with the Contract on the Operation of Railway Infrastructure and issuance of a Report on the factual findings in connection with the performance of the INEA grant agreement, we have not provided any other services to the Company nor to the entities in which the Company exercises control.

Banská Bystrica, 22 March 2021

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license SKAu No. 6
Commercial Register of District Court, Banská Bystrica
Section: Sro, File No.: 98/S, IČO (company registration number): 00614556



Ing. Ľudmila Svätová, MBA
Key Audit Partner
license SKAu No.936



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Foreword by the Director General

Dear ladies and gentlemen,
Dear business partners,
Dear colleagues!

The year 2020, the year marking the 172nd anniversary of the railways in Slovakia, was certainly not as much as we wished for railway workers. It was an extremely unusual and demanding year. Under the business plan, ŽSR received a subsidy for the operation of railway infrastructure for 2020 in the amount of EUR 259,950 thousand. Already the subsidy was insufficient to maintain the operability of railway infrastructure in terms of the Contract on the operation of railway infrastructure. It also did not reach the subsidy levels of 2018 and 2019. In addition, the unfavourable development of the year was also affected, in particular context to an unforeseen COVID-19 pandemic situation, which together with all these circumstances contributed to the negative business result of ŽSR.

The year-on-year development of costs was influenced by an increase in personnel costs, which accounts for the largest part of the cost. This is related not only to the development of collective bargaining for 2020, when it was agreed to increase the tariff wage of employees by EUR 40 but also to increase the minimum wage and wage benefits for night work and work on Saturdays and Sundays in accordance with the provisions of the Labour Code. The volume of wage supplements and benefits in 2020 reached EUR 16.15 million, which represents an increase of 10.2% compared to 2019. The average salary of ŽSR for 2020 reached EUR 1,200.30, which is EUR 63.96 more compared to 2019. As a result of anti-pandemic measures, ŽSR recorded revenue shortfall from payments for the access to railway infrastructure, the sale of traction electricity and the provision of accommodation and the education services. Based on several negotiations between ŽSR and the Ministry of Transport and Construction of the Slovak Republic, a decision was issued by the Ministry of Finance of the Slovak Republic on 30 November 2020, increasing the ŽSR subsidy by EUR 22 million, earmarked to cover the operational maintenance of the railway infrastructure.

Since the beginning of the year, ŽSR has tried to spend the allocated operating funds as efficiently as possible. Without an increase in the subsidy at the end of the year and failure to carry out the necessary repair work, we would see the largest increase in the number and length of temporary line speed restrictions, failures and incidents of individual railway infrastructure facilities, as well as one of the lowest timetable performance in recent years. The percentage of fulfillment of the absolute timetable was at the level of 90.44% (planned limit 93.00%). Failure to meet this indicator was mainly due to infrastructure failures, an increase in temporary line speed restrictions, adverse weather events, the extent of planned and unplanned temporary capacity restrictions and, last but not least, accidents and incidents and failures of mobile railway undertaking's vehicles. It should be noted that even at a time of emergency measures due to the pandemic and thanks to the responsibility of our employees, all activities for safe and smooth passenger and freight transport were provided.

I consider the area of investment activity to be among the positive development of the past year. In particular, after long and demanding preparatory processes and control activities by central authorities, public procurement was terminated and subsequently signed contracts for the implementation of line modernization in the sections Poprad – Lučivná, Bratislava Devínska Nová Ves – Kúty – state border or the completion of the Žilina Node and adjacent infrastructure. Projects for the modernization of the Púchov – Považská Bystrica section are also continuing successfully, where we managed to start railway operation through a new tunnel and a viaduct in September in difficult terrain.

In the area of human resources, last year the coronavirus significantly affected the use of the working time fund and the staff training, including the obtaining of professional competences. Despite the difficult situation, we stabilized the number of employees and did not implement significant organizational changes with an impact on employment. ŽSR continues to be one of the largest and most stable employers in Slovakia; the signed new Collective Agreement of ŽSR for the years 2021-2023, in which all previous benefits have been preserved, also contributes to this. Thanks to the responsibility of the employees and the adherence to the adopted measures, we managed to keep the infection rate low for a relatively long time. Of course, this had a negative effect on the flexibility of communication in connection with the possibility of holding working meetings, business trips, but sometimes, unfortunately, also on interpersonal relationships.

The world around us has changed and the railways are changing as well. ŽSR is responsibly preparing for the potential drawing of financial resources from the Recovery Plan and for the new programming period 2021 – 2027 within the Operational Programme Slovakia. In these packages, a significant financial resources are planned to be released to support rail transport, as the most environmentally friendly mode of passenger and freight transport. I believe that, despite the current difficulties, the situation will improve in the near future, not only in the fight against the coronavirus, but also the proclaimed emphasis on the need to improve the state of railway infrastructure, co-finance the deferred maintenance and ongoing railway modernization projects in 2021, the European Year of Rail, will become a reality.

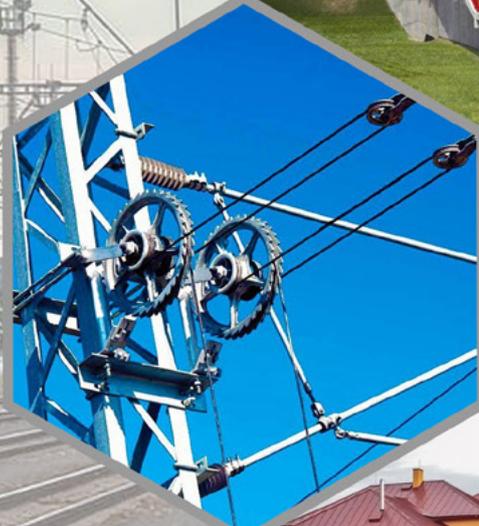
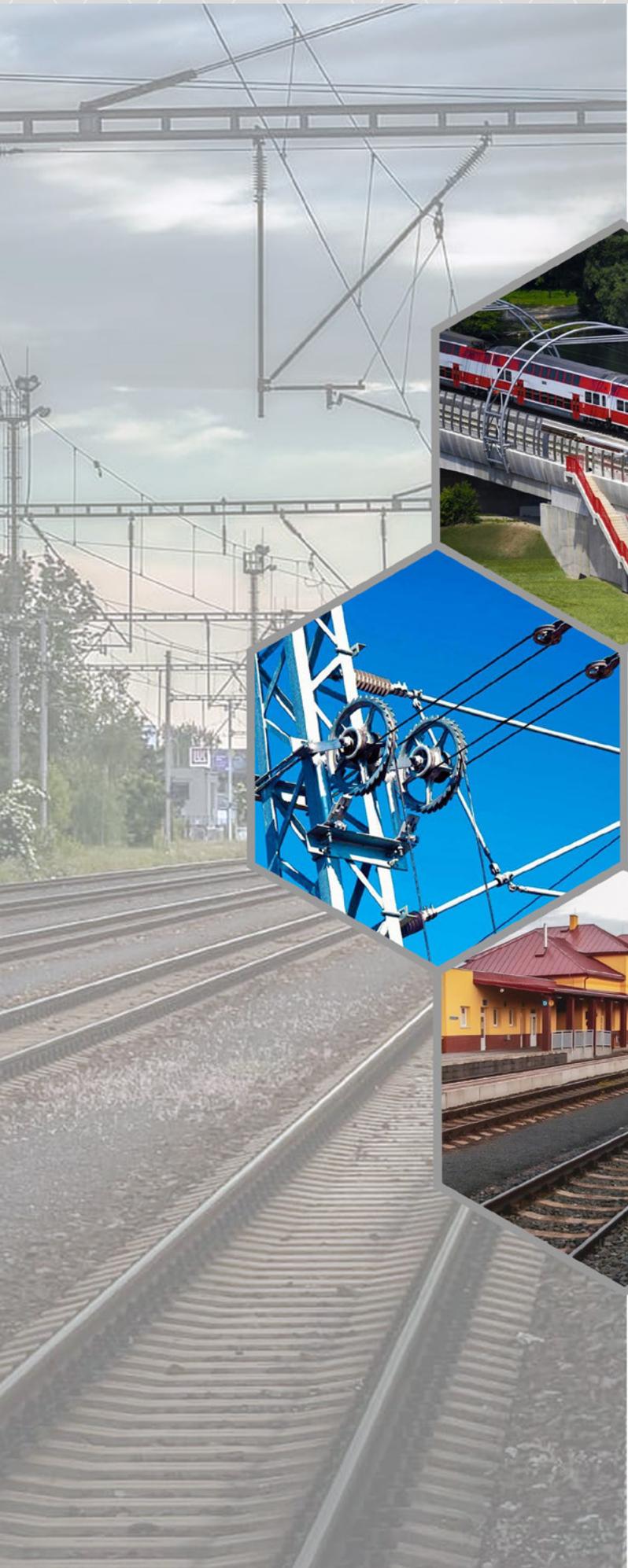


Ing. Milošlav Havrila
General Director

Company profile

Železnice Slovenskej republiky ("ŽSR" or "the Company") was formed pursuant to Act No. 258/1993 Coll. on Railways of the Slovak Republic as amended. The Company is registered under number Po 312/B in the Commercial Register of the District Court I in Bratislava.

In accordance with Act No. 513/2009 Coll. on Railroads and on amendments of some acts as amended, Železnice Slovenskej republiky as the infrastructure manager, primarily provides for activities related to the operation of railways, traffic management and the operability of railways.



Strategy

The Company's strategy defines the basic directions of ŽSR for the future in terms of European and Slovak transport in order to improve the position of the railway infrastructure manager in the national and international arena.

Vision of ŽSR

Provision of modern, interoperable, safe, efficient, accessible competitive and environmentally friendly railway infrastructure to increase its use by both passenger and freight rail transport.

Mission of ŽSR

Through the Company's activities and customer-oriented approach establish conditions which comply with statutory provisions aimed at ensuring the operation of railway infrastructure.

Manage and develop the railway infrastructure in accordance with customer needs and create competitive environment in domestic and international transport system.

Through the defined strategic objectives of ŽSR to provide the infrastructure on which it will be possible to organize reliable and safe passenger and freight transport.

Increase the competitiveness of the railway infrastructure of the Company over other railway infrastructure managers and other transport modes (primarily road transport).

Apply positive influence over the state transport policy within the Slovak Republic and the EU transport policy in favour of increasing the importance of rail transport as an important, safe and environmentally friendly sectors of the national economy.



Strategic objectives of ŽSR

- Balanced business result
- Efficient maintenance
- Safety of railway transport
- Modern infrastructure
- Efficient traffic management
- Efficient management of railway infrastructure and internal processes

The Strategy of ŽSR is built around applicable legislation of the EU and the Slovak Republic, transport policy of the EU and the Slovak Republic, government and departmental strategic documents, requirements of the railway owner, customer demands, development plans of local authorities, position of railway transport in the national economy and its position on the competitive market, and last but not least from its own vision and mission. Changes in the external and internal environment in the course of 2020 were also reflected in the update of ŽSR's strategic plans.

Company bodies

Company bodies represent Management Board of ŽSR and Director General in accordance with Act No. 258/1993 Coll. on Railways of the Slovak Republic, § 4 and § 5 as amended.

Management Board is the supreme body of ŽSR.



Management Board

JUDr. Marek BALKO

Chairman of the Management Board

Ing. Róbert SZÜCS

Deputy Chairman of the Management Board

Ing. Peter STRYČEK

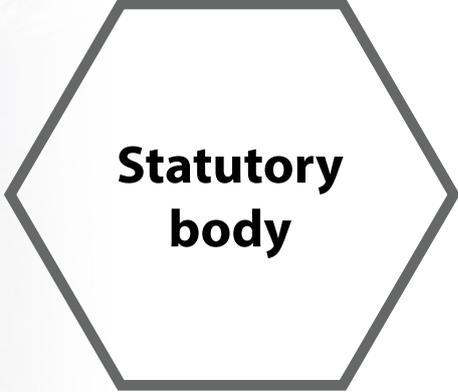
Member of the Management Board

Ing. Radovan MAJERSKÝ, PhD.

Member of the Management Board

Mgr. František ZAPARANIK

Member of the Management Board



Ing. Miloslav HAVRILA
Director General

Statutory body



Board of Directors

Ing. Jozef VESELKA

Deputy Director General for Development and IT

Ing. Peter BAGIN

Deputy Director General for Economics

Bc. Milan KUBIČEK

Deputy Director General for Operation

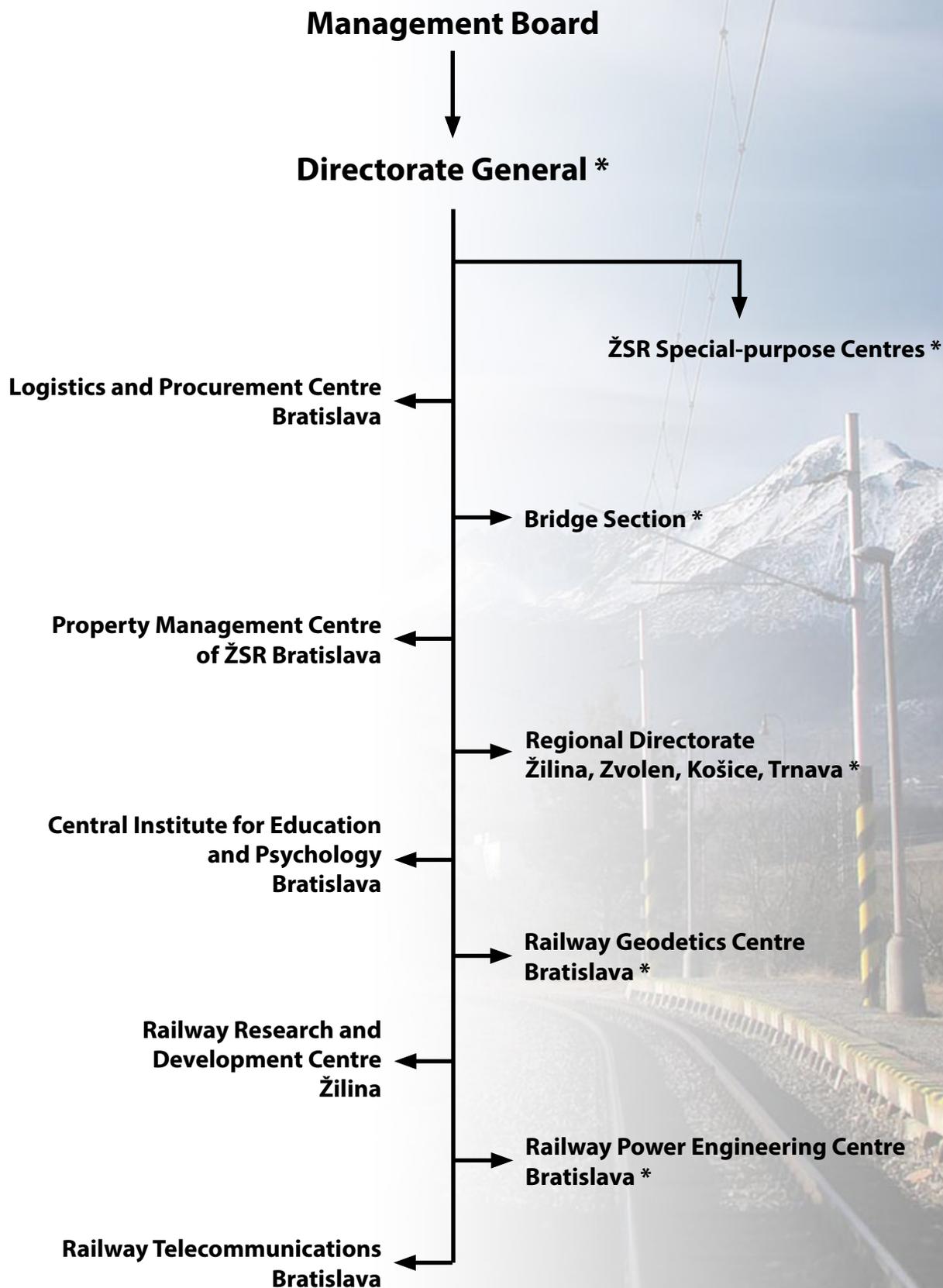
Ing. Pavol KOMARŇANSKÝ, PhD.

Deputy Director General for Human Resources

Mgr. Alexander ZAVACKÝ

Director of the Office of Director General

Organizational structure of ŽSR



* Internal Organizational Units of ŽSR not registered in Commercial Register

Railway infrastructure

Operating of railway infrastructure

OPERATIONAL PERFORMANCE OF RAILWAY INFRASTRUCTURE

Železnice Slovenskej republiky ensures serviceability of railway infrastructure in railway tracks, structures and buildings, bridges and tunnels, electrical and power engineering installations and signalling systems. The Company takes care of railway infrastructure maintenance and development in accordance with technical progress and requirements for safety and the fluidity of railway traffic. ŽSR ensures these activities by own capacities and also by contracted relationships with suppliers. The selection of suppliers takes the form of procurement in accordance with applicable legislation in accordance with Act No. 343/2015 Coll. on public procurement and on amendments to certain acts.

ŽSR manages and operates nationwide and regional railway lines and installations as follows:

RAILWAY TRACKS AND STRUCTURES	unit	31 December 2020	31 December 2019
Construction length of operated lines	km	3,580	3,582
Construction length of managed lines	km	3,627	3,629
Construction length of lines	km	6,866	6,872
Number of crossings	pc	2,079	2,082
Number of switches	pc	8,372	8,379
Number of bridges	pc	2,326	2,326
Total length of bridges	m	52,544	52,244
Number of tunnels	pc	76	76
Total length of tunnels	m	45,007	45,007

The differences compared to 2019 are due to the reconstruction and the modernization of railway infrastructure.

Data on "Construction length of managed lines" also contains railway lines with suspended service due to poor technical condition. The railway lines with suspended service in total length of 46.692 km are as follows:

- Turňa nad Bodvou – MÁV 3.139 km;
- Komárno – Kolárovo 25.908 km;
- Žabokrečná spojka 1.279 km;
- Plavecký Mikuláš – Plavecké Podhradie including operating control point Plavecký Mikuláš 5.395 km;
- Breznička – Katarínska Huta 9.823 km;
- Strážčanská spojka 1.148 km



LINE REPAIR WORK	unit	31 December 2020	31 December 2019
Correction of track geometric position	km	517.223	634.143
Correction of geometric position of switches	sj	391	435
Repair of rail bed of track	km	20.853	25.538
Repair of rail bed of switches	sj	1	5
Establishment and renewal of non-contact track	km	12.044	7.864
Welding of switches	sj	0	23
Replacement of tracks	km	69.107	51.802
Replacement of sleepers	pc	8,661	8,472

BUILDINGS	unit	31 December 2020	31 December 2019
Number of buildings	pc	4,861	4,886
Built-up area	m ²	1,186,949	1,169,552
Useful area	m ²	1,375,304	1,326,230



SIGNALLING SYSTEM	unit	31 December 2020	31 December 2019
Track signalling systems			
Automatic block	km	478	484
Automatic block system	km	370	418
Semi-automatic block	km	714	633
Line with telephone communication system	km	1,793	1,785
Station signalling system	pc	513	513
Remote controlled signalling systems operated by dispatcher	km	396	396
Train signalling system	km	753	782
Crossing signalling system	pc	2,079	2,082
of which:			
Passive crossings - unsecured	pc	1,003	1,007
Active crossings - secured	pc	1,076	1,075
of which:			
Automatic crossings	pc	1,029	926
manual crossings	pc	47	149
Hump signalling systems	pc	218	218

ELECTRICAL INSTALLATIONS	unit	31 December 2020	31 December 2019
Electrified lines	km	1,585	1,587
Developed length of traction lines	km	5,014	5,015
Supply and distributing substations	pc	94	94

OPERATING CONTROL POINTS ON THE NETWORK OF ŽSR	m. j.	31 December 2020	31 December 2019
Operating control points total	pc	1,024	1,024
Operating control points manned/unmanned	pc	364 / 660	378 / 651
of which:			
Railway stations	pc	294	298
Border stations	pc	22	22
Other operating control points (blocks, branching-off, turn-out, stops, transshipment yards, gatekeeper post, operating control points under Regulation ŽSR Z1 and others)	pc	708	704

The year-on-year changes in "Operating control points on the network of ŽSR" results from changes in the organization of transport operations in the scope of ŽSR.

LINE TIMETABLE PERFORMANCE

Percentage performance of absolute Line Timetable was 90.44 % (planned limit 93.00%). This is a qualitative indicator defined as ratio of number of trains running in time to number of all trains running for the period. Failure to comply with this indicator was mainly due to adverse weather conditions and Temporary Capacity Restrictions (TCRs) in the first two months of the year. The number of delayed trains fell sharply in mid-March. This fact was related to the spread of COVID-19 and subsequently to the decision of the Crisis Staff of the Slovak Republic of 12 March 2020 meaning that on 13 March 2020 from 7 a.m., Železnice Slovenskej republiky stopped the operation of international passenger transport with neighbouring infrastructure managers. The gradual resumption of international passenger transport became possible in June, specifically on 7 June 2020 with the Czech Republic, on 15 June 2020 with the Republic of Austria, on 25 June 2020 with the Republic of Poland and on 1 July 2020 with the Republic of Hungary. In addition to TCRs, failure to comply with absolute Line Timetable was also due to accidents and extraordinary events, malfunctions of mobile means of railway undertakings and infrastructure breakdowns. The accident event in Komárno freight railway station marshalling yard on 27 September 2020, and the accident event in the section Sekule freight railway station – Veľké Leváre railway station on 28 September 2020 by their size had the greatest impact on the decrease in the percentage performance of absolute Line Timetable. The reason for the low level of per cent is mainly related to effects of non-classified causes, the consequences of which could not be eliminated by the ŽSR's actions, and their proportion represented up to 6.96 %.

Performance of relative Line Timetable was 97.52 % (planned limit 97.50 %). This quality indicator expresses the degree of ŽSR's culpability on the train delays on the rail network. Extensive TCRs influenced the performance of this indicator. TCRs with the greatest impact on train delays included line section Púchov– Považská Bystrica concerned by modernization works, but also number of TCRs due to repair and maintenance of railway infrastructure; for example in Košice railway station, in Rimavská Sobota railway station and in the line section Kralovany – Ľubochňa.



TRAIN PATHS BY TYPE OF TRAIN		unit	31 December 2020	31 December 2019
Passenger transport	Passenger trains	pc	498,440	524,672
	Express trains	pc	20,660	31,546
	Fast trains	pc	29,211	29,735
	Liner train	pc	24,701	25,960
	Locomotive train	pc	6,585	6,471
Passenger transport total			579,597	618,384
Freight transport	Locomotive train	pc	83,068	87,073
	Running freight train	pc	68,335	79,679
	Express freight train	pc	35,391	35,150
	Handlers train	pc	25,765	28,486
	Work-siding train	pc	3,248	3,667
Freight transport total			215,807	234,055

TRAIN PATHS BY CATEGORY OF TRACK		unit	31 December 2020	31 December 2019
Passenger transport	Main lines	pc	332,740	355,515
	Other main lines	pc	167,240	170,441
	Secondary lines of regional importance	pc	113,803	120,561
	Secondary lines with simplified traffic management	pc	30,314	34,401
	Narrow-gauge lines	pc	33,385	40,282
	Special lines	pc	230	270
Freight transport	Main lines	pc	169,622	183,031
	Other main lines	pc	69,127	76,587
	Secondary lines of regional importance	pc	12,946	15,262
	Secondary lines with simplified traffic management	pc	3,623	3,981

The reduction in the number of train paths in 2020, particularly in passenger transport was caused by mobility restrictions in connection with the massive spread of COVID-19 in the world and since February 2020 in the European Union and the Slovak Republic.

The categorization of the Company's railway lines being used in the record of temporary line speed restrictions is given by the ŽSR Regulation "Measurement and evaluation of railway track geometry position by ŽSR measurement train".

SUMMARY OF TEMPORARY LINE SPEED RESTRICTIONS BY CATEGORY OF LINE

	Category	Year 2020		Year 2019	
		pc	m	pc	m
The most important main lines	I. a	440	227,505	250	176,046
	I. b	26	5,444	19	5,545
Main lines	II.	56	42,745	72	48,310
Regional lines	III.	173	152,838	139	111,165
Local lines	IV.	1	136	8	17,666
Total		696	428,668	488	358,732



Charges for the access to railway infrastructure

The railway infrastructure was operated on a non-discriminatory basis to all railway undertakings. In 2020, the railway infrastructure services were provided to 52 railway undertakings; to 6 undertakings in passenger transport and to 46 undertakings in freight transport.

The charging scheme for the access to railway infrastructure is applied in accordance with Decree No. 2/2018 of the Transport Authority of 7 September 2018 which determines charges for the access to railway infrastructure and service facilities.

Charge (in thousands of EUR)	31 December 2020	31 December 2019
	95,224	102,662
herein: Železničná spoločnosť Slovensko, a. s.	48,127	50,791
Železničná spoločnosť Cargo Slovakia, a. s.	30,700	33,897
Other railway undertakings	16,397	17,974
herein: Passenger transport	2,611	3,846
Freight transport	13,786	14,128
Charges include compensation from reduction of charges for railway undertakings in freight transport provided by Ministry of Transport and Construction of the Slovak Republic	24,146	26,397

Regulation (EU) 2020/1429 of the European Parliament and of the Council of 7 October 2020 establishing measures for a sustainable rail market in view of the COVID-19 outbreak entered into force on 13 October 2020. The COVID-19 caused a decrease in demand for rail transport services, which had a negative impact on railway companies. In order to avoid the negative economic effects of the COVID-19, railway companies may apply for financial support. Therefore, infrastructure managers should be authorized by the State to take measures to reduce, defer charges in a transparent, objective and non-discriminatory manner to all railway companies operating in freight and passenger transport during the reference period. The reference period runs from 1 March 2020 to 31 December 2020. The reference period was extended until 30 June 2021 by Commission Regulation (EU) 2020/2180 of 18 December 2020. The Slovak Republic has not applied this Regulation as at the date of preparation of the Company's financial statements.



RAILWAY UNDERTAKING'S PERFORMANCE

From the year-on-year perspective, a decrease of 4,087 thousand train-km was recorded in transport performance, which was caused by the impact of COVID-19 measures. The decrease in total performance was largely on the side of passenger transport, where we record a year-on-year decrease of 2,998 thousand train-km. The decrease in rail passenger services was caused by a change in the Timetable – suspension of international passenger services, a significant decrease in domestic transport due to mobility restrictions. The largest decrease in transport performance by 2,169 thousand train-km reported Železničná spoločnosť Slovensko, a. s., while the carrier RegioJet recorded a decrease of 454 thousand train-km and, Leo Express s. r. o. reported decrease of 252 thousand train-km.

In freight transport, we record a year-on-year decrease in transport performance by 1,089 thousand train-km. The largest decrease of 996 thousand train-km reported Železničná spoločnosť Cargo Slovakia. For other railway undertakings, there was a year-on-year decrease in transport performance by 93 thousand train-km.

Performance	unit	31 December 2020	31 December 2019	Year-on-year change in %
Passenger transport	(thousand train-km)	34,146	37,144	-8.07
	(million grtkm)	9,002	10,431	-13.70
Freight transport	(thousand train-km)	14,079	15,168	-7.18
	(million grtkm)	16,447	17,902	-8.13
Total	(thousand train-km)	48,225	52,312	-7.81
	(million grtkm)	25,449	28,333	-10.18



Contract on the operation of railway infrastructure

The operation of railway infrastructure in 2020 was carried out in accordance with the Contract on the operation of railway infrastructure for 2017 - 2021, including appendices concluded between ŽSR as the railway infrastructure manager and the Slovak Republic as the railway infrastructure owner represented by Ministry of Transport and Construction of the Slovak Republic.

Comparison of parameters of the Contract on the operation of railway infrastructure:

Contract Balance (in thousands of EUR)	31 December 2020*	31 December 2019
Costs (Economically Eligible Costs total)	420,335	408,183
therein:		
Costs of services provided under minimum access package	379,486	366,657
Costs of services provided under track access to service facilities	39,199	40,866
Costs of TIP Žilina, TIP Lužianky and TIOP Moldava nad Bodvou	1,650	660
Revenues (Economically Eligible Revenues total)	406,591	407,969
therein:		
Reimbursement from the railway infrastructure owner	302,495	290,950
Payment for the access to railway infrastructure from undertakings	71,078	76,269
Compensation of financial impact	24,146	26,397
Settlement of provisions**	0	10,998
Revenues from other business activities***	8,872	3,355
Business result for services	-13,744	-214
Coverage of losses by retained earnings	13,744	214
Total business result	0	0

* The data in the table are before evaluation by Ministry of Transport and Construction of the Slovak Republic

** In 2019, a provision was settled to pay part of the receivable from ZSSK CARGO in the amount of EUR 10,998 thousand (Impact of the implementation of the Resolution No. 390/2013 of the Government of the Slovak Republic).

*** Revenues from other business activities in 2020 included revenues from TIP Lužianky, TIOP Moldava nad Bodvou, revenues from the concessionaire for TIP Žilina and revenues from other operating and financial activities.

Reimbursement from the railway infrastructure owner – the Slovak Republic represented by Ministry of Transport and Construction of the Slovak Republic to cover economically eligible costs related to ensuring the administration and the operation of railway infrastructure in the amount of EUR 302,495 thousand, which represented a year-on-year increase in the amount of EUR 11,545 thousand:

- in accordance with Appendix No. 7 to Contract on the operation of railway infrastructure, the payment from railway infrastructure owner was agreed in the amount of EUR 259,950 thousand;
- in accordance with Appendix No. 8 to Contract on the operation of railway infrastructure, the payment from railway infrastructure owner was agreed in the amount of EUR 280,495 thousand, thereof earmarked funds for the remediation of expenditure directly implied by the outbreak of the COVID-19 pandemic in the amount of EUR 18,145 thousand;
- in accordance with Appendix No. 9 to Contract on the operation of railway infrastructure, the payment from railway infrastructure owner was increased by EUR 22,000 thousand.

Modernization and development of railway infrastructure

Investment actions realized in 2020 amounted to EUR 179,106 thousand. Investments represent modernized components of railway infrastructure – railway stations, railway substructure, railway superstructure, overhead contact lines, signalling systems, supporting walls and construction of railway bridges.

Overview of investment actions implemented in 2020:

	in thousands of EUR
Modernization, reconstruction and construction of railway infrastructure	144,344
Safety of operation	9,448
Improving of services for railway undertakings	24,277
Automation of traffic management	222
Other	815
Total	179,106

Investment actions were financed mainly from own resources in the amount of EUR 58,976 thousand, credit resources in the amount of EUR 18,560 thousand and from capital subsidies in the amount of EUR 101,570 thousand.



Investments from own resources

The most significant investment actions realized in 2020 from own resources include:

	In thousands of EUR
Modernization of hump control system Čierna nad Tisou broad-gauge line	7,610
Complex reconstruction of overhead contact line - Lúky pod Makytou – state border with the Czech Republic	7,305
Reconstruction of building in Zvolen railway station	5,355
Reconstruction of switches in Rimavská Sobota railway station	5,301
Reconstruction of switches in Podbrezová railway station	5,036

Modernization of hump control system Čierna nad Tisou broad-gauge line

Modernization of the hump „A“ Čierna nad Tisou railway station broad-gauge line in the form of a control system using the existing technology of rail brake control. The processes in connection with the transfer of information between the hump facility and the Local Wagon Work Information System are automated. Local Wagon Work Information System enables the registration of tasks related to the train formation process with local work in the railway, such as inspection after the arrival of the train, creation of a numerical classification and sorting of wagons, secondary handling and preparation of the final train list, as well as comprehensive support in planning local work, checking the current and the future state of occupancy of the railway station and monitoring the history of trains and vehicles.

Lúky pod Makytou – state border with the Czech Republic, complex reconstruction of overhead contact line

The content of the construction is a complex reconstruction of overhead contact of both running tracks in the line section of Lúky pod Makytou (outside) - Horní Lideč. The line speed in the section is 80, respectively 90 km/h. Overhead contact line along the railway line Púchov - Lúky pod Makytou - Slovak/Czech state border was put into operation in 1960. The spans of the masts in straight sections exceeded the standard value of 65 m, which adversely affected the operation of the traction line in terms of its blowing away by the wind. Part of the supporting structures and ropes were corroded and mechanically disturbed by long-term use and statically unsatisfactory, part of the traction supports was in an emergency condition (deflected masts) due to unstable embankments. The overhead contact line had to be reconstructed to a direct current system with a nominal voltage of 3 kV and voltage (insulation level) to 25 kV.

Zvolen railway station, reconstruction of the station building

The reconstruction is aimed at ensuring standards and adjusting the publicly accessible facilities of the railway station to meet the quality requirements. The subject of the reconstruction is the building, which consists of an administrative part (transport office, premises for signalling equipment), a lobby (ticket shops, dispatch hall, waiting room and auxiliary facilities for passengers) and a restaurant part. The reconstruction also concerns platforms and underpasses with new passenger lifts.

Rimavská Sobota railway station, reconstruction of switches

A complex reconstruction of the switches will change the configuration of the trackyard. It also includes the reconstruction of station tracks consisting of a complete replacement with new upper material using recycled aggregates for railway ballast. The station space and the pre-station space will be restricted for the traveling public only to the necessary extent. The reconstruction is aimed at achieving the standard parameters of transportation route in all its indicators, ensuring safe and smooth railway operation and achieving agreed standard of the station.

Podbrezová railway station, reconstruction of switches

The switches in the Podbrezová railway station were mostly obsolete step-shaped with a limited possibility of maintenance. Due to the fact that Podbrezová is a fast-train station and a connection station to the Železiarne Podbrezová rail siding, manually operated switches limited the flow of railway traffic. As part of the investment project, the old switches were replaced with new switches and connecting track fields on both headers, new level platforms were built with access for persons with reduced mobility, blind and partially sighted, and the station will meet the prescribed standards.

Operational Programme Integrated Infrastructure 2014 – 2020 (OPII)

Implementation of OPII projects will contribute to making the country, its different regions and interconnection of them more accessible, reducing regional disparities and increasing the Slovak Republic's competitiveness.

The aim of Priority Axis No. 1 – "Railway infrastructure (TEN-T CORE) and upgrading of rolling stock", as well as Priority Axis No. 5 – "Railway infrastructure and upgrading of rolling stock" are especially, to support sustainable mobility, economic growth, increasing the competitiveness of small and medium enterprises through progress in transport infrastructure. Despite the fact that the railway infrastructure in Slovakia has a relatively dense network, its main shortcomings include the low level of track speeds, sections without electrification and lack of technologies for the smooth transport of goods and passengers. This unfavourable situation is gradually changing, mainly thanks to resources from the European Union.

The aim of Priority Axis No. 3 is to build parking lots for cars and bicycles with all its supportive features (camera system surveillance, information system, with the use of railway transport to the price of parking tickets, fenced parking for bicycles), which will ultimately contribute to changing the behavior of residents of municipalities and towns located in the region around the capital city of Bratislava, who come from their place of residence to Bratislava.

In the course of 2020, contracts were concluded on the provision of a non-repayable financial contribution for the construction of the Ivanka pri Dunaji park-and-ride parking lot with a total amount of eligible expenses of EUR 2,046 thousand and Communication infrastructure of ŽSR telematics services with the total amount of eligible expenses of EUR 25,950 thousand.

In 2020, funds were received from the OPII, mainly for construction projects:

	in thousands of EUR
Púchov – Žilina railway line, phase I., section Púchov - Považská Teplá	36,206
Communication infrastructure and ŽSR telematics services	16,510
Ivanka pri Dunaji railway stop – realization of Park-and-Ride Parking Lot	1,637
Pezinok railway station – realization of Park-and-Ride Parking Lot	185
Electrification of railway line Bánovce nad Ondavou – Humenné, PD	29
Ivanka pri Dunaji railway stop – realization of Park-and-Ride Parking Lot, PD	4
Railway stop – Park-and-Ride Parking Lot, PD	1

Modernization of railway line Púchov – Žilina, phase I, section Púchov – Považská Teplá

It is the most investment-intensive and technically demanding construction of ŽSR since their independence. Modernization of railway track consists of reconstruction of the existing railway infrastructure in order to increase its technical equipment and usability by incorporating the most modern elements and thus improving its technical parameters and indicators as a whole. Its completion will complete the modernization of railway track, which will increase speed, comfort, safety and flow of traffic on the integrated track section Bratislava – Žilina, as a result the negative effects of transport on the surrounding environments are also reduced.

Total length of the modernized track section including stops, turn-out and railway stations will be 15.921 km. The new track will shorten the track section by 2.821 km. A new railway stop “Nosice” has been built on Nosice Island. The train stop Milochov has been cancelled and the railway station Považská Teplá has been rebuilt into a railway stop.

The main works are taking place at Coherent Part of the Structure No. 44 Line section Púchov - Považská Bystrica.

As a part of this modernization, two tunnels are under construction – Diel (length of 1,082 metres) and Milochov (length of 1,861 metres). In May 2019, the breakthrough of the Diel tunnel took place and in September 2020, the celebratory breakthrough of the “Milochov tunnel” took place. In the Diel tunnel, work is underway to equip the tunnel. Concreting of the lining is taking place in the Milochov tunnel.

In the section Púchov - Považská Bystrica, the main bridge structures, a railway bridge over the Nosice Dam, a bridge over the Nosice Canal and a bridge over the river Váh were built, a railway superstructure, bottom, traction line, security equipment and other objects necessary for the construction of a new railway route are being built. On 16 September 2020, according to the schedule, one of the milestones of the construction and part of the new track no. 2 between Púchov and Považská Bystrica railway stations was put into operation. Subsequently, work began on the dismantling of the railway superstructure on the abandoned body.

At Coherent Part of the Structure No. 45 Považská Bystrica railway station, Coherent Part of the Structure No. 46 Považská Bystrica - Považská Teplá line section and Coherent Part of the Structure No. 47 Považská Teplá railway station, finishing works, handover and acceptance procedures, early use and approvals are in progress.

Ivanka pri Dunaji railway stop – Park-and-Ride Parking Lot

On 23 September 2019, the Contract for Work was concluded with a construction period of 6 months from the date of commencement of the work. The construction consists in the construction of a parking lot for motor vehicles, with stands for bicycles, including its supportive features (fencing of parking lot, camera system surveillance and information system). The construction was completed by a acceptance protocol on 7 July 2020.

Electrification of Bánovce nad Ondavou – Humenné railway line, project documentation

The aim of the project is to create conditions for the modern functioning transport system in the connection with system of integrated rail transport, which would provide transport services and connection of Košice to other Eastern Slovakia regions. The project includes preparation of project documentation at the level of documentation for zoning permit, documentation for building permit and documentation for building realization and related engineering activities. A valid zoning permit and documentation for building realization is issued for the construction. The building in question is divided into 8 integral parts of the building. At present, property-legal settlement is being processed and engineering activities are being in progress to secure building permits. Part of the building permits has been issued.

Communication infrastructure of ŽSR telematics services

The project is focused on the modernization of the electronic communication network in the localities of the southern route in the section Bratislava – Nové Zámky – Zvolen – Plešivec – Košice and in the section Bratislava – Komárno.

The construction represents the location and the operation of equipment and modernization of ŽSR's electronic communication network with the aim of improving and enhancing its technical parameters in accordance with international agreements and the creation of a converged ŽSR electronic communication network.



Capital transfer

Under the Contract No. 281/AD00/2020 of 6 March 2020 on the provision of funds to Železnice Slovenskej republiky from the budget item of Ministry of Transport and Construction of the Slovak Republic, financing of several investment projects were provided in the amount of EUR 43,054 thousand. These funds were allocated as indicated below.

Within sub-programme Construction and renewal of railway network in the amount of EUR 20,330 thousand with the following most significant actions:

	in thousands of EUR
Reconstruction of rack railway Štrba – Štrbské Pleso	12,010
Modernization of railway line Žilina – Košice, line section Poprad-Tatry (outside) – Krompachy, Phase 1 (Poprad – Spišská Nová Ves), project documentation	4,288
Increase level-crossing security, line section Čadca – Makov, level-crossing signalling installation in km 21.852 and in km 24.464	1,037
Kraľovany railway station – Ľubochňa railway station, reconstruction of running tracks no. 1 and no. 2	857

Funds in the amount of EUR 22,724 thousand were received from the sub-programme Outside co-financing. These funds were used to cover investment expenditures of projects that are financed from OPPII, especially on the modernization construction of the Púchov - Žilina railway line, phase I, Púchov - Považská Teplá section, which cannot be requested from European Union funds due to its nature.

Reconstruction of rack railway Štrba – Štrbské Pleso

On the construction site, railway superstructure, track with a rack rod and track ballast were dismantled and the gravel bed was pulled up to the plain of the railway substructure and also overhead contact line with foundations, security and signaling equipment were removed. Subsequently, new foundations were built for traction supports, new drainage ditches, and new load-bearing layers were established in the places of the unbearable track bed. Sleepers and rails in the length of about 800 m were laid out. Relocations of new cable lines were carried out. A new platform for the rack rail was built at Štrbské Pleso. Anchors were installed for the railway superstructure. The floor and the track were removed in the platform hall in Štrba railway station.

Modernization of railway line Žilina – Košice, line section Poprad Tatry (outside) – Krompachy, Phase 1 (Poprad – Spišská Nová Ves), Project documentation

The modernization addresses the increase of the line speed on the line section Poprad – Spišská Nová Ves to a line speed of up to 160 km/h, while it is intended to offer speed service of 160 km/h over the longest possible sections without restrictive gaps. The documentation for the building permit is being realized.

Kraľovany railway station – Ľubochňa railway station, reconstruction of running tracks no. 1 and no. 2

The reconstruction comprised tear-off works on the railway superstructure, treatment of rail bed, cleansing of railway ballast aggregate, mounting and lining up the running track no. 1. Overhead contact line was reconstructed with several new traction supports. A new platform with a shelter for passengers was built at Stankovany railway stop. Along the running track no. 1, a new drainage ditch was built and related objects such as culverts and bridges were reconstructed. A new notification and security device was implemented.

Capital transfer - Support of Defence

Within inter-ministerial subprogram Support of Defence, under Contract No. 563/A410/2020 on provision of funds from the budget item of Ministry of Transport and Construction of the Slovak Republic, funds in the amount of EUR 400 thousand were allocated. Funds were deployed for the construction of loading and unloading space in Sása Pliešovce railway station and in Kamenica nad Cirochou railway station.

Connecting Europe Facility – CEF

In the transport sector, the aim of the CEF is to create a tool for the implementation of the European transport infrastructure policy. In particular, it aims to encourage investment in the construction of new transport infrastructure in Europe or the renewal and modernization of existing transport infrastructure. In the case of CEF, the focus is on cross-border connections on the core TEN-T network and innovative transport solutions.

Individual CEF projects are funded in proportion from 73.40 % to 85.00 % of EU funds and from 15.00% to 26.60% of state budgeted co-financing. As at 31 December 2020, the Company did not have contracted co-financing from the state budget. Payables were settled from own resources.

In 2020, ŽSR received from the European Commission additional advance payments in the amount of EUR 5,386 thousand. As at 31 December 2020, the total amount of payments for investment projects amounted to EUR 35,894 thousand.

Payments are bound to following projects:

- Modernization of railway line Devínska Nová Ves – state border Slovak Republic/Czech Republic
- Modernization of railway line Žilina – Košice, line section Liptovský Mikuláš – Poprad Tatry (outside) – Phase I (Poprad - Lučivná)
- Modernization of railway line Devínska Nová Ves – state border Slovak Republic/Czech Republic; line section Malacky (outside) – Kúty, project documentation
- Modernization of railway line Váh – Varín – Strečno
- Implementation of GSM-R on railway line Varín – Košice – Čierna nad Tisou state border
- Modernization of railway line section Čadca – Svrčinovec railway stop (including)

In 2020, received payments from Connecting Europe Facility (CEF) funds were spent mainly on projects:

	in thousands of EUR
Railway line Žilina – Košice, section Liptovský Mikuláš – Poprad Tatry (outside), Phase 1 (Poprad - Lučivná)	2,785
Railway line Devínska Nová Ves – state border Slovak Republic/Czech Republic, section Malacky – Kúty	693
Implementation of GSM-R on the ŽSR network, section Varín – Košice – Čierna nad Tisou state border	245

The Recovery and Resilience Plan

The general objectives of the Recovery and Resilience Plan

The Recovery and Resilience Plan is a joint response by EU countries to the severe economic downturn due to the COVID-19 pandemic. The combination of investments, reforms and effective public policies will enable the country to start catching up with the EU average and achieve significant and sustainable improvements in key areas affecting Slovakia's quality of life.

In the second half of 2020, ŽSR actively participated in the preparation of a pool of projects that could be financed from a new European financial source.

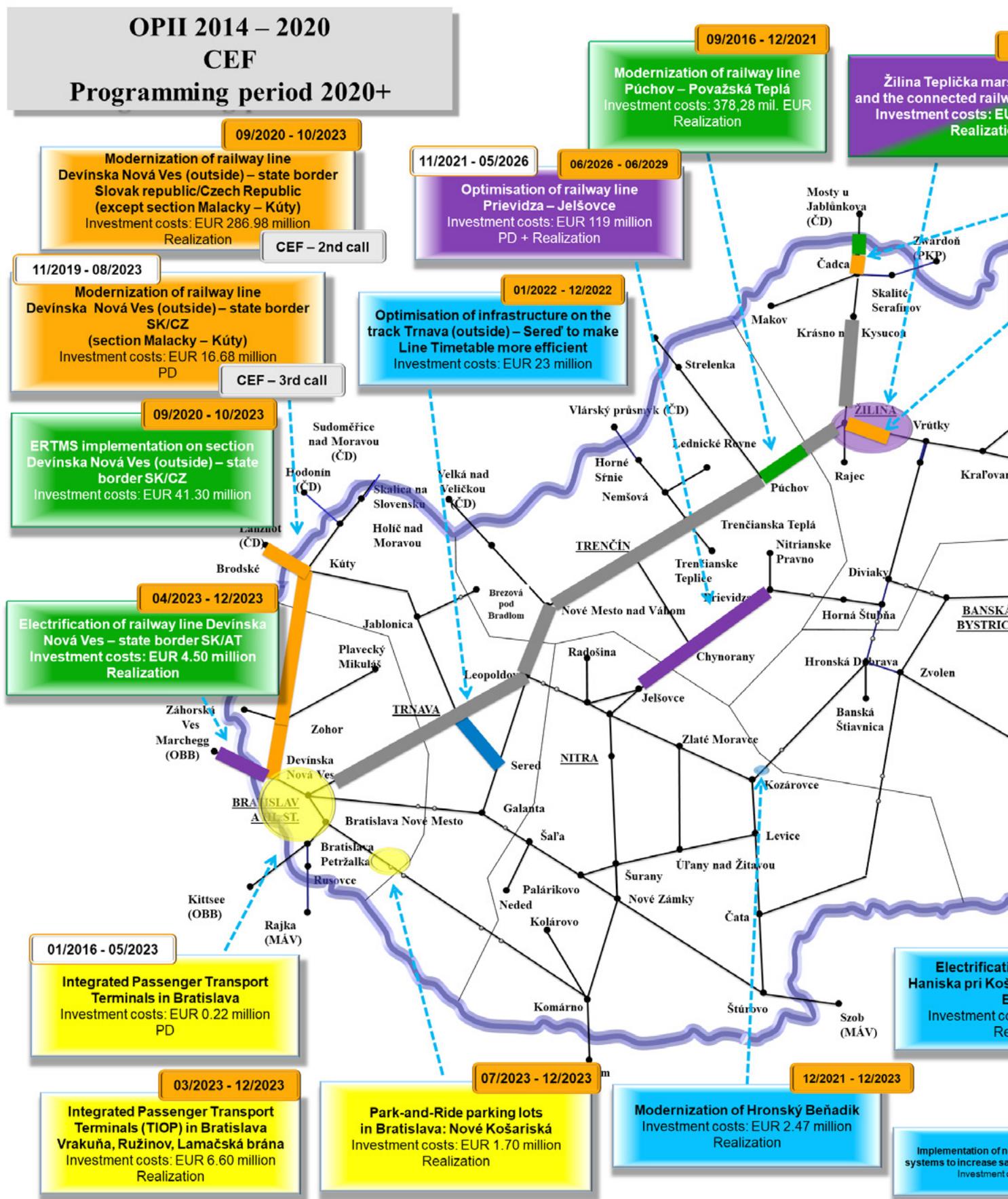
ŽSR projects were included in the three basic areas of the Recovery and Resilience Plan, namely

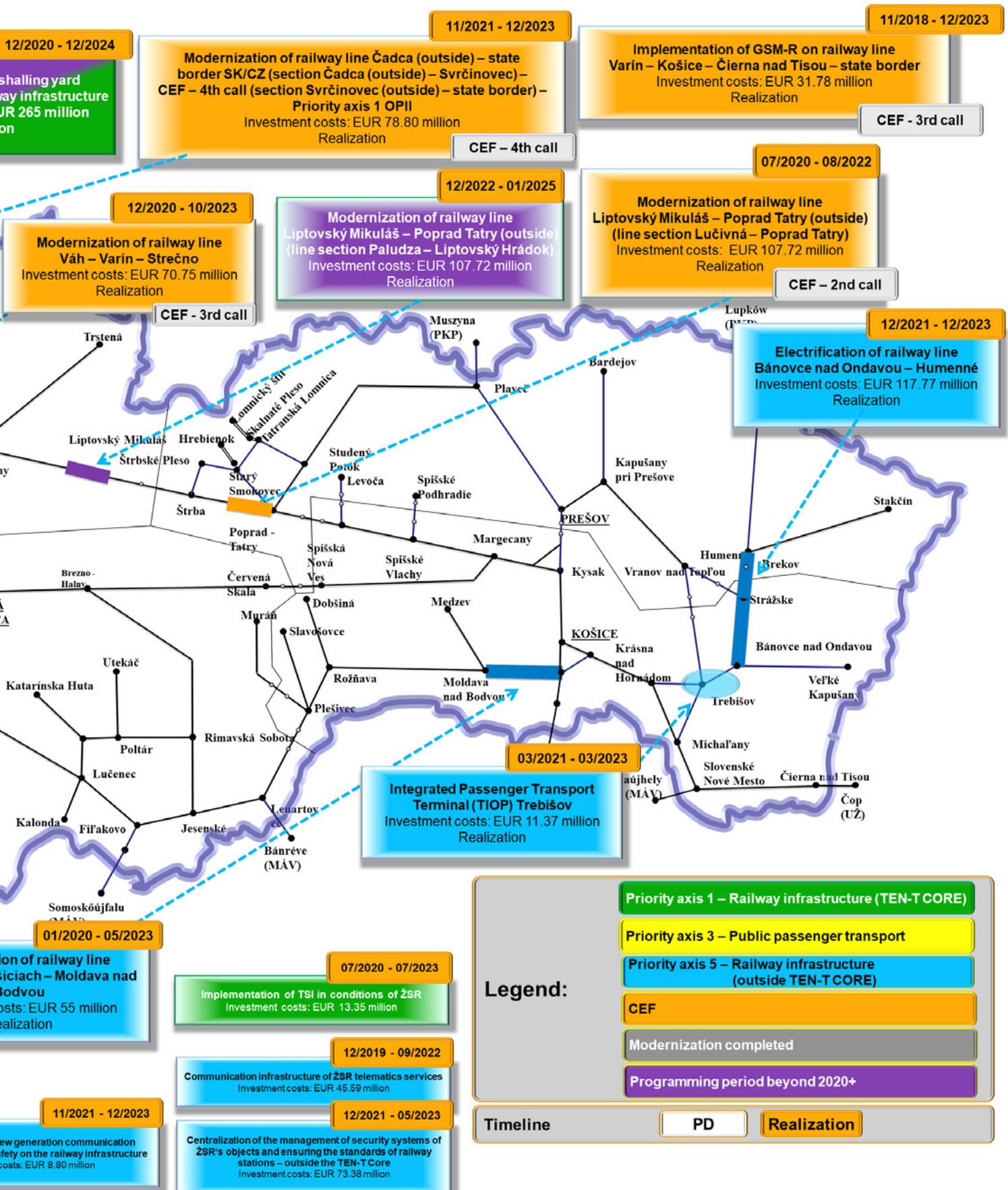
- elimination of bottlenecks in railway infrastructure,
- carbon neutral investments,
- development of intermodal transport.

At present, ŽSR in close coordination with Ministry of Transport and Construction of the Slovak Republic is finalizing its position on the dossier within inter-departmental commenting procedure. After the completion of inter-departmental commenting procedure, the final list of projects that can be financed from this instrument will be known and their implementation according to the European Commission Guidance of 17 September 2020 must be completed so that the objectives of the Recovery and Resilience Plan are achieved by the end of July 2026.



The following map shows the projects co-financed by the European Union on which ŽSR is currently working. Projects are color-coded by priority axis:





Economic and financial indicators

Business result of the Company

In 2020, ŽSR achieved a negative business result. The year-on-year development of costs was significantly influenced by higher payroll costs resulted from the collective bargaining for year 2020, especially: increase tariff wage of employees by EUR 40 per month from 1 January 2020. The year-to-year increase of payroll costs is 4.78 %.

Costs and revenues (in thousands of EUR)	31 December 2020	31 December 2019
Costs	516,326	511,592
herein		
Payroll costs	286,533	273,472
Amortization of long-term assets	81,338	78,166
Consumed purchases	60,006	74,371
Revenues	501,150	509,285
herein		
Operating subsidy of the Contract on the Operation of the Railway Infrastructure	326,641	317,344
Profit / Loss	-15,176	-2,307
Other comprehensive income	1,349	-3,099
Comprehensive profit / loss for the period	-13,827	-5,406

Železnice Slovenske Republike for the accounting period of 2020 reports the business result - loss of EUR 15,175,974.96 settled with the earnings from previous periods.



Non-current assets represents 96 % of total assets. Railway infrastructure assets managed by ŽSR in accordance with the law represents a book value of EUR 2,890,657 thousand.

Assets (in thousands of EUR)	31 December 2020	31 December 2019
Non-current assets	3,574,494	3,549,697
herein:		
Property, Plant and Equipment	3,494,813	3,462,329
Current assets	149,509	167,496
herein:		
Trade receivables	13,749	14,210
Inventories	11,220	15,818
Cash and cash equivalents	102,066	120,006
Total Assets	3,724,003	3,717,193

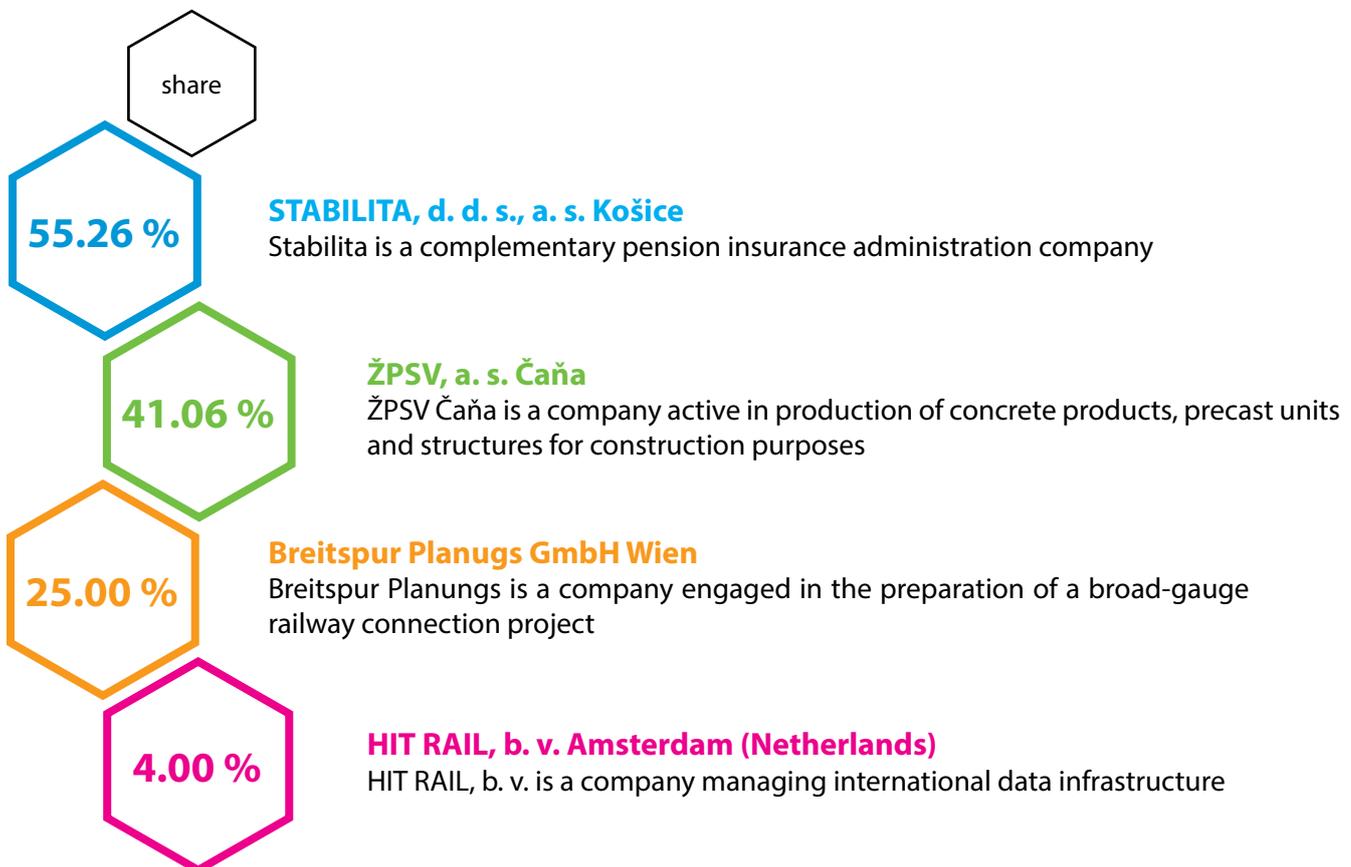
Equity represents 45 % of total equity and liabilities. Non-current liabilities increased by EUR 30,775 thousand, mainly due to investment subsidies to depreciation assets and loan drawdown. Current liabilities decreased mainly due to a decrease in current trade liabilities.

Equity and Liabilities (in thousands of EUR)	31 December 2020	31 December 2019
Equity	1,665,678	1,679,733
herein		
Registered capital	800,170	800,170
Capital funds	519,611	518,490
Non-current liabilities	1,870,006	1,839,231
herein		
Loan, state and EU subsidies	1,698,868	1,662,229
Current liabilities	188,319	198,229
herein		
Short-term loan	11,500	10,751
Current trade liabilities	54,999	67,936
Total Equity and Liabilities	3,724,003	3,717,193

Financial indicators

	unit	31 December 2020	31 December 2019
Profit / Loss	in thousands of EUR	-15,176	- 2,307
Liquidity indicators			
Current liquidity		1.15	1.18
Total liquidity - average		1.34	1.41
Expenditure indicators			
Expenditures	%	103.03	100.45
Salary expenditures	%	39.18	36.48
Indebtedness indicators			
Self-financing indicator	%	81.41	80.99
Total indebtedness	%	18.59	19.01
Debt to equity ratio	%	22.84	23.48
Labour Productivity Indicator			
From revenues	EUR/empl.	36,767	37,384
From performance	trkm/empl.	3,538	3,840

Financial investments



Sustainable development

Safety

The Act No. 513/2009 Coll. on Railroads and on amendments of some acts as amended defines which events in railroad operation shall be considered accidents. ŽSR conducts statistical register of accidents and its consequences, determination of the causes of accidents with objective to adopt measures to prevent future accidents and to enhance railway safety.

In respect of obligations in accordance with Act No. 124/2006 Coll. on occupational safety and health protection, § 5, 6 and 9, and on amendment of certain acts as amended, ŽSR ensures preventive inspection activities aimed at observing safe working practices in relation to work activities, use of prescribed and assigned personal protective work equipment, adherence to the work discipline and other obligations arising from internal regulations, decrees and laws. ŽSR performs complex inspections of workplaces to determine the working environment and working conditions from the point of view of health and safety at work and assess its impact on the health of employees in all ŽSR's workplaces and facilities. Simultaneously, according to the cited law, it is the duty of the employer to investigate the causes of accidents at work, occupational diseases and occupational disease threats, to monitor the number and severity of occupational injuries and to perform necessary analyses of the state and development of occupational injuries, occupational diseases and occupational disease threats in order to adopt measures aimed at preventing or limiting the recurrence of similar events and to improve the state of occupational safety and health protection at work.

Accidents on the network of ŽSR

Type of accident	31 December 2020 Total / ŽSR*	31 December 2019 Total / ŽSR*	Difference Total / ŽSR*
Train collision	19 / 4	14 / 2	+5 / +2
Train derailment	4 / 2	6 / 2	-2 / 0
Collision with level crossings users	36 / 0	41 / 0	-5 / 0
Rolling stock fire accidents	11 / 0	14 / 0	-3 / 0
Injuries by rolling stock	94 / 1	105 / 0	-11 / +1
Shunting accidents	14 / 6.5	38 / 17.5	-24 / -11
Consequences of accidents			
Level crossings fatalities	8	9	-1
Unauthorised persons fatalities	72	78	-6
Staff fatalities	1	0	1
Passenger fatalities	0	1	-1

* Total number of accidents on the ŽSR network / accidents caused by a facility or employee of ŽSR

Type of occupational injuries	31 December 2020	31 December 2019	Difference
Total occupational injuries	41	37	4
of which major occupational injuries:	4	0	4
Fatal injuries	3	0	3
Severe injuries	1	0	1
Number of missed calendar work days	3,562	2,899	663
Number of injuries per 1,000 employees	3.008	2.716	0.292
Average number of employees	13,630.52	13,623.01	7.49



Environmental protection

The Company pays constant attention to compliance with environmental legislation and its application in the company environment.

Environmental protection in operating conditions of ŽSR concerns the following areas:

- a) water protection and water management;
- b) waste management;
- c) nature and landscape protection;
- d) air protection;
- e) protection of the earth's ozone layer and protection against the effects of greenhouse gases;
- f) protecting health from the effects of excessive noise and vibration (physical fields);
- g) the elimination of environmental burdens and environmental damage;
- h) flood protection.

It is well known that the production of greenhouse gas emissions in transport is determined by the most fundamental factor, namely the rapid growth in transport performance of environmentally unfriendly road transport, which is associated with high fossil fuel consumption, despite efforts to increase the ratio of electric vehicles. A necessary step to increase the ratio of train transport and its positive impact on landscape ecology is to continue in electrification of tracks and modernization of corridors with pan-European significance to such extent that it is advantageous for transport customers to prioritize train freight transport and for the traveling public to travel by train as a choice number one.

A necessary step to reduce the adverse impact of ŽSR on the country's ecology in 2020 was the fulfillment of the objectives of currently valid legal regulations, transport policy of the EU and the Slovak Republic, government and departmental strategic documents aimed at environmental protection.



ŽSR also contributes to improving the quality of the environment by implementing important measures, such as:

- Introduction of new structural elements which, in addition to increasing the driving comfort of rolling stock and passengers, will also ensure the minimization of negative impacts of railway traffic on the environment (noise, vibration control, etc.). ŽSR in accordance with the valid legislation of the Slovak Republic (Act No. 2/2005 Coll. on the assessment and control of environmental noise and on the amendment of the Act of the National Council of the Slovak Republic No. 272/1994 Coll. on people health protection as amended) carry out noise map studies at regular intervals and, subsequently, action plans to eliminate or minimize the negative impacts of railway operations on the environment,
- Ongoing nationwide collection system of hazardous waste in accordance with the applicable legislation on waste management,
- Removal and subsequent biodegradation of hazardous waste, which was generated after reconstruction work and was included in the category of hazardous waste in accordance with Act No. 79/2015 Coll. on waste and on amendments to certain acts.

An important means of ensuring environmental protection is the process of environmental impact assessment (EIA/SEA), which can also be considered as a policy tool for achieving sustainable development. ŽSR also participated in the SEA process (environmental impact assessment of strategic documents) during the preparation of many external strategic documents before their approval.

From an environmental aspect, the application of the assessment process (EIA/SEA), in particular leads to:

- ensuring the rational and efficient use of natural resources,
- identification of key impacts and measures aimed at their elimination or mitigation,
- prevention of serious and irreversible damage to the environment,
- protection of the health and the safety of people and their property.

In 2020, the EIA process for the project „Modernization of the Žilina - Košice railway line, Liptovský Mikuláš - Poprad-Tatry line section (outside), Phase 5“ was completed by issuing a final opinion by the Liptovský Mikuláš District Office.

ŽSR projects for which the EIA process has taken place and is currently ongoing:

- Modernization of the railway line Žilina – Košice, line section Liptovský Mikuláš – Poprad - Tatry (outside), Phases 2, 3, 4,
- Modernization of the railway line Žilina - Košice, line section Krompachy (outside) – Kysak,
- Transport Node Bratislava – WEST branch (the Intent submitted in December 2020),
- Transport Node Bratislava – EAST branch (the documentation for the submission of the Intent is being prepared),
- other projects of comprehensive reconstruction of railway infrastructure elements.

Environmental impact assessment is also part of feasibility studies, in which the possible effects of individual proposed alternatives on the environment are identified. This evaluation was prepared in 2020 within the study „Electrification and optimization of the Zvolen – Fiľakovo railway line“ and is also being prepared within the study „Increasing the permeability of the Bratislava – Dunajská Streda – Komárno railway line“.

Measures to reduce the adverse impact of ŽSR on the environment

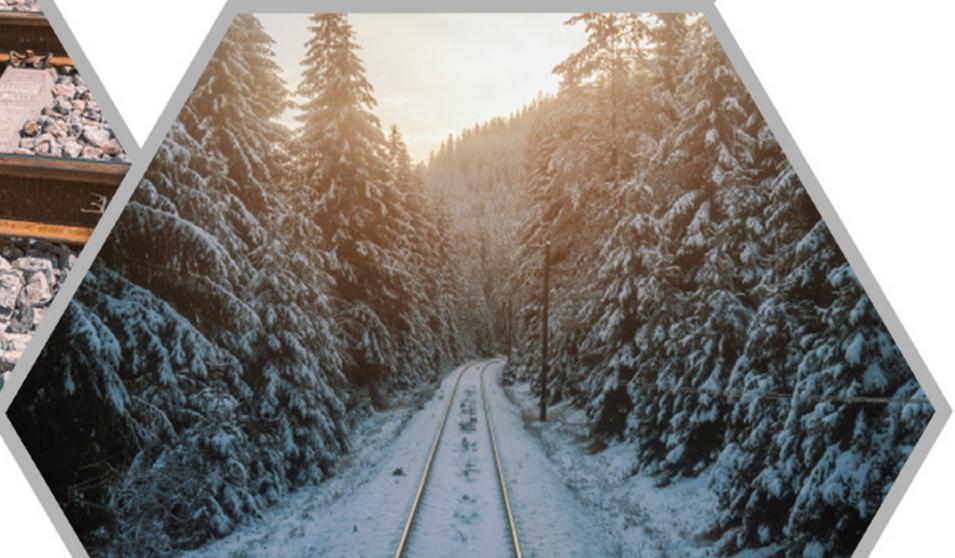
In 2020, the continuation of the geological project - environmental burden by remediation of rock subsoil and groundwater in Čierna nad Tisou was realized - operating of hydraulic protection and monitoring of groundwater.

Air protection

Under the statutory obligations, charges for air pollution by medium sources of pollution were calculated and approved by the competent air protection authorities for the period under review.

Overview of ecological accidents

In 2020, a total of 19 releases of pollutants were recorded within the scope of ŽSR, which were removed on site.



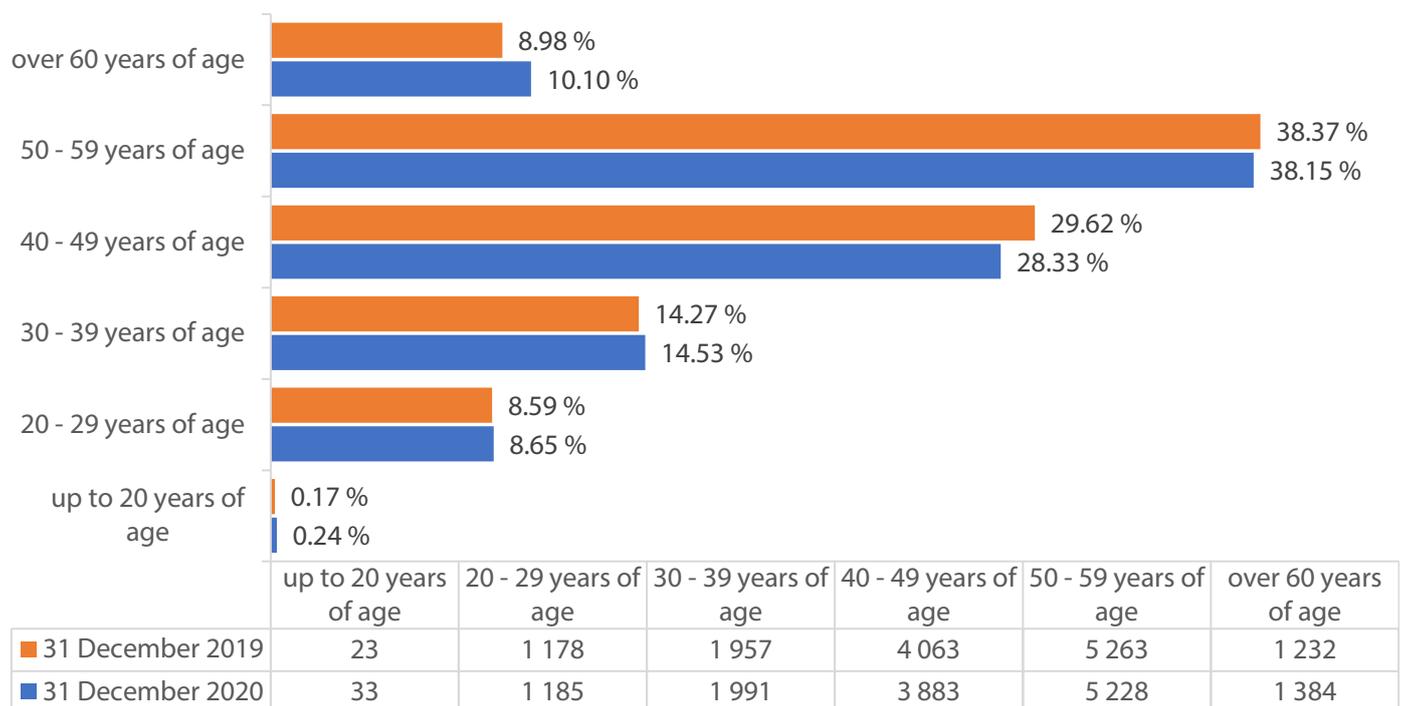
Human Resources

The development of employment in 2020 was mainly influenced by the consequences of the COVID-19 pandemic. The registered number of employees is slightly declining compared to the previous period, the average recalculated registered number of employees in 2020 represents a slight increase.

Development of employment	31 December 2020	31 December 2019	Difference (2020 - 2019)	Difference in %
Number of employees as at 31 December	13,704	13,716	-12	-0.09
Average number of employees	13,630.52	13,623.01	7	0.05

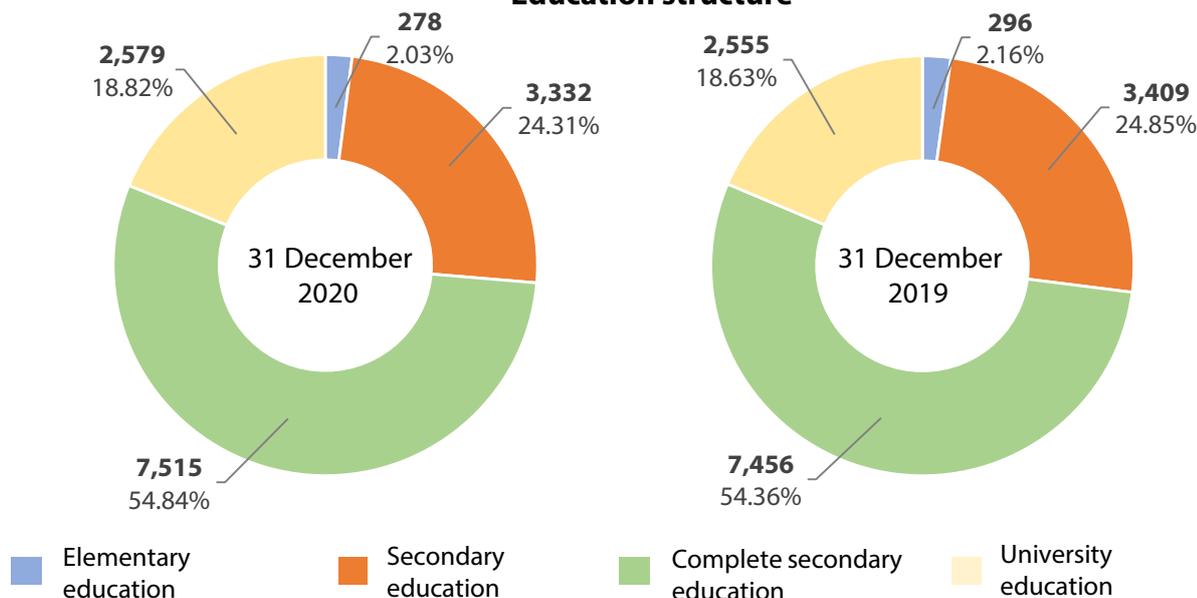
The male employees represent 76 % and the female employees represent 24 % of total number of ŽSR employees. In 2020, 820 employees terminated their employment with ŽSR and 737 employees were recruited. In the most cases, employees were terminating their employment by an agreement or retirement. The employee turnover rate in 2020 represented 1.13 %.

Age structure



The average age of all ŽSR's employees was 47.65 years of age. Increased number of employees over 60 years of age is a consequence of gradual increase of retirement age in the Slovak Republic.

Education structure



In education structure of employees, there were no significant change in percentage comparison of individual levels of education. Under the “Adaptation programme for graduates of selected schools”, 39 graduates were recruited.

Recruitment of employees

The recruitment priority also in 2020 was the filling of operational job positions for the most understaffed Regional Directorate Trnava. During the first half of the year, recruitment activities were focused on the promotion of ŽSR, Graduate Programme of ŽSR and operational professions for the target group of students graduating from high schools and universities. According to the requirements of organizational units of ŽSR and in cooperation with secondary schools and universities, job offers were published for students directly on the websites of schools or through faculty electronic communication.

Electronic advertising of job offers remains a proven tool for recruiting employees within ŽSR, while the job portal Profesia.sk brings the highest quality sample of candidates. The online questionnaire of the Career section on the ŽSR website and the Istp.sk portal, which is managed by the Central Office of Labour, Social Affairs and Family, are also a great benefit.

The form of print advertising was used mainly in spring and autumn specials of the most widely read daily press focused on work and employment, with a focus on the Bratislava, Trnava and Nitra regions also in regional weekly newspapers.

The increased interest of applicants in ŽSR’s operational professions in 2020 was mainly related to the adverse effects of the pandemic on several economy sectors, which benefited high stability ranking companies. Nevertheless, the applicants still lack technical or transport education or acquired experience of this nature.

Dual Education and Scholarship Programme

In 2020, 25 students completed their studies in the Dual Education system at ŽSR, 21 of whom concluded an employment contract with ŽSR for the position for which they were preparing during their studies. At present, these graduates are before the completion of the acquisition of relevant professional competence. Despite the situation caused by the COVID-19 pandemic, which made it impossible to carry out recruitment activities, in 2020 we concluded 24 contracts (17 for the Dual Education system and 7 for Scholarship Programme) with pupils and students who successfully met the conditions of a medical examination and psychological interview. Compared to 2019, this is a decrease of more than 50 %. At present, 104 students are studying under the Dual Education system at ŽSR.

In the ŽSR Scholarship Programme, which was created as a tool for addressing and acquiring secondary school students who could not or cannot enter the Dual Education system, either for their age or for the type of school, the first four students who completed their studies in 2020, concluded a working relationship with ŽSR given the commitment of the scholarship agreement. Currently, 20 students are studying in the ŽSR Scholarship Programme for Secondary Schools.

From the Academic Year 2016/17, students of the Department of Railway Transport have the opportunity to acquire professional competence for the position of dispatcher during their bachelor's studies. We offer this option to all students as well as to pedagogical staff free of charge after fulfilling their psychological and medical qualifications on the basis of our contractual cooperation with the University of Žilina. ŽSR Scholarship Programme for Universities was created with the aim of contractually supporting promising experts in the field of transport and railway infrastructure management at ŽSR.

In 2020, we concluded scholarship agreements with three students of the PEDAS faculty, who will gain professional competence in the course of this year. Currently, 12 students are studying in the ŽSR Scholarship Program for Universities.

The transition to the distance form of education at all universities in Slovakia has meant that we currently register two students who, in addition to full-time study with our support in the scholarship program, also have an employment contract and are a dispatcher.

A total of 136 pupils and students study in ŽSR's educational programs at five Secondary Vocational Schools, three Secondary Industrial Schools and the University of Žilina.

Remuneration and Employee Benefits

According to the adopted Amendment No. 1 to the ŽSR Collective Agreement for 2019 - 2020, the tariff wage of employees was increased by EUR 40 per month with effect from 1 January 2020. With the Amendment No. 2 to the Collective Agreement, in accordance with the increase in the minimum wage to EUR 580, the wage benefits for night work and for work on Saturdays and Sundays were increased. The volume of wage supplements and benefits in 2020 amounted to EUR 16.15 million, which represents an increase of 10.2 % compared to 2019.

The development of wage costs was significantly affected by the emergency situation in connection with the COVID-19 anti-pandemic measures. The volume of overtime work in 2020 decreased by 188 thousand hours. At the same time, the volume of hours of temporary Occupational Incapacity and Family Member Care increased by 223 thousand hours. The average salary of ŽSR in 2020 reached EUR 1,200.30, which represents EUR 63.96 more compared to 2019.

Employees were provided with cash and non-cash benefits to strengthen stabilization and motivation of employees. ŽSR provide a wide range of benefits:

- Reduction of weekly working time fund to 36 hours without wage reduction (for selected professions),
- Applying flexible working time in accordance with the Labour Code,
- Time off with wage compensation for the purpose of treatment of an employee in a health care facility, accompanying a family member to a health care facility and improving family care,
- Provision of wage compensation for sickness absence for 10 days in the amount of 60% of the daily assessment base,
- Contribution to supplementary pension savings in the so-called Pillar III.,
- Employer contribution to life insurance DYNAMIK Ž,
- Domestic and foreign travel benefits for both employees and their family members,
- Recondition stays for selected operation professions,
- Jubilee and retirement bonuses depending on the number of years worked,
- Recreation allowance for employees in accordance with the Labour Code.

In the area of employee care, after agreement with union organizations, social fund resources are spent mainly to regeneration of employees, allowance for meals, to social assistance, to working anniversaries, to blood donation plaquettes and to recreation in facilities of ŽSR and trade union organizations.

Employee Awards

In 2020, 27 employees of ŽSR received various awards from the Minister of Transport and Construction of the Slovak Republic:

Tribute of the Minister of Transport of the SR	13 laureates
Degree of the Minister of Transport of the SR - Merited transport employee	14 laureates

The selection took into account the professional and sectoral balance providing representation mainly employees in operational positions.

Respect for Human Rights

Železnice Slovenskej republiky respect human rights, the principles of equal treatment and the prohibition of illegal employment. The principle of equal treatment is applied in all internal management acts.

Research and Development

Expenditure on research and development

Operational processes (in thousands of EUR)	31 December 2020	31 December 2019
- Research expenditures	283	39
- Development expenditures	27	16
Total	310	55

The most significant assignments completed and resolved in 2020:

- Study for the suitability of use of composite sleepers on the ŽSR network,
- Study of system innovation of noise reduction in the operation of railway freight wagons in the Slovak Republic,
- Wireless transmission of operating conditions of relay crossing signalling installations on secondary lines,
- Utilization of automatic alert system for working party in the conditions of ŽSR - study,
- Video-inspection of the railway superstructure and the railway line surroundings - study,
- AC network performance review and the possibilities for increasing its performance.

Other tasks addressed the issues in the field of testing, diagnostics and implementation of EU and Slovak legislation into practice of ŽSR.

Risks and uncertainties

Risk Management at ŽSR

Risk Management is a continuous systematic and methodological activity organized and coordinated by the Internal Audit Department. Internal audit independently and objectively reviews, evaluates and improves ŽSR's work processes and procedures, management and control systems. The Internal Audit Department is directly responsible to the Director General.

In order to efficiently fulfil the defined strategic objectives of ŽSR, strategic risk management system is introduced in ŽSR which acts as a support system for the successful implementation of the strategy. Its aim is to effectively manage identified strategic risks which could negatively affect the realization of strategic objectives of ŽSR.

Operational Risks

The objective of operational risk management is to ensure the safe and trouble-free operation of railway infrastructure. These risks include e.g. violation of regulations by operation employees, accident events and abnormalities, non-respected technological procedures of railway stations and track sections. These are risks of medium to high importance, but measures are taken to eliminate risks from one-off to procedural. Transport risks include the risk of non-compliance with the requirements of railway undertakings in the creation/change of Line Timetable as well as unattractive products and services in terms of access to Railway Infrastructure. In railway infrastructure due to lack of funds for repair and maintenance and public procurement problems, transport actions are adopted (such as reducing of speed) that are criticized by customers – railway undertakings and traveling public.

Financial Risk

In the financial area, ŽSR is exposed to liquidity risk and credit risk.

The company is dependent on continuous state aid in the form of subsidies from the state budget. The State participates in the financing of the ordinary and capital expenditures of ŽSR through the budget item of Ministry of Transport and Construction of the Slovak republic. Liquidity in this area is managed with regard to approved budget of ŽSR for the relevant budgetary period with emphasis on the observance of the conditions for drawing of subsidies and the minimization of possible penalties.

The Company has opportunity to draw resources from number of European Union financial instruments for modernization of transport corridors of pan-European importance. Due to the administrative complexity of contracting processes for financial resources, the risk of time discrepancy between real needs and their provision by the European Union can be met. In such situation, the Company may be under pressure as regards its internal sources of funding, possibly threatening the liquidity and financial stability of the Company.

In other areas primarily funded from sales, the key liquidity management tool is continuous monitoring of actual cash flows developments. In case of occurrences of risk events and externalities, the Company reviews and models them to manage liquidity by operational means.

Credit risk arises from the inability of debtors to pay their liabilities to ŽSR. The risk is regulated by monitoring and evaluating the status of receivables and by immediately resolving receivables overdue using all legal options. The procedures for monitoring, evaluating and recovering debts are governed by an internal directive, which is regularly reviewed.

Management is striving to eliminate all of the aforementioned risks, continually monitors the risk management situation and seeks to ensure the credibility, trustworthiness and long-term financial stability of the Company with its predictions and ex post analyses.

Human Resources Risks

Recruiting employees into operational positions remains difficult, especially in the Bratislava and Trnava regions. The lack of employees with electrotechnical qualification is a nation-wide problem.

Intensive targeted recruitment continues to be focused primarily on filling vacant type positions in key operational positions. Recruitment is also aimed at recruiting fresh graduates from schools of transport and engineering operational. The aim of the graduate program is to recruit and select graduates according to the current needs of ŽSR and to create conditions for systematic preparation for professions where employees retire.

Despite the fact that 4,191 job-seekers were registered in 2020, only 687 job-seekers were hired in the operational positions. Most of the applicants did not meet occupational psychological and medical fitness. Some of them has resigned when they learned about high demands and responsibilities of ŽSR's operational working positions.

Risks in Information Technology and Cyber Security

Significant IT risks include misuse, harm, loss of data, and possible disruption to important information systems. These risks are eliminated by various measures such as antivirus updates, operating system updates, managed applications, servers and networks, security patches, external penetration tests at regular intervals. An important factor in eliminating the risks is the regular review of the security policy of communication and information systems of ŽSR and the ŽSR's information security management system.

From a cyber-security perspective, networks and information systems are critical elements which, in terms of cyber law, directly or indirectly support the operation of identified fundamental services:

- control, command and signalling technology,
- railway power engineering,
- electricity distribution,
- operation of critical infrastructure.

In accordance with the organizational rules of ŽSR, information security is managed by Internal Organizational Unit of ŽSR - Railway Telecommunications, which provide comprehensive data protection and system protection of communication, information systems and technologies in accordance with applicable laws and standards and methodologically manage and control information and cyber security in ŽSR.

Anti-Corruption Measures and Code of Conduct

The Anti-Corruption Programme of ŽSR was adopted in accordance with the Resolution of the Government of the Slovak Republic No. 585/2018 of 12 December 2018, which approved the Anti-Corruption Policy of the Slovak Republic for the years 2019 - 2023 (hereinafter referred to as the „Anti-Corruption Policy of the Slovak Republic“), with the intention of:

- improving anti-corruption prevention,
- improving the fight against corruption,
- increase the effectiveness of anti-corruption measures.

The Anti-Corruption Programme of ŽSR is a part of the Anti-Corruption Policy of the Slovak Republic. The Anti-Corruption Programme of ŽSR is also included in the Departmental Anti-Corruption Program of the Ministry of Transport and Construction of the Slovak Republic so that the added value is to increase the measurable effectiveness of the adopted anti-corruption measures.

The Anti-Corruption Programme of ŽSR was conceived as open and flexible and aimed at helping to fulfill the purpose of Anti-Corruption Policy of the Slovak Republic, which is to improve anti-corruption prevention and the fight against corruption, taking into account current dynamics of corruption phenomena, conditions and opportunities, emergence of new corruption situations, identified corruption risks and causes of corruption. The Anti-Corruption Programme of ŽSR takes into account the specifics, respectively the context of the scope, environment, relations, circumstances and context of the performed activities, procedures and obligations of ŽSR, but especially the identified corruption risks.

Based on the analysis of the current situation, the following **priorities of Anti-Corruption Policy of ŽSR** were determined in the The Anti-Corruption Programme of ŽSR:

- preventing the causes of possible corrupt behavior,
- an effective way of reporting manifestations and risks of possible corrupt behavior and investigating the received complaints,
- continuous evaluation of the functionality and effectiveness of the measures already in place or the appropriateness of introducing the intended new measures in order to combat and prevent corrupt practices in the future.

The goal in enforcing Anti-Corruption Policy of ŽSR is, to the widest possible extent:

- create an environment in which the protection of the public interest is emphasized and corruption is rejected,
- identify and eliminate corruption risks, including the detection of corruption schemes and improve awareness of corruption risks.
- raise awareness of corruption, activate anti-corruption behavior and employee action,
- respect the principles of transparency, economy, efficiency, non-discrimination, equal treatment, proportionality, in particular,
- to build and strengthen the public's confidence (including its own employees, business partners, third parties - candidates, bidders in the public procurement process and especially each notifier of corrupt behavior) that ŽSR perceives the fight against corruption not only as a formal commitment to solving a societal problem,
- prevent the emergence of corruption risks, reduce them and eliminate them in the management of subsidies, in the use of EU funds and in the field of public procurement,
- reduce the ability of individual employees to make decisions based on their own discretion and eliminate the identified opportunities to make decisions based on their own will,
- reduce corruption risks through a fair assessment of the proportionate responsibility of employees

In order to achieve the above-mentioned goals and priorities, specific anti-corruption measures and ŽSR departments, which are responsible for their implementation, were identified in the Anti-Corruption Programme of ŽSR.

The Anti-Corruption Programme of ŽSR also contains a mechanism for evaluating the success rate of the implementation of the adopted anti-corruption measures.

In 2020, ŽSR adopted a new ŽSR Code of Conduct, which replaced the ŽSR Employee Code of Conduct of 29 January 2005. The ŽSR Code of Conduct is a summary of ethical principles, standards and requirements that are binding on members of ŽSR bodies as well as ŽSR employees.

Under the ŽSR Code of Conduct, ŽSR undertakes to act in accordance with legal regulations, accepted principles of morality and the principles of fair trade practices in all legal relations within ŽSR, as well as in relations with the external environment. ŽSR undertake to bind all members of the Company's bodies as well as the Company's employees to the above-mentioned. ŽSR also obliges its contractual partners to comply with the ŽSR Code of Conduct.

The ŽSR Code of Conduct also sets out an effective way of reporting a suspicion of a breach of this Code, subsequently evaluating the validity of this suspicion and taking follow-up action if the suspicion is substantiated.

Violation of the ŽSR Code of Conduct may result in sanctions under employment law regulations, including termination of employment or other legally approved consequence.



Events in the Company

International cooperation

ŽSR is a member of several international organizations and groupings:

- **CER – Community of European Railway and Infrastructure Companies**

CER develops activities aimed at supporting the development of railways and promoting modal shift towards more environmentally friendly transport modes, minimizing external costs and improving the economic performance of railways. Membership in the CER is important as it creates conditions for railway cooperation in the submission, drafting and commenting on European railway legislation.

- **UIC – International Union of Railways**

The longest ŽSR's membership is in the UIC, which maintains and develops the overall interconnection of the railway system and allows its interoperability to improve rail competitiveness. UIC is currently actively involved in matters of standardization and preparation of International Railway Standards – IRS (IRSs are gradually replacing UIC Leaflets), global and regional project activities, digitalization initiatives, research and innovation activities and quality management system activities.

- **RNE – RailNetEurope – European Infrastructure Managers Association**

Another important organization is RNE, which in the framework of international cooperation develops IT tools that are used in rail transport. RNE is currently working closely with the European Union Agency for Railways (ERA) in the field on the implementation of telematics applications for freight and passenger transport and technical interoperability specifications.

- **OSJD – Organization for Cooperation between Railways**

Organization for Cooperation between Railways creates the basis of cooperation between member countries. It is an organization bringing together the relevant transport ministries of the member states. OSJD together with the UIC are currently preparing common leaflets aimed at unifying and simplifying East-West transport procedures.

- **G4 – Association of Southern and Eastern European Railway Organizations,**

- **V4 – Association of Railway Organizations of Visegrad Four Countries**

Both association provide cooperation between railway organizations within concerned regions.

- **RFC – Rail Freight Corridors**

The main objective of the corridors is to facilitate the competitiveness of cross-border rail freight transport and to ensure efficient interconnection of respective train paths.

ŽSR is a member of four Rail Freight Corridors with active participation in their management structures and working groups:

- Rail Freight Corridor No. 5 – “Baltic - Adriatic”
- Rail Freight Corridor No. 7 – “Orient/East Mediterranean”
- Rail Freight Corridor No. 9 – “Rhine-Danube”, which was renamed at the end of the year and activities were transferred from the originally established „Czechoslovak”, which is its branch
- Rail Freight Corridor No. 11 – “Amber”.

- **PRIME – Platform of Rail Infrastructure Managers in Europe**

The platform is focused to improve cross-border cooperation among rail infrastructure managers, support implementation of European rail policy and develop performance benchmarking for the exchange of best practices.

Due to the COVID-19 pandemic, a very small number of international conferences, seminars, trainings, exhibitions, negotiations and other meetings took place in 2020, with the aim of supporting and developing railway transport, mutual cooperation and exchange of experience at the level of individual railway infrastructure managers, public authorities (ministries, regulatory authorities, European Commission) and also at the level of other participants in the railway market (railway undertakings, combined transport operators, logistics companies, terminals). Web-conferencing began to be used more widely, which to some extent have shown interest in such organized events. At the same time, certain technical issues came up for a number of communication platforms with different technical requirements, thus it sometimes was not possible to join the respective activity.



Key events in 2020

January

In accordance with the amendment to the ŽSR Collective Agreement, the tariff wage of all employees has been increased by EUR 40 per month since January 2020. In accordance with the amendment, there have been changes in the area of remuneration, supplementary pension savings and life insurance.

On 23 January, a working meeting of the AROS management - Association of Railways Operators of Slovakia with ŽSR Director General Mr Igor Polák took place at ŽSR Directorate General in Bratislava. The ŽSR management welcomed the activities of the association and close cooperation was agreed between ŽSR and AROS on common topics and issues. ŽSR ceremoniously handed over the railway traffic control simulator to the Secondary Industrial School of Transport in Trnava.

February

Rail Net Europe (RNE) - European Infrastructure Managers Association and Forum Train Europe (FTE), supported by the European Rail Freight Association (ERFA), has launched the Timetabling and Capacity Redesign project (TTR). The aim of the TTR is to harmonize the allocation of railway capacity and to improve the European rail timetable system in order to significantly increase the competitiveness of rail transport.

March

The 11th Annual Job Fair took place at the Incheba Expo Bratislava exhibition centre from 4 to 5 March. ŽSR participated in the fair with the aim of presenting the Company, introducing the applicants to the subject of its activities, the offer of vacancies and also attracting them with the employee benefits provided. In March, the topic of preventive measures related to the slowing down and elimination of COVID-19 dominated at ŽSR. On 14 March, due to the introduction of measures related to the prevention of the spread of the COVID-19 pandemic, ŽSR undertook an extraordinary change in the public transport timetable in Slovakia. Based on a government resolution, an emergency situation was declared at that time in order to eliminate the transmission of COVID-19 virus. International traffic has been suspended and domestic connections have been adjusted.

April

The Management Board of ŽSR, on the proposal of the Minister of Transport and Construction of the Slovak Republic Mr Andrej Doležal, revoked ŽSR Director General Mr Igor Polák. Subsequently, Mr Miloslav Havrila was appointed to the position of ŽSR Director General.

May

From 10 May, most national trains run according to the original Timetable 2019/2020 as before the crisis.

June

On 11 June, ŽSR signed a contract with a successful tenderer for modernization of the section Liptovský Mikuláš – Poprad Tatry (outside), Phase 1 (Poprad – Lučivná). The project addresses the modernization of the railway line in the section Poprad – Lučivná to a speed of up to 160 km/h.

Bratislava residents and visitors to the capital could travel by an extraordinary steam train ride at an event called the First Steam Day. In the morning, it connected the railway stations Bratislava Main Station, Lamač, Nové Mesto and Petržalka with the Railway Museum. In the afternoon, the steam train started a return trip to Pezinok.

July

On 1 July, ŽSR Director General Mr Miloslav Havrila and the representatives of Ministry of Transport and Construction of the Slovak Republic ceremoniously completed the construction of Park-and-Ride Parking Lot in Ivanka pri Dunaji. The parking lot has a capacity of 158 parking spaces and it also includes a stand for 80 bicycles.

On 6 July, ŽSR began the modernization works on the rack railway line between Štrba and Štrbské Pleso. The works will be carried out with the aim of reconstruction of the railway superstructure, railway substructure and drainage of the electrified rack railway line. The reconstruction will also affect the platforms at Štrba and Štrbské Pleso railway stations and at Tatranský Lieskovec railway stop. At the railway station at Štrba, a lighting and a floor of the entrance hall will be refurbished and also pedestrian crossings and supporting walls will be restored.

August

ŽSR started a complex reconstruction of the 1st running track on the Kraľovany – Ľubochňa railway line. The reconstruction aims at achieving a higher quality standard of passenger and freight transport, ensuring the safety of railway transport and reducing the scope of railway superstructure maintenance.

September

The breakthrough of the Miločov railway tunnel was celebrated on 7 September. The tunnel under the Stavná hill is a double-track and single-tube tunnel with a total length of 1,861 metres. It is part of the Púchov – Považská Bystrica railway line, the modernization of which represents the largest investment in the history of separate railways.

With the participation of Minister of Transport and Construction of the Slovak Republic Mr Andrej Doležal, a contract was signed on 9 September for the modernization of the Devínska Nová Ves railway line – the state border of the Slovak Republic/Czech Republic. The specific goal of the project is to connect the modern and safe railway infrastructure of the Slovak Republic to the European transport network, which will ensure the interconnection of European regions with a modern and high-quality network in accordance with internationally agreed and required technical parameters. From 17 September, ŽSR „redirected“ railway traffic in the section between the Púchov and Považská Bystrica stations to a new line section through the viaduct and the Diel tunnel.

On 18 September, 52 awarded railway employees met at the J. G. Tajovský Theatre in Zvolen to receive the award for their excellent work results and extraordinary abilities, contribution or merit, and together with other guests to celebrate the Railwaymen's Day.

September

On 18 September with the participation of Minister of Transport and Construction Mr Andrej Doležal, a ceremonial tapping of the foundation stone for the modernization of the Poprad – Lučivná railway line took place at the Svit railway station. This is the first stage of the planned modernization of the Liptovský Mikuláš – Poprad Tatry section within the Žilina – Košice railway line

On 27 September, a freight train was derailed at the Komárno freight railway station marshalling yard. In the accident, three kilometers of the railway superstructure and four switches between Komárno freight railway station marshalling yard and Chotín were completely damaged and destroyed.

On the railway line between Sekule freight railway station – Lučivná railway line, a freight train on the 1st running track was derailed on 28 September. As a result of the accident, the railway superstructure was damaged in a section of approximately 9 kilometers.

October

In connection with the declaration of a state of emergency, the carrier Leo Express stopped rail operations and canceled its regular train connections with the Czech Republic from 22 October to 12 December 2020 and Železničná spoločnosť Slovensko, a. s. restricted train traffic on the section Budapest Nyug. – Brno hl.n. and Púchov – Olomouc hl. n.

Due to anti-pandemic measures, the planned celebration of the 40th anniversary did not take place aimed at commemoration of the moment when the ceremonial ride of the steam train from Bratislava via Galanta and Trnava to Leopoldov, pulled by the steam locomotive 556.036, ended the regular operation of steam locomotives in Slovakia.

On 12 October, the rail freight corridor RFC9 Rhine-Danube was officially launched, which was established by extending the original RFC9 Czech-Slovak corridor.

November

ŽSR signed a work contract for the project „ŽSR, Completion of the Žilina-Teplička marshalling yard and the connected railway infrastructure in the Žilina Node“. The modernization of the Žilina Node brings, in addition to positive effects on railway transport, fundamental changes in the transport solution of the entire town and its surroundings. The changes affect all other transport modes, especially in terms of the impact on transport infrastructure after construction, but the organization of transport in the city will be significantly affected by its own modernization and major restrictions during its implementation.

December

On 15 December, ŽSR and Trade Union of Railway Workers (OZŽ) signed a new ŽSR Collective Agreement for 2021 - 2023. In the current situation, it was not possible to agree on an increase in tariff wages. The parties agreed on this fact due to the economic situation and financial possibilities of the Company in a difficult situation related to the COVID-19 crisis. Remuneration of employees for the years 2022 and 2023 will be addressed in the following period in separate amendments to the collective agreement.

For passengers on the Komárno – Bratislava-Nové Mesto line, ŽSR extended the platforms in Kvetoslavov by 30 meters from its own resources. The platform edge has thus been adjusted from the original 120 metres to the current 150 metres.

Event that occurred after 2020

The year 2021 has been designated as the “European Year of Rail” by Decision (EU) of the European Parliament and of the Council 2020/2228 of 23 December 2020. The general objective of the European Year of Rail is to encourage and support the efforts of the European Union, the Member States, regional and local authorities and other organizations to increase the share of passengers and freight transport by rail. The specific objectives of the European Year of Rail comprise:

- promote rail transport,
- highlight the European and cross-border dimension of rail transport,
- increase the contribution of rail transport to the economy and industry,
- contribute to the promotion of rail transport,
- to promote the attractiveness of the profession in the field of rail transport, etc.

On 9 February 2021, Amendment No. 10 to the Contract on the operation of railway infrastructure for the years 2017 – 2021 was concluded between ŽSR and the Slovak Republic represented by the Ministry of Transport and Construction of the Slovak Republic. The subject of Amendment No. 10 is the setting the financial and operational indicators to the present Contract on the operation of railway infrastructure for the year 2021.

On 4 March 2021, a change in the data in the Austrian Commercial Register on Breitspur Planungsgesellschaft mbH (BPG) was entered, which changed the amount of the contribution to the share capital from EUR 3,025 thousand to EUR 5,000 thousand.

The year 2020 and the whole world were negatively affected by the spread of the COVID-19 virus. In 2021, this adverse effect on the Company’s operations continues.

On 7 March 2021, due to the continuing COVID-19 pandemic, imposed curfew and the reduction in demand for rail transport, the Ministry of Transport and Construction of the Slovak Republic issued an instruction to optimize the supply of rail transport. The Company expects a reduction in revenues from access to railway infrastructure, but the extent of the reduction to date cannot be qualified, as we cannot estimate for how long this situation will continue.

The Company’s management and the Ministry of Transport and Construction of the Slovak Republic monitor the impacts and take all possible steps to mitigate the negative effects on the Company and its employees. The entity shall include all negative impact or losses in the accounts and financial statements in 2021.

Separate Financial Statements

prepared in accordance with

International Financial Reporting Standards

as adopted by the EU

for the year ended 31 December 2020



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STATEMENT OF FINANCIAL POSITION

	Note	31 December 2020	31 December 2019
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	3,494,813	3,462,329
Investment property	5	31,089	33,450
Intangible Assets	6	22,364	29,453
Financial Investment	7	7,624	5,649
Non-Current receivables	8	18,604	18,816
Total Non-Current Assets		3,574,494	3,549,697
CURRENT ASSETS			
Inventories	9	11,220	15,818
Trade receivables	10	13,749	14,210
Other receivables and assets	11	22,474	17,462
Cash and Cash Equivalents	12	102,066	120,006
Total Current assets		149,509	167,496
TOTAL ASSETS		3,724,003	3,717,193
EQUITY AND LIABILITIES			
EQUITY			
Registered capital		800,170	800,170
Capital funds		519,611	518,490
Legal reserve fund		19,597	21,904
Earnings from previous periods		341,476	341,476
Loss for accounting period		-15,176	-2,307
Accumulated earnings		326,300	339,169
Total Equity	13	1,665,678	1,679,733
NON-CURRENT LIABILITIES			
Loans	3, 14	100,477	96,990
State and EU subsidies	15	1,598,391	1,565,239
Provisions and accruals	16,17,18	69,209	71,661
Deferred tax liability	38	54,754	55,184
Other non-current liabilities	19	47,175	50,157
Total Non-Current Liabilities		1,870,006	1,839,231
CURRENT LIABILITIES			
Short-term loans and current portion of long-term loans	3, 14	11,500	10,751
Short-term state and EU subsidies	15	65,619	63,740
Trade liabilities	20	54,999	67,936
Payables to the public institutions	21	11,238	10,891
Other liabilities	22	37,401	36,930
Provisions and accruals	16,17,18	7,562	7,981
Total Current liabilities		188,319	198,229
TOTAL EQUITY AND LIABILITIES		3,724,003	3,717,193

Accounting policies and explanatory notes are an integral part of the financial statements

STATEMENT OF COMPREHENSIVE INCOME

	Note	31 December 2020	31. decembra 2019
REVENUES			
Railway infrastructure operation	23	71,106	76,323
Subsidies for railway infrastructure operation	24	326,641	317,344
Operation and concessions of intermodal transport terminals	25	5,049	3,159
Electric energy	26	65,620	75,081
Telecommunication services and IT services	27	5,258	5,243
Property revenues	28	9,642	12,388
Other revenues	29	15,926	19,747
Total revenues		499,242	509,285
OPERATING COSTS			
Materials	31	-23,666	-30,357
Energy	32	-77,090	-86,979
Services	33	-36,340	-44,014
Payroll costs	34	-286,533	-273,472
Depreciation, amortization and impairment	35	-81,338	-78,166
Other operating costs, net	36	-11,359	4,200
Total operating costs		-516,326	-508,788
LOSS / PROFIT FROM OPERATIONS		-17,084	497
FINANCIAL COSTS / INCOME			
Interest from loans	14	-139	-128
Other financial costs / income	37	435	-197
Total financial costs / income		296	-325
LOSS / PROFIT before tax		-16,788	172
Income tax	38	1,612	-2,479
LOSS after tax		-15,176	-2,307

Other comprehensive income:

Items that will not be reclassified to profit or loss:

Re-measurements of post-employment benefit obligations	18	1,708	-3,923
Deferred tax related to re-measurements	38	-359	824

COMPREHENSIVE LOSS FOR PERIOD		-13,827	-5,406
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Accounting policies and explanatory notes are an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

	Registered capital	Capital funds	Legal reserve fund	Accumulated earnings	Total
As at 1 January 2019	800,170	530,135	21,904	331,106	1,683,315
Loss for the period	0	0	0	-2,307	-2,307
Non-cash increase in capital	0	1,745	0	0	1,745
Other comprehensive income	0	-13,390	0	10,370	-3,020
As at 31 December 2019 *	800,170	518,490	21,904	339,169	1,679,733
As at 1 January 2020	800,170	518,490	21,904	339,169	1,679,733
Loss for the period	0	0	0	-15,176	-15,176
Non-cash increase in capital	0	596	0	0	596
The use of legal reserve fund to cover loss	0	0	-2,307	0	-2,307
Other comprehensive income	0	525	0	2,307	2,832
As at 31 December 2020	800,170	519,611	19,597	326,300	1,665,678

* The Company changed reporting of re-measurements of post-employment benefit obligations from Earnings from previous periods to Capital funds in the amount of EUR 9,991 thousand. Due to this, comparative period for 2019 has also been adjusted.

Accounting policies and explanatory notes are an integral part of the financial statements

STATEMENT OF CASH FLOWS

	Note	31 December 2020	31 December 2019
Profit before tax		-16,788	172
Adjustments by non-cash transactions		58,948	79,725
Depreciation, amortization and impairment		151,455	166,121
Dividends and other profit sharing recorded against revenues		-701	-5
Interest recorded against expenses		387	333
Interest recorded against revenues		-3	-11
- Gain / + Loss from the sale of property, plant and equipment		-492	-3,093
+ Increase / - Decrease in provisions		-2,818	4,163
Amortization of state subsidies		-70,117	-87,955
Other non-monetary items		-1,975	0
Effect on changes in working capital		-8,998	47,498
- Increase / + Decrease in receivables and other assets		-4,339	16,854
+ Increase / - Decrease in liabilities		-9,257	35,868
- Increase / + Decrease in inventories		4,598	-5,224
Cash flow from operating activities		49,950	127,223
Expenditure on income tax		-1	-2
Interest received		3	11
Interest paid		-426	-323
Net cash flows from operating activities		49,526	126,909
Property, plant and equipment and non-current intangible assets		-174,866	-261,835
Subsidies for acquisition of non-current assets		105,148	114,542
Revenue from the sale of property, plant and equipment and non-current intangible assets		1,465	26,572
Net cash flows from investment activities		-68,253	-120,721
Cash receipts from dividends and other profit sharing		701	5
Cash receipts from loans and borrowings		14,987	60,091
Spending for loans and borrowings		-10,751	-15,091
Repayment of liabilities related to financial leasing		-4,149	-2,705
Net cash flows from financial activities		788	42,300
Net increase / decrease in cash and cash equivalents		-17,939	48,488
Cash and cash equivalents at the beginning of the year	12	120,005	71,518
Exchange differences on cash and cash equivalents		-1	-1
Cash and cash equivalents at the end of the year	12	102,066	120,005

Accounting policies and explanatory notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 COMPANY'S GENERAL INFORMATION

Železnice Slovenskej republiky was formed on 10 November 1993, pursuant to Act No. 258/1993 Coll. on Railways of Slovak republic of the National Council of the Slovak Republic dated 30 September 1993 (later amended by Act No. 152/1997 Coll. dated 14 May 1997 and Act No. 259/2001 Coll. dated 14 June 2001) and registered under number Po 312/B in the Commercial Register of the District Court I. in Bratislava.

Name:	Železnice Slovenskej republiky
Registered office:	Klemensova 8, 813 61 Bratislava
Registration number (IČO):	31 364 501
Tax Registration number (DIČ):	20 20 480 121
Legal form:	Iná právnická osoba zriadená zákonom č. 258/1993 Z. z. o Železničiach Slovenskej republiky

The Company is a legal successor of Železnice Slovenskej republiky, š. p., which was established on 1 January 1993, at the time of the separation of the former Czechoslovakia into the Czech Republic and Slovak Republic.

The founder of the Company is the Ministry of Transport and Construction of Slovak republic that although is not directly involved in the Company's day-to day operations, does oversee certain aspects of the business through representation on the Management Board of ŽSR.

The Company is in accordance with Act No. 540/2001 Coll. § 20, section 1 and § 21 section 1, registered as a public administration body (Note 2).

The Company's assets although it is recognized in the statement of financial position of the Company is owned by the Slovak Republic and it is entrusted to the Company except the right-of-use asset as defined in IFRS 16 - Leases (Note 2.2, Note 6, Note 19 and Note 22).

The Company cannot enter into credit relations of third parties as a guarantor; neither establishes a lien in favor of third parties to property belonging to the State. The Company is not a shareholder with unlimited liability in any company.

The bodies of ŽSR consist of the Management Board and General Director.

Management Board is the supreme body of ŽSR. It is composed of five members – four of them are experts from transport sector, expert on finances and law; and one member is elected representatives of the employees of the railways.

The members of Management Board of ŽSR as at 31 December 2020:

JUDr. Marek BALKO	chairman
Ing. Róbert SZÜCS	deputy chairman
Ing. Peter STRYČEK	member
Ing. Radovan MAJERSKÝ, PhD.	member
Mgr. František ZAPARANIK	member

The Company has established Audit Committee of Railways of the Slovak republic pursuant to the Act No. 423/2015 Coll. on Statutory Audit and on amendments and supplements to the Act No. 431/2002 Coll. on Accounting as amended, as at 31 December 2020 composed of:

Ing. Jana KRUPCOVÁ	chairman
Ing. Miroslav GARAJ	member
Ing. Andrea DURÁKOVÁ	member

The Audit Committee monitors process of preparing of the financial statements, process of auditing of financial statements and independence of the statutory auditor.

ŽSR are manager of railway infrastructure in accordance with the Contract on the Operation of Railway Infrastructure concluded with the Slovak republic as an owner of railway infrastructure represented by Ministry of Transport. Manager of infrastructure is obliged to ensure track in serviceable condition, to restore the track after an accident or extraordinary event, to maintain the track according to the projected specifications, development of the track in accordance with technical progress and with the requirements for safety and flow of traffic on the track, operation of railway infrastructure, organization and management of railway transport on the railway network.

Owner of the infrastructure provides funds for the operation of railway infrastructure in accordance with the Contract on the Operation of Railway Infrastructure. Owner of the infrastructure also provides subsidy in the form of capital transfer to develop and modernize property.

The Company's ability to continue as a going concern and to fulfil its investment program and other operating and financial commitments remains dependent upon continual support from State in the form of capital and operating subsidies.

The accounting period is one calendar year.

Financial statements for the previous period ended 31 December 2019 were approved by Management Board of ŽSR on 16 April 2020 in Bratislava.

For the year ended 31 December 2020 the Company reported loss of EUR 15,176 thousand (for the year ended 31 December 2019 loss of EUR 2,307 thousand).

2 BASIS OF PREPARATION

The Company prepares separate financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") in accordance with Accountancy Act No. 431/2002 Coll. § 17a, section 1 as amended. IFRS comprise standards and interpretations approved by EU committee.

The Company is part of the summary financial statements of public accounts of Slovak republic, compiled by Ministry of Finance of Slovak republic in accordance with Accountancy Act No. 431/2002 Coll. § 22a, section 3 as amended.

In accordance with Accountancy Act No. 431/2002 Coll. § 22, section 12 as amended, the Company is exempt from the requirement to prepare consolidated financial statements and consolidated annual report as compilation of separated financial statements does not significantly affect the financial situation, expenses, income and profit or loss of the consolidated group. Business names and registered office in which the Company has an ownership interest is disclosed in Note 7.

Separate financial statements ("financial statements") have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities and commitments in the normal course of business, and do not give effect to any adjustments that may be necessary should the Company be unable to continue as a going concern.

ŽSR's activities as well as the company's management were marked by an extraordinary global situation, which arose as a result of the spread of COVID-19. The negative impact or losses related to the suspension of international passenger transport, the decrease in domestic passenger transport due to restrictions on population mobility, the decrease in freight transport and restrictions on some activities (education, accommodation services) are included in the accounting and financial statements for 2020. The negative impact of COVID-19 continues also in 2021. The Company will include losses related to 2021 in the accounting and financial statements for 2021.

Financial statements have been prepared on a historical cost basis. Further below basic accounting principles are described.

Figures disclosed in ŽSR's separate financial statements for the year ended 31 December 2020 are presented in thousands of euro („EUR“), unless otherwise stated. Based on the economic nature of fundamental events and circumstances, the currency euro was defined as a presentation currency of the Company.

The Company for clearer presentation of items of financial statements restructured some of the information in the notes compared to the previous period. Comparative period has also been adjusted.

2.1 Use of estimates and judgments

Preparation of financial statements requires use of estimates, judgments and assumptions which affect the application of accounting policies and accounting principles and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may therefore differ from these estimates.

The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Provision for Employee benefits

The Company has a long-term employee benefit plan consisting of a one-off contribution upon retirement, bonus upon disabled retirement, compensating contribution and bonus upon life and work jubilees. Benefit value is paid based on reached age and length of service. These benefits are unfunded. The estimate of cost for providing these benefits is determined using a projected actuarial valuation method, so-called Projected Unit Credit Method. Under this method, all benefits costs are recorded in the Statement of comprehensive income that way in order to spread regularly repeated costs over the employment period. Liabilities from granting the benefits are valued at present value of foreseen future cash flows. Actuarial profits and losses from post-employment benefits are recognized in equity, others actuarial profits and losses are recognized in the Statement of comprehensive income.

Environmental Burden provision

Environmental burden provision is recorded if there is probable origin of costs to clean up the environment and can be measured reliably. The amount of the provision is the best estimate of necessary expenditures in future periods. Timing of these cash flows mirrors at the same time current assessment of priorities by the management, securing of technology and urgency of achieving these tasks.

Provision for legal claims

Provision for legal claims is created if the Company is sued by another entity in legal, administrative or other proceedings regarding paying a certain specific amount, where termination of the proceedings not in favor of the Company is more than probable. Management relies on own professional assessment upon assessing the forecasted results.

Provision for demolition of buildings

Provision for demolition of buildings is recognized if the Company has decided to demolish buildings or other operating equipment. Disposal of buildings are performed due to security reasons in cases where there is collapse of the object, the object is in a dilapidated condition and is unnecessary for operating activities and cannot be otherwise capitalized (sell or lease). Accounting for provision is based on expert estimate which corresponds to the future costs necessary for demolition of buildings.

The useful life of non-current assets

The Company estimates the useful life of non-current assets for the expected period of time that the asset will be available for use in the Company, taking into account the expected technical and moral depreciation. Economic useful life and depreciation method are reviewed annually, at a minimum, with the aim to ensure consistency of the depreciation method and period with the expected inflow of economic benefits from non-current assets.

2.2 Significant accounting policies

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are stated at cost less accumulated depreciation/amortization, while lands are carried either at cost or an administrative value assigned by the State (which is not necessarily intended to represent market value).

Original cost of non-current tangible assets and intangible assets includes purchase price including import duty and non-reversible taxes and all directly attributable costs related to putting the asset into working condition and to place it where it will be used. Acquisition cost also includes induced investments and interest costs related to the acquisition.

Limit (minimum value) for the reporting of tangible assets in non-current assets (except building, structures, lands and works of art) is set at higher than EUR 1,700 if the operational and technical function of property is longer than one year; limit (minimal value) for the reporting of intangible assets in non-current assets is set at higher than EUR 2,400 if operational and technical function of property is longer than one year. Technical appreciation of assets (modernizations, reconstructions, additional buildings, superstructures, rebuildings or building modifications) is capitalized in non-current assets to the asset if the minimum value of technical appreciation per year is more than EUR 1,700.

Assets under constructions represent non-current tangible assets and intangible assets and are reported at acquisition cost. This includes the costs directly related to acquisition of assets. The value of assets under constructions is reduced by the difference resulting from recalculation of non-current payables (retained sum) to present value, if its value is material. The value is significant if the difference between the nominal value of non-current liability and present value of non-current liability is more than EUR 5 million. Assets under constructions are not depreciated until the relevant asset is ready for use.

Each item of non-current tangible and intangible assets is depreciated using the straight-line method over its expected economic useful life. Depreciation and amortization commences on the first day of the month following the date the asset was put into use, except of asset under IFRS 16 – Leases which is being depreciated from the day it is put into use. Useful life for various types on non-current intangible and tangible assets are as follows:

- buildings 60 years
- structures from 10 to 100 years
- equipment and machinery from 5 to 30 years
- other non-current assets from 6 to 30 years
- intangibles from 3 to 25 years

Land and works of art are not depreciated.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and the useful life is significantly different from the useful life of the property as a whole is depreciated separately. The value originally assigned to the item of property, plant and equipment is divided relative to its significant parts and each part is depreciated separately.

An asset is removed from the Statement of financial position on disposal. The gain or loss on disposal are recognized in Statement of comprehensive income in profit or loss from operating activities.

The carrying values of property, plant and equipment and intangible assets are reviewed for impairment annually when events or changes in circumstances indicate the carrying value may not be recoverable.

If the event of such indications the estimate of recoverable amount of that asset is made to determine possible impairment loss. If the recoverable amount of an individual asset cannot be determined, the Company defines recoverable amount of cash-generating unit, which the asset belongs. The recoverable amount is the greater of fair value less costs to sell or value in use. The estimate of future cash flows is discounted to their present value using a pre-tax discount rate in assessing value in use that reflects current market assessment of the time value of money and risks specific to the assets.

Loss on impairment of assets is reported in the Statement of comprehensive income in the amount by which the carrying value of an asset exceeds its realizable value, which is the greater of net selling price of property or value in use.

If the Company decides to cease an assets under constructions or departs significantly from its planned completion, it reviews the potential decrease in value and records impairment. In case the Company has assets in use that is recognized on acquisition accounts, because of precautionary principle the Company records allowance in the amount of expected depreciation of assets acquired from own resources.

Expenditures incurred on non-current assets items after their being put into use increase their book value only if the Company can expect future economic benefits exceeding their original performance. All other expenditures are recorded as repairs and maintenance costs in the period to which they relate pertinently and timely.

At assets under construction within cost addition represents i) the value of acquired asset without putting into use in current year, ii) value of acquired asset with putting into use in current year, iii) creation of provision for unbilled investment supplies.

Disposal represents i) put asset into use from asset under construction to asset in use, where the asset is acquired in current year, ii) disposal charged to costs, iii) cancellation/reversal of provision for unbilled investment supplies.

Transfer represents transfer from asset under construction to asset in use, where the asset is acquired in previous periods.

At asset in use, within cost addition represents i) put asset into use from assets under construction to asset in use, where asset is acquired in current year, ii) put asset into use directly recorded to capital funds in equity.

Disposal of asset in use represents disposal of asset in use in current year.

Transfer represents transfer from asset under construction to asset in use, where the asset is acquired in previous periods.

Assets held for sale

Change in the classification of non-current assets to assets for sale occurs if the sale has been approved by Government resolution of Slovak Republic and decision to sell has been issued by Ministry of Transport by the end of 31 December, but the asset has not been removed from the current year's accounting records. On the date of the resolution, these assets cease to be depreciated and are recognized at a lower of book value and fair value less costs to sell.

Leased assets

At inception of a contract, the Company assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company uses definition of lease in accordance with IFRS 16. In assessing whether the contract includes the right to use the identified assets, the Company uses the definition of leasing under IFRS 16.

The Company elected not to separate non-lease components from lease components, the whole contract is accounted as lease.

At the commencement date, the Company recognize a right-of-use assets and a lease liability. Right-of-use assets measure at cost that comprise the amount of the initial measurement of the lease liability adjusted by any lease payments made at or before the commencement date, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset and restoring the site on which it is located.

Right-of-use assets is subsequently depreciated equally from the commencement date to the end of the lease.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset on the same basis as plant, property and equipment and intangible assets. In addition, the right to use is regularly reduced by any impairment losses and adjusted for any revaluation of the lease liability.

Initially, the lease liability is measured at the present value of the lease payments that are not paid at that date, discounted using the incremental borrowing rate of Company.

The Company determines the incremental borrowing rate by obtaining interest rates from various external sources of financing and makes certain adjustments to reflect the leasing conditions and the type of leased assets.

The lease payments included in the measurement of the lease liability comprise (i) fixed payments specifically defined in the contract and (ii) other payments if they are clearly identified in the contract and are more than likely to be reimbursed by the Company as the lessee.

Subsequently, the Company measures the lease liability by (i) increasing the carrying amount to reflect interest on the lease liability, (ii) reducing the carrying amount to reflect the lease payments made and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Company recognize right-of-use assets in the statement of financial position in „Intangible assets“ and „Other liabilities“.

The Company elected not to recognize the right-of-use assets and lease liabilities for low value leases (EUR 4,000 without VAT or less) and short-term leases (lease term of 12 months or less). The Company recognizes lease payments associated with these leases as an expense equally over the lease period in the statement of comprehensive income.

Investment property

Investment property mean assets determined for obtaining rental fees and originally valued at acquisition cost including transaction costs. After first time disclosure investment property is valued at acquisition costs less accumulated depreciation and impairment losses.

Financial investments

Shares in subsidiaries and associated companies and other investments are presented at their acquisition costs. Acquisition costs consist of related to acquisition and represent fair value of paid price and directly attributable transaction costs. Revenues related to financial investments, such as dividends, are recognized after the entry into the legal entitlement to dividends in the income statement within the financial income. Financial investments held for sale are revaluated to fair value in equity and the revaluation is recognized in other comprehensive income. When financial investment is sold, revaluation will be reclassified to profit or loss.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on a weighted average basis and includes acquisition cost plus costs related to the acquisition. Inventory is written down for any impairment of value equal to the difference between the acquisition cost and net realizable value. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale. The Company writes down slow moving and obsolete inventory based on the age structure of the periodic review and assessment of management. To ensure continuous immediate maintenance and repairs, the Company keeps constant backup and long-needed supplies in operating warehouses. These inventories are not write down.

Cash and cash equivalents

Cash and cash equivalents are formed by financial funds in bank or in hand and short-term deposits with a maturity of less than three months from date of acquisition with only low risk of change in value.

Foreign currency transactions

Transactions in foreign currencies are reported according to IAS 21 and are converted at the exchange rate as at the day before transaction day and as at the day of preparation of financial statements according to rates announced by the European Central Bank. All differences are reported in the Statement of comprehensive income. Non-monetary items in foreign currencies are not converted as at end of the reporting period and are reported in original value.

Financial assets

Under IFRS 9, financial assets are measured at (i) amortized cost, (ii) fair value through other comprehensive income, or (iii) fair value through profit or loss. The classification is based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

A financial asset is initially recognized at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Trade receivables that do not have a significant financing component are initially recognized at their transaction price as defined in IFRS 15. The Company derecognize a financial asset from the statement of financial position when the contractual rights to the cash flows from the financial asset expire or if the Company transfers substantially all the risks and rewards of ownership of the financial asset.

The Company recognized and measured all the financial assets at amortized cost.

Financial assets at amortized cost

The Company measures a financial asset at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets at amortized cost are trade and other receivables, cash and cash equivalents recognized in the statement of financial position. These assets are subsequently measured at amortized cost using the effective interest method.

The gain or loss on disposal of a previously recognized financial asset is recognized in profit or loss.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that is measured at amortized cost and contractual assets. The Company applies a simplified model of assessing and recognizing impairment losses on financial assets for trade receivables and short-term receivables, according to which an allowance is recognized for the amount of expected credit losses over the useful life of trade receivables at the time of their initial recognition. For trade receivables that contain a significant component of financing, the Company has chosen to measure an allowance in the amount of expected losses over its useful life.

Financial liabilities

A financial liability is initially recognized at its fair value minus transaction costs that are directly attributable to issue of the financial liability. The Company removes a financial liability from the statement of financial position when the liability is extinguished - when the obligation specified in the contract is discharged or cancelled or expires.

The Company classifies all financial liabilities as subsequently measured at amortized cost using the effective interest method. Interest and gains and losses on foreign currency translation are recognized in the statement of comprehensive income.

The Company's financial liabilities include trade payables, other payables and loans and borrowings.

The effective interest method is used to calculate the amortized cost of a financial liability and to allocate interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated amount of future cash payments over the expected economic life of the financial liability.

The gain or loss on disposal of the previously recognized financial liability is recognized in profit or loss.

Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognized when the Company has a present obligation (legal, contractual or non-contractual) as a result of a past event, it is probable that an outflow of resources representing economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of reporting period and the amount is adjusted to reflect current best estimate. The amount recognised as a provision represents present value of the expenditure, taking into account existing risks, that is expected to be settled. These expenditures are determined using the estimated fixed interest rate as a discount rate. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

State and EU subsidies

State subsidies are recognized at their fair value where there is reasonable assurance that the subsidy will be received and all attached conditions will be met. The claim for subsidy is recognized if asset will be financed from subsidy and received by the Company. Subsidies related to expense items are recognized as income over the periods necessary to match them on a systematic basis to the costs that they are intended to compensate. If a subsidy is related to the acquisition of a non-current asset, the fair value of the subsidy is credited to a deferred income account and released to the Statements of comprehensive income the expected useful life of the relevant asset by equal annual installments.

Revenue recognition

Revenues are recognized net of value added tax with taking into account discounts at the moment of transfer of control of goods or services to customer at an amount that ŽSR expects to be entitled exchange for those goods or services. The Company recognizes revenue from fees for access to railway infrastructure, sales of additional services of railway infrastructure, sales of energy, sales of telecommunications services and services of information technologies, revenue from real estate investments and other services based on five-step model to determine the moment, amount and recognition:

1. Identification of contracts with customer
2. Identification of performance obligations in the contract
3. Determination of transaction price
4. Allocation of transaction price to each performance obligation in the contract
5. Recognition of revenue when each performance obligation is satisfied under contract

Material adjustment of prior period costs and income

Upon recording prior period costs and income adjustment it is necessary to consider if the adjustment is material or not. Material adjustment is determined at a value of EUR 5 million recorded in current period. If balance of costs and income adjustments, recorded in current period, exceeds the determined value of EUR 5 million, these adjustments do not affect profit/loss of current year and are recognized in the Statement of financial position in equity.

Income tax

Income tax includes current income tax and deferred income tax.

Current income tax is calculated from profit or loss defined in accordance with valid Slovak regulations, adjusted for taxable expenses and non-taxable income. The rate of tax due is 21 %, the interest rate on the withholding tax is 19 %.

Deferred income tax is provided, using the balance sheet method, on all temporary differences as at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is recognized as income or expense excluding deferred tax recognized in equity.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively legalized as at the date that the financial statements are authorised for issue.

2.3 New accounting standards and interpretations

During the reporting period 2020, the Company applied the following new and revised IFRSs and IFRIC interpretations (the list does not contain new or amended standards and interpretations that are not relevant for the Company):

- Amendments to IAS 1 „Presentation of Financial Statements” and to IAS 8 „Accounting policies, changes in accounting estimates and errors”, Amendment concerning the definition of materiality, effective from 1 January 2020
- Revised Conceptual Framework for Financial Reporting, effective from 1 January 2020
- Amendments to IFRS 16 „Leasing” - Covid-19-related Rent Concessions, effective from 1 January 2020

The adoption of new and amended IFRS standards and interpretations had no impact on the Company’s financial statements.

The Company has not applied any standards issued after 31 December 2020 in preparing the financial statements:

- Amendment to IAS 1 “Presentation of Financial Statements”, amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period, effective from 1 January 2022
- Amendment to IAS 16 „Property, Plant and Equipment”, amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is “testing whether the asset is functioning properly” when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities, effective from 1 January 2022
- Amendment to IAS 37 „Provisions, Contingent Liabilities and Contingent Assets”, amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, effective from 1 January 2022

The Company expects that the adoption of these standards, amendments to existing standards and interpretations will not have a material impact on its financial statements in the period of initial application.

3 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company is exposed to various financial risks during performance of its activities, of which it identifies the most significant risks:

- credit risk,
- liquidity risk,
- interest rate risk.

Credit risk

The Company perceives the credit risk mainly in connection with trade receivables arising from business relationship with customers. Maximum risk of not paying represents the book value of each financial asset shown in the Statement of financial situation, less allowance for impairment.

The Company with respect to its position as manager of infrastructure is exposed to significant credit risk of an individual contractual party, as 7.89 % of receivables as at 31 December 2020 (as at 31 December 2019: 12.07 %) is due to from two of the most important customers: Železničná spoločnosť Cargo Slovakia, a. s., Bratislava ("ZSSK CARGO") and Železničná spoločnosť Slovensko, a. s., Bratislava ("ZSSK"), whose only shareholder is the State represented by Ministry of Transport and Construction of the Slovak republic.

The following table shows Company's receivables by maturity period in brutto:

	31 December 2020	31 December 2019
Receivables within maturity	59,045	50,973
Up to 1 month	9,876	8,570
From 1 to 3 months	13,972	12,695
From 3 to 12 months	10,998	5,491
From 1 to 5 years	24,002	23,999
Over 5 years	197	219
Receivables overdue	6,534	7,845
Total receivables	65,579	58,819

The Company does not define the credit risk associated with liquid assets deposited with financial institutions because contracting parties are reputable banks with high credit rating assigned to them or to their mother companies by international rating agencies.

Liquidity risk

The Company manages liquidity to limit the risk that it will not have the resources to cover its debts and liabilities at maturity. The Company manages its liquidity risk by continuously monitoring of planned and actual cash flows that are subsequently evaluated by the Company.

The following table shows loans and Company's payables by maturity period (payables do not include accounts of subsidiaries):

	Loans and borrowings		Payables		of which: lease liability	
	31 December		31 December		31 December	
	2020	2019	2020	2019	2020	2019
Payables within maturity	111,977	107,741	266,233	283,946	9,558	13,036
On demand	0	0	0	0	0	0
Up to 1 month	0	1	47,375	58,084	105	6
From 1 to 3 months	0	0	22,468	22,910	0	98
From 3 to 12 months	11,500	10,750	39,698	37,451	3,511	3,456
From 1 to 5 years	50,500	49,000	58,594	65,084	5,942	9,476
Over 5 years	49,977	47,990	98,098	100,417	0	0
Payables overdue	0	0	226	571	0	0
Total payables	111,977	107,741	266,459	284,517	9,558	13,036

Interest rate risk

Company's current bank loans have a floating interest rate bound to the 6-month EURIBOR and fixed interest rate. The Company does not use derivative financial instruments for securing interest rate risks.

Due to the development of interest rates on the banking markets, since January 2020, banks have been introducing fees / negative interest rates above a certain amount of deposits in bank accounts. The company monitors conditions in banks and manages the balances of funds in bank accounts so that negative interest rates affect the Company as little as possible.

Sensitivity analysis to interest rate risk

Sensitivity analysis was prepared assuming that the amount of liability outstanding as at the reporting date will be settled at the maturity date of the loan. If the 6-month Euribor was at zero level, respectively with negative value, payables would bearing the interest rate equal to margin.

If the 6-month Euribor increased by 1 % and all other variables remained constant, the profit of the Company would change as follows:

Increase (decrease) of interest rate	Impact on profit before tax
in % p. a.	for 1 year period in thousands of EUR
6ME + 1 % / 6ME rate = 0 % p. a.	-527 / no impact

Managing capital risk

The aim of the Company upon capital risk management is to ensure ability of the Company to continue as a going concern and keep reasonable capital structure while decreasing costs. Managing capital risk is directly ensured by top management.

The Company monitors indebtedness using gearing ratio with following values at year-end:

	31 December 2020	31 December 2019
Debt (Note 14)	111,977	107,741
Cash and cash equivalents (Note 12)	102,066	120,006
of which purposefully bound cash of CEF, SIH	57,211	60,058
Net debt	67,122	47,793
Equity	1,665,678	1,679,733
Ratio Net debt to Equity	4.03%	2.85%



4 PROPERTY, PLANT AND EQUIPMENT

	Buildings and infrastructure	Lands	Machinery, Equipment and other assets	Assets under construction	Total
Cost					
As at 1 January 2019	4,428,357	525,106	1,049,148	596,438	6,599,049
Additions	29,745	3,559	12,612	243,330	289,246
Disposals	-38,539	-2,106	-11,918	-44,849	-97,412
Transfers	218,415	3,192	42,087	-263,694	0
Transfer to investment property (Note 5)	-3,785	-1,081	0	0	-4,866
Transfer from investment property (Note. 5)	213	2,285	0	0	2,498
As at 31 December 2019	4,634,406	530,955	1,091,929	531,225	6,788,515
Accumulated depreciation / Impairment					
As at 1 January 2019	2,332,809	174	847,195	15,072	3,195,250
Additions	95,487	0	53,876	1,252	150,615
Disposals	-16,823	-9	-9,511	-4,473	-30,816
Transfers	5,372	0	5,765	0	11,137
As at 31 December 2019	2,416,845	165	897,325	11,851	3,326,186
Net book value					
As at 1 January 2019	2,095,548	524,932	201,953	581,366	3,403,799
As at 31 December 2019	2,217,561	530,790	194,604	519,374	3,462,329
Cost					
As at 1 January 2020	4,634,406	530,955	1,091,929	531,225	6,788,515
Additions	32,441	1,253	4,719	193,359	231,772
Disposals	-13,673	-501	-21,000	-57,461	-92,635
Transfers	107,507	3,730	35,802	-147,039	0
Transfer to investment property (Note 5)	-94	-363	0	0	-457
Transfer from investment property (Note 5)	2,145	1,146	0	0	3,291
As at 31 December 2020	4,762,732	536,220	1,111,450	520,084	6,930,486
Accumulated depreciation / Impairment					
As at 1 January 2020	2,416,845	165	897,325	11,851	3,326,186
Additions	91,360	0	45,225	2,920	139,505
Disposals	-12,222	0	-20,896	-485	-33,603
Transfers	2,108	0	1,477	0	3,585
As at 31 December 2020	2,498,091	165	923,131	14,286	3,435,673
Net book value					
As at 1 January 2020	2,217,561	530,790	194,604	519,374	3,462,329
As at 31 December 2020	2,264,641	536,055	188,319	505,798	3,494,813

Part of non-current assets as at 31 December 2020 is railway infrastructure assets in use in original cost in the amount of EUR 6,032,937 thousand (as at 31 December 2019: EUR 5,878,176 thousand) and in carrying value in the amount of EUR 2,890,657 thousand (as at 31 December 2019: EUR 2,846,559 thousand) of which assets acquired from subsidies in carrying value in the amount of EUR 1,300,713 thousand (as at 31 December 2019: EUR 1,258,600 thousand) and assets held for sale as at 31 December 2020 in carrying value of EUR 324 thousand (as at 31 December 2019: EUR 294 thousand).

Acquisition cost of all fully written off property, plant and equipment that are utilized by the Company as at 31 December 2020 is in the amount of EUR 1,777,267 thousand (as at 31 December 2019: EUR 1,666,912 thousand). Temporary unused assets in original cost are in the amount of EUR 33,853 thousand (as at 31 December 2019: EUR 31,615 thousand) and in carrying value in the amount of EUR 21,064 thousand (as at 31 December 2019: EUR 19,648 thousand).

The Company administers land that is still subject to the resolution of title claims and which had an administrative value assigned to it by the State of EUR 26,517 thousand (as at 31 December 2019: EUR 26,577 thousand) and which is not reflected in the Company's statement of financial position. Company is engaged in resolving these claims. During the year 2020, title to land was not transferred to the Company and capitalized in its statement of financial position (as at 31 December 2019: EUR 230 thousand). Administrative values assigned to land already reflected in the Company's statement of financial position were revised upward by an amount of EUR 595 thousand (as at 31 December 2019: EUR 1,515 thousand). These adjustments are recorded directly to Capital funds in Equity by calculating the general book value of land. This is the land acquired under the register of renewed land registration carried out by Land Register where the landowner has always been the Slovak republic, the land manager has always been the Company but the land has not been recorded in the Company's assets. The Company also manages land in the amount of EUR 23,323 thousand (as at 31 December 2019: EUR 27,555 thousand) reported on acquisition account and the Company is heavily involved with their transfer into use. During the year 2020, land were transferred into use in the amount of EUR 4,131 thousand (in 2019: EUR 6,633 thousand).

The Company reports on acquisition account constructions that are in use. The Company is intensively engaged in their reclassification into use, followed by applying depreciation. The Company recorded capitalized borrowing costs due to financing of constructions in the amount of EUR 60 thousand (in 2019: EUR 1 thousand) (Note 14).

Low-value tangible assets not included in the Statement of financial position as at 31 December 2020 is in the amount of EUR 38,801 thousand (as at the date of inventory of 2019: EUR 36,620 thousand). These are asset items with a value of up to EUR 1,700 that are registered in the operational records of tangible assets in historical acquisition costs and are charged to costs at the time of acquisition.

The Company considered reality of valuation of assets and liabilities as at 31 December 2020. Following determined facts about reality of assets valuation that indicated assets impairment, recoverable amount has been determined. Recoverable amount (higher value of its fair value less costs to sell and value in use) was defined by the expert's opinion or assessment at individual assets.

Progress in allowances for property, plant and equipment:

	Buildings and infrastructure	Lands	Machinery, Equipment and other assets	Assets under construction	Total
Allowances					
As at 1 January 2019	4,020	174	10	15,072	19,276
Creation	1,369	0	29	1,252	2,650
Reversal	0	0	0	-3,362	-3,362
Reversal of impairment loss	-635	-9	-3	-1,111	-1,758
Transfers	-8	0	8	0	0
As at 31 December 2019	4,746	165	44	11,851	16,806
As at 1 January 2020	4,746	165	44	11,851	16,806
Creation	734	0	1	2,920	3,655
Reversal	0	0	0	-390	-390
Reversal of impairment loss	-983	-1	-12	-95	-1,091
Transfers	3	0	-3	0	0
As at 31 December 2020	4,500	164	30	14,286	18,980

Company's property insurance (real estate assets, movable property) is concluded in a reputable insurance company for various types of risks and for various insurance amounts (maximum annual insurance claim is in the amount of EUR 40,000 thousand for natural hazards with the exception of floods). ŽSR has also liability insurance (annual benefit limit is EUR 2,000 thousand). The Company records received and claimed insurance claims in the amount of EUR 1,680 thousand (in 2019: EUR 4,593 thousand).

5 INVESTMENT PROPERTY

	Buildings and infrastructure	Lands	Total
Cost			
As at 1 January 2019	41,069	13,642	54,711
Additions	0	0	0
Disposals	-55	-95	-150
Transfer from Property, Plant and Equipment (Note 4)	3,785	1,081	4,866
Transfer to Property, Plant and Equipment (Note 4)	-213	-2,285	-2,498
As at 31 December 2019	44,586	12,343	56,929
Accumulated depreciation / Impairment			
As at 1 January 2019	21,713	0	21,713
Additions	627	0	627
Disposals	-176	0	-176
Transfers	1,315	0	1,315
As at 31 December 2019	23,479	0	23,479
Net book value			
As at 1 January 2019	19,356	13,642	32,998
As at 31 December 2019	21,107	12,343	33,450
Cost			
As at 1 January 2020	44,586	12,343	56,929
Additions	0	0	0
Disposals	-11	-7	-18
Transfer from Property, Plant and Equipment (Note 4)	94	363	457
Transfer to Property, Plant and Equipment (Note 4)	-2,145	-1,146	-3,291
As at 31 December 2020	42,524	11,553	54,077
Accumulated depreciation / Impairment			
As at 1 January 2020	23,479	0	23,479
Additions	650	0	650
Disposals	-133	0	-133
Transfers	-1,008	0	-1,008
As at 31 December 2020	22,988	0	22,988
Net book value			
As at 1 January 2020	21,107	12,343	33,450
As at 31 December 2020	19,536	11,553	31,089

According to IAS 36 – Impairment of Assets, as at 31 December 2020 the Company recognized allowance in the amount of EUR 1,754 thousand (as at 31 December 2019: EUR 1,876 thousand).

Allowances for IAS 40	Year 2020	Year 2019
As at 1 January	1,876	1,998
Creation	0	0
Reversal	-122	-122
Reversal of impairment loss	0	0
As at 31 December	1,754	1,876

The following table presents assets disclosed at fair value:

Assets	Level 1	Level 2	Level 3
Hospital	0	26,970	0
Land	0	2,072	23,806
Building	0	1,314	11,618

Estate properties rented as a whole or offered for rent are recorded in investment property, for instance hospitals and clinics, apartment buildings and offices, hostels, guard houses, garages, stops and land related.

There were available expert valuations of property to determine fair value of hospitals, lands and buildings and therefore their fair values are reported at level 2 as at 31 December 2020.

The different levels have been defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities.

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 for the asset or liability that are not based on observable market data.

Valuation techniques used to derive fair values at the level 2 and level 3

The fair value of real estate investment at level 2 and level 3 as at 31 December 2020 is in the amount of EUR 65,826 thousand (as at 31 December 2019: EUR 70,067 thousand). All appropriate method were used to determine the fair value of the investment, in the case of expert property valuation, objectification method expertly determined general value of the relevant assets was primarily used. In case of lands this method was used to determine fair value for a total 465 property items (as at 31 December 2019: 523), simplified method of positional differentiation was used for a total 1,383 items (as at 31 December 2019: 1,410), income method was used for a total 474 items (as at 31 December 2019: 490) and acquisition cost method was used for a total 362 items (as at 31 December 2019: 375).

The fair value of buildings was determined by time value method for a total 427 items (as at 31 December 2019: 444), simplified income method for a total 60 items (as at 31 December 2019: 65), objectification method expertly determined general value for a total 68 items (as at 31 December 2019: 72), acquisition cost method for a total 66 items (as at 31 December 2019: 70), and qualified estimate was used for a total 60 items (as at 31 December 2019: 61).

Costs related with investment property represent the amount of EUR 794 thousand (as at 31 December 2019: EUR 945 thousand) and revenues related with investment property represent the amount of EUR 2,977 thousand (as at 31 December 2019: EUR 3,003 thousand).



6 INTANGIBLE ASSETS

	Capitalized Development Cost	Software	Assets under construction	Right of use	Total
Cost					
As at 1 January 2019	12	36,827	4,197	1,512	42,548
Additions	0	1,307	3,977	13,551	18,835
Disposals	-8	-35	-1,350	-65	-1,458
Transfers	0	3,483	-3,483	0	0
As at 31 December 2019	4	41,582	3,341	14,998	59,925
Accumulated depreciation / Impairment					
As at 1 January 2019	11	22,969	321	0	23,301
Additions	0	5,060	0	2,221	7,281
Disposals	-8	-35	0	-67	-110
Transfers	0	0	0	0	0
As at 31 December 2019	3	27,994	321	2,154	30,472
Net book value					
As at 1 January 2019	1	13,858	3,876	1,512	19,247
As at 31 December 2019	1	13,588	3,020	12,844	29,453
Cost					
As at 1 January 2020	4	41,582	3,341	14,998	59,925
Additions	0	1,017	1,471	15	2,503
Disposals	0	-1,820	-551	-62	-2,433
Transfers	0	1,736	-1,736	0	0
As at 31 December 2020	4	42,515	2,525	14,951	59,995
Accumulated depreciation / Impairment					
As at 1 January 2020	3	27,994	321	2,154	30,472
Additions	0	5,227	252	3,590	9,069
Disposals	0	-1,820	0	-90	-1,910
Transfers	0	0	0	0	0
As at 31 December 2020	3	31,401	573	5,654	37,631
Net book value					
As at 1 January 2020	1	13,588	3,020	12,844	29,453
As at 31 December 2020	1	11,114	1,952	9,297	22,364

Non-current intangible asset has definite useful life except licence agreement on use of collected work "The History of ŽSR". Useful life on Property, Plant and Equipment is definite; it is specified according to real useful life and for various types of Property, Plant and Equipment in the range from 3 to 25 years.

According to IAS 36 – Impairment of Assets, the Company recorded allowance for assets under construction in the amount of EUR 252 thousand (as at 31 December 2019: EUR 321 thousand). As at 31 December 2020 the Company recognized allowance for assets under construction in the amount of 573 thousand (as at 31 December 2019: EUR 321 thousand).

The Company recognizes "Right of use" from lease in "Intangible assets". Right-of-use assets includes lease of buildings, structures, power and propulsion machinery and equipment, working machinery and equipment, means of transport and land.

	year 2020	year 2019
interest expense on lease liabilities	227	194
the expense relating to short-term leases	2	3
the expense relating to leases of low-value assets	2	2

The carrying amount of right-of-use assets and depreciation charge at the end of the reporting period by class of underlying asset:

Right-of-use assets	Carrying amount 31 December 2020	Carrying amount 31 December 2019	Depreciation 2020
Buildings	288	310	-36
Structures	451	508	-56
Power and propulsion machinery and equipment	25	28	-3
Working machinery and equipment	8	9	-1
Means of transport	8,069	11,478	-3,347
Land	455	511	-57
Right-of-use assets total	9,296	12,844	-3,500

Total cash outflow for leases for 2020 represents amount of 4,149 thousand (as at 31 December 2019: EUR 2,705 thousand).

7 FINANCIAL INVESTMENTS

	Subsidiaries	Associated companies	Other investments	Total 2020	Total 2019
Opening balance as at 1 January	1,009	4,489	151	5,649	5,649
Additions	0	1,975	0	1,975	0
Disposals	0	0	0	0	0
Closing balance as at 31 December	1,009	6,464	151	7,624	5,649

Additions in associated companies in the amount of EUR 1,975 thousand represents acquisition of financial investments – increase in share capital contribution of Breitspur Planungs GmbH.

Structure of capital participation as at 31 December 2020 is as follows:

Name	Amount of Equity	Profit / Loss	Country of registration	Share of equity in %	Core business
Subsidiaries					
Stabilita, d. d. s., a. s., Košice (Note 41)	7,284	582	Slovakia	55.26	Management of supplementary pension funds
Associated companies					
ŽPSV, a. s., Čaňa (Note 41)	6,109	202	Slovakia	41.06	Manufacturing of concrete products, prefabricated components and structures for construction purposes
Breitspur Planungs GmbH, Wien	742	-2,152	Austria	25.00	The planning and continuation of rail infrastructure with gauge 1,520 mm from the borders of Ukraine through Slovakia to and in Austria
Other investments					
HIT RAIL, b. v., Amsterdam, Netherland	3,170	52	Netherland	4.00	Implementation of the interconnection of information systems within the UIC

The Company STABILITA, d. d. s., a. s. is the legal successor of the subsidiary STABILITA Servis, s. r. o. as a result of merger, in which held a 100% shareholding, and carried out technical and service activities and provides an economic asset management for the parent company. Other companies do not have any shares in other companies.

8 NON-CURRENT RECEIVABLES

	31 December 2020	31 December 2019
Non-current trade receivables	56	72
Advances given	5,642	5,651
Receivables from sale of flats	194	220
Other non-current receivables	24	28
Claims for subsidies	18,283	18,247
Allowances for receivables	-5,595	-5,402
Total non-current receivables	18,604	18,816

In non-current receivables, the Company recorded claims for capital subsidies to capital liabilities from constructions where there is certainty that the subsidies will be drawn in future periods in the amount of EUR 18,283 thousand (as at 31 December 2019: EUR 18,247 thousand). It is a claim for the modernization of railway track "Púchov – Žilina", phase I, track section "Púchov – Považská Teplá" in the amount withheld.

Progress in allowances for non-current receivables:

As at 31 December 2019	5,402
Creation	193
Reversal	0
As at 31 December 2020	5,595

Allowances are recorded for advances given for the acquisition of non-current assets.

9 INVENTORIES

	Cost 2020	Book value 2020	Cost 2019	Book value 2019
Products of engineering and metal industry	5,301	3,329	6,613	4,578
Products of electro-technical industry	4,414	2,349	4,962	2,720
Products of steel industry	3,015	2,700	4,842	3,638
Products of chemical industry	1,139	947	1,284	1,065
Personal protective equipment and uniforms	490	472	527	503
Building materials and products of wood industry	1,227	1,035	3,098	2,905
Other materials	522	387	519	409
Total inventories	16,108	11,220	21,845	15,818

The Company recorded allowances for slow moving and obsolete inventories following comparison of valuation with net realizable value as at 31 December 2020.

Progress in allowances for inventories:

Balance as at 31 December 2019	6,027
Creation	2,891
Disposal of inventories	-275
Dissolution of relevance	-3,755
Balance as at 31 December 2020	4,888

10 CURRENT TRADE RECEIVABLES

	31 December 2020	31 December 2019
Trade receivables	15,656	15,028
of which receivables from ZSSK CARGO for railway infrastructure for year 2010	0	3,737
Advances given	206	223
Other trade receivables	1,351	1,785
Allowances for receivables	-3,464	-2,826
Total current receivables	13,749	14,210

Overdue receivables are in the amount of EUR 4,815 thousand (as at 31 December 2019: EUR 7,845 thousand). Trade receivables are interest-free and generally due from 14 to 60 days (Note 3).

Progress in allowances for bad and doubtful receivables:

	Allowances for bad and doubtful short-term receivables	Of which: Allowances for debtors in bankruptcy
Balance as at 31 December 2019	2,826	1,224
Creation	1,656	171
Reversal because of receivable write-off	-533	-324
Reversal because of full or partial collection	-485	-6
Balance as at 31 December 2020	3,464	1,065

11 OTHER RECEIVABLES AND ASSETS

	31 December 2020	31 December 2019
Other receivables	8,887	3,501
State receivables	14,059	11,729
Prepaid expenses	1,221	2,336
Allowances for receivables	-1,693	-104
Total other receivables	22,474	17,462

In state receivables the Company recorded claims for capital subsidies to capital liabilities from constructions where there is certainty that the subsidies will be drawn in future periods in the amount of EUR 10,568 thousand (as at 31 December 2019: EUR 10,339 thousand). The highest claim is for the modernization of railway track "Púchov – Žilina", phase I., track section "Púchov – Považská Teplá" in the amount of EUR 4,900 thousand for invoiced work. State receivables also includes claim for compensation of financial impact associated with reduction of charges for access to railway infrastructure for cargo carriers in the amount of EUR 1,646 thousand. The claim relates to granting of discounts to carriers until 31 December 2020 (Note 24). Also in states receivables the Company recorded receivable from excess VAT in the amount of EUR 1,845 thousand (as at 31 December 2019: EUR 1,414 thousand).

Progress in allowances for other receivables:

Balance as at 31 December 2019	104
Creation	1,618
Reversal because of receivables write-off	-26
Reversal because of full or partial collection	-3
Balance as at 31 December 2020	1,693

12 CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash on hand	35	75
Cash in bank	102,031	119,931
Total cash and cash equivalents in statement of financial position	102,066	120,006
Credit cards	0	-1
Total cash and cash equivalents in statement of cash flow	102,066	120,005

Cash and cash equivalents include received loan in the amount of EUR 25,714 thousand (as at 31 December 2019: EUR 30,000 thousand) for the purchase of diagnostic vehicles and also advances purposefully bound for financing of Connecting Europe Facility („CEF“) projects in the amount of EUR 31,497 thousand (as at 31 December 2019: EUR 30,058 thousand). Projects are aimed at improving of transport, energy and telecommunication network of European Union.

The advance payments are used to continuous finance the work carried out on approved individual projects.

Advance payments as at 31 December 2020 are bound to following projects:

Modernization of railway track	(in thousand EUR)
„Devínska Nová Ves - state border Slovak republic / Czech Republic“	16,656
„Žilina – Košice“, track section „Liptovský Mikuláš - Poprad Tatry (except) – phase 1 (Poprad – Lučivná)“	9,031
Finishing of Marshalling yard „Žilina Teplička“ (Hub Žilina) and related railway infrastructure in Hub Žilina – section Žilina (except) - Varín	2,551
Modernization of corridor - state border Slovak republic / Czech Republic - Čadca - Krásno nad Kysucou	2,325
„Devínska Nová Ves - state border Slovak republic / Czech Republic“; track section „Malacky (except) – Kúty“, project documentation	887
Implementation of GSM-R on railway track Varín – Košice – Čierna nad Tisou, state border	47

Interest rates on deposits on current accounts in banks ranged from -0.5 % p. a. to 0.15 % p. a..



13 EQUITY

Registered capital represents the State's investment in the Company in the form of cash and assets. Total capital is in the amount of EUR 800,170 thousand and there was no change in this area compared to previous accounting period.

Based on the Management Board Decision on 16 April 2020, loss from previous accounting period in the amount of EUR 2,307 thousand was used with surplus reserve fund.

Capital funds includes capital contributions that do not increase share capital of the Company. The state studies the legal title and the value of the land managed by the Company and on the basis of which periodically adds assets to the Company and corrects administrative values. During the year 2020, administrative value of lands were corrected in the amount of EUR 596 thousand (as at 31 December 2019: EUR 1,745 thousand).

Capital funds also includes re-measurements of post-employment benefits in accordance with IAS 19 based on projected actuarial valuation method and deferred tax related to re-measurements of post-employment benefits. The cumulative value from the re-measurements of post-employment benefit was reclassified from Earnings from previous periods. The comparative period has been adjusted in statements.

The legal reserve fund is created in accordance with Act No. 258/1993 Coll. § 15 as amended and supplemented by the amount of at least 5 % of earnings, up to a maximum of 5 % of the value of the assets the Company has right manage with, less the value of the railway infrastructure. The carrying value of the managed assets less the value of the railway infrastructure as at 31 December 2020 is in the amount of EUR 212,254 thousand (as at 31 December 2019: EUR 201,613 thousand). The legal reserve fund is in the amount of EUR 19,597 thousand (as at 31 December 2019: EUR 21,904 thousand), which represent more than 5 % of the value of assets less the value of railway infrastructure.



14 LOANS

	31 December 2020	31 December 2019
Short-term loans and current portion of long-term loans		
Euro		
Tatra banka - capital expenditure loan, maturity 31 December 2021	10,000	10,000
Tatra banka - capital expenditure loan, maturity 31 December 2021	1,500	750
	11,500	10,750
Credit cards	0	1
Total Short-term loans and current portion of long-term loans	11,500	10,751
Loans		
Euro		
Tatra banka - capital expenditure loan, maturity 30 June 2026	42,740	52,740
Tatra banka - capital expenditure loan, maturity 31 December 2027	27,750	14,250
SIH, maturity 31 December 2042	29,987	30,000
Total Long-term loans	100,477	96,990
Total loans	111,977	107,741

In 2020, the balance of capital expenditure loan from Tatra banka was drawn in the amount of EUR 15,000 thousand for funding capital actions.

Loan provided by National Development Fund II., a. s. (SIH) was reduced in 2020 to the level of the price per work in accordance with the concluded contracts for the purchase of diagnostic vehicles for measuring track geometric position and rail flaw detection. The amount of EUR 4,273 thousand from the drawn loan was used to pay for the 1st stage of delivery. Use of the loan is in accordance with the schedule of deliveries until 30 December 2022.

The amount of interest for the year 2020 is in the amount of EUR 199 thousand, of which interest expenses are in the amount of EUR 139 thousand (for the year 2019: EUR 128 thousand). Interest recorded. Interest recorded within acquisition cost of investments is in the amount of EUR 60 thousand (in 2019: EUR 1 thousand) (Note 4).

15 STATE AND EU SUBSIDIES

Operational Programme Integrated Infrastructure 2014 - 2020 (OPII)

Within the project Operational Programme Integrated Infrastructure 2014 – 2020, in 2020 the Company drew capital subsidies in total amount of EUR 54,572 thousand (in 2019: EUR 65,622 thousand) for the actions listed below.

	2020	2019
Priority axis No. 1		
Railway track "Púchov – Žilina", phase I., track section "Púchov - Považská Teplá"	36,206	62,691
Transport hub Bratislava - feasibility study	0	779
Finishing of Marshalling yard "Žilina Teplička" (Hub Žilina), PD	0	78
Priority axis No. 3		
Train stop Pezinok - parking lot for individual car transport, PD	1	1
Train stop Ivanka pri Dunaji - parking lot for individual car transport, PD	4	1
Train stop Pezinok - parking lot for individual car transport, realization	185	1,758
Train stop Ivanka pri Dunaji - parking lot for individual car transport, realization	1,637	0
Priority axis No. 5		
Communication infrastructure of telematics services	16,510	0
Electrification of railway track "Bánovce nad Ondavou – Humenné", PD	29	314
	54,572	65,622

In 2020 the Company returned EU and State budget funds for OPII projects in the total amount of EUR 50 thousand due to corrections and irregularities.

Capital subsidies from state budget

In 2020 the Company drew capital subsidies from state budget under contract of category of budget of Ministry of Transport in the amount of EUR 43,054 thousand (as at 31 December 2019: EUR 65,635 thousand). From the above subsidy, investment projects were provided as follows:

	2020	2019
Construction and renovation of railway network	20,330	40,635
Of which reconstruction of rail-rack "Štrba - Štrbské Pleso"	12,010	0
Co-financing beyond the financial gap (OPII)	22,724	25,000
Of which the most significant drawing to investment projects:		
Railway track "Púchov – Žilina", phase I., track section "Púchov - Považská Teplá"	15,979	23,187
Communication infrastructure of telematics services	4,626	0
Finishing of Marshalling yard "Žilina Teplička" (Hub Žilina), PD	1,250	890
	43,054	65,635

Within interministerial subprogram Support of defence, under Contract for provision of funds, funds in the amount of EUR 400 thousand were allocated from Ministry of Transport of the Slovak republic in 2020 (in 2019: EUR 400 thousand). From drawn transfers, funds in the amount of EUR 680 thousand were used for the construction of loading and unloading spaces and access roads in Sása Pliešovce. Unused funds were transferred to the following period.

Claim for subsidies

The Company records claims for capital subsidies to capital liabilities from constructions where there is certainty that the subsidies will be drawn in future periods. The highest claim for subsidy is for project of modernization of railway track in track section "Púchov - Považská Teplá" in the amount of EUR 23,147 thousand.

Balance of state and EU subsidies

Balance as at 31 December 2019	1,628,979
Drawing on subsidies	
Operational Programme Integrated Infrastructure 2014-2020	54,572
Capital subsidies from state budget	43,739
Claim for subsidies (increase)	264
Release of the subsidy in the amount of depreciation and refunds	69,466
Use of the subsidy to increase to increase the registered capital	1,975
Use of the advance payment of CEF (increase)	3,947
Balance as at 31 December 2020	1,664,010
Of which short term portion	1,598,391
long term portion	65,619



16 ACCRUALS

	31 December 2020	31 December 2019
Received free of charge depreciable non-current asset	13,651	13,824
Received free of charge material – COVID-19	12	0
Other accrued income	190	190
Prepaid expenses	10	81
Total accruals	13,863	14,095

The most significant items of received free of charge depreciable non-current asset represent mainly received objects of induced investments from company Národná diaľničná spoločnosť, a. s. in carrying value of EUR 3,204 thousand (as at 31 December 2019: EUR 3,304 thousand), received donated adjustments of signalling systems from company Žilina Invest, s. r. o. in carrying value of EUR 1,962 thousand (as at 31 December 2019: EUR 2,191 thousand) and objects of induced modifications from Ministry of Transport in carrying value of EUR 844 thousand (as at 31 December 2019: EUR 876 thousand).

17 PROVISIONS

	31 December 2020	31 December 2019
Environmental burden – long-term portion	12,404	12,590
– short-term portion	206	206
Legal claims	1,842	2,039
Provisions for demolition of buildings	2,125	2,617
Total provisions	16,577	17,452

Progress in provisions:

	Environmental burden provision	Provision for legal claims	Provisions for demolition of buildings	Total provisions
Balance as at 31 December 2019	12,796	2,039	2,617	17,452
Creation	0	226	226	452
Interest expense	20	0	0	20
Cancellation as not justified	-1	-366	-629	-996
Reversal due to provision drawing	-205	-57	-89	-351
Balance as at 31 December 2020	12,610	1,842	2,125	16,577

Environmental burden provision

The Company recorded a provision for estimated costs relating to remedy former environmental damages caused by soil and underground water pollution. The amount of the provision has been determined on the basis of an estimate prepared by the Company's internal environmental team. Drawing of the provision is forecasted within a timeline of the next 1 – 10 years. In 2020, there has been continuation of the elimination of old environmental burdens in Čierna nad Tisou from the Company's resources. In compliance with environmental policy, the Company reviewed recorded provision. On that basis no environmental burden had to be removed from the list. Cancellation of provisions is in the amount of EUR 1 thousand. Long-term portion of provision is calculated by a fixed interest rate of 2.0 % as at 31 December 2020 (as at 31 December 2019: 2.0 %).

Interests from discounting as a result of the passage of time are in the amount of EUR 20 thousand (as at 31 December 2019: 11 thousand).

Provision for legal claims

Reported amounts represent provision for certain legal claims raised against the Company. Management believes, after consultations with internal lawyers, that no significant liabilities will arise as a result of raising these legal claims, except for those for which the provision has been created. After reviewing of the evidence, the management of the Company presumes, it is probable as a result of settlement of legal claims, that the Company will have to incur financial resources in the amount of EUR 1,842 thousand (as at 31 December 2019: EUR 2,039 thousand).

Provision for legal claims is not discounted because the time of termination of proceedings is not known.

Provision for demolition of buildings

In accordance with the principles for provisions, as at 31 December 2020 the Company recorded provision in the amount of future costs for demolition of buildings and operating equipment, which are in poor technical condition.

The amount of provision has been determined on the basis of an expert estimate of costs to perform demolition, including related costs for landscaping. Provision as at 31 December 2020 is in the amount of EUR 2,125 thousand (as at 31 December 2019: EUR 2,617 thousand).

Provision relates to buildings - objects such as guard houses, railway stations, warehouses, signal boxes, traction lines and others whose poor technical conditions does not enable its operational use, moreover threatens public safety. Its disposal will be carried out by own activity (gradual dismantling, using the mechanism) or by supplier – authorized person providing professional leadership and hazardous waste disposal (e.g. asbestos etc.).

18 EMPLOYEE BENEFITS

	31 December 2020	31 December 2019
Employee benefit - long -term portion	42,543	44,432
- short-term portion	3,788	3,663
Total employee benefit	46,331	48,095

Progress in employee benefit:

	2020	2019
Balance as at 1 January	48,095	43,425
Creation	3,162	2,661
Reversal due to provision drawing	-3,218	-1,914
Re-measurement of post-employment benefit	-1,708	3,923
Balance as at 31 December	46,331	48,095

Employee benefit provision

As at 31 December 2020 the Company recognized provision in the amount of EUR 46,331 thousand (as at 31 December 2019: EUR 48,095 thousand) for covering an estimated liability relating to bonus upon retirement or disabled retirement, bonus upon life and work jubilees and compensating contribution due to decrease in health capability of an employee (Note 34).

The Company has defined benefit plans based on which pays out a one-off retirement bonus amounting to EUR 100 for each year worked. A jubilee bonus upon reaching age of 50 and 60 years is paid out depending on the number of years worked ranging from EUR 100 (up to 10 years) to EUR 700 (over 35 years).

None of these programs is financially independent. The amount of the provision has been determined by using projected unit credit method based on financial and actuarial variables and assumptions which are reflections of official statistical data and are in accordance with the Company's business plan assumptions.

The Company does not have prepared any detailed plan to reduce the number of employees as at the day of preparation of financial statements.

Main actuarial assumptions used:

Discount rate	0.95 % p. a.
Future salary increases	in 2021 by 0 % p. a., in 2022 by 1.9% and in subsequent years by 2.90 % p. a.
Mortality	Mortality of the Slovak population based on the mortality tables issued by the Statistical office of the Slovak Republic from 2008 – 2012

Description of the risks

The Company has no assets to cover liability and thus avoids the risk of investing funds, on the other hand, there is no valorisation of assets to cover liabilities.

Amount of sensitivity of „employment benefits“ to assumptions

- change in discount by +1 % for all subsequent years, provided that the other assumptions in calculation remain unchanged, results in decrease of liability by 9.11 %;
- change in wage by +1 % for all subsequent years, provided that the other assumptions in calculation remain unchanged, results in increase of liability by 3.40 %;
- decrease of fluctuation by 10 % for all subsequent years, provided that the other assumptions in calculation remain unchanged, results in increase of liability by 0.76 %;
- decrease in mortality assumptions by 10 % for all subsequent years, provided that the other assumptions in calculation remain unchanged, results in increase of liability by 1.03 %.

The structure of employee benefit costs

	Employment benefits	Post-employment benefits	Total
Balance as at 31 December 2019	6,495	41,600	48,095
Current and past service cost	307	1,918	2,225
current service cost	300	1,856	2,156
past service cost	7	62	69
Interest expense	84	541	625
Re-measurements (gains and losses of actuarial)	312	-1,708	-1,396
- changes in demographic assumptions	69	727	796
- changes in financial assumptions	156	-2,891	-2,735
- resulting from practice	87	456	543
Payments program (benefits paid)	-698	-2,520	-3,218
Balance as at 31 December 2020	6,500	39,831	46,331

The average maturity of employment benefits is 7.29 years, future benefits is 11.49 years and the average maturity of post-employment benefits is 9.94 years, future benefits is 14.99 years.

As at 31 December 2020, re-measurements of post-employment benefit (profit) in the amount of EUR 1,708 thousand are disclosed in equity and other comprehensive income (as at 31 December 2019: loss of EUR 3,923 thousand).

19 OTHER NON-CURRENT LIABILITIES

	31 December 2020	31 December 2019
Social fund liabilities	313	348
Other non-current liabilities	22,692	21,389
Lease liabilities	5,942	9,476
Rent received in advance	2,026	2,209
Advance payments of CEF	16,202	16,735
Total other non-current liabilities	47,175	50,157

Other non-current liabilities increased due to accounting for amount withheld of investments.

Structure of social fund:

	2020	2019
Balance of fund as at 1 January	348	542
Creation	1,771	1,713
Spending	1,806	1,907
of which meal allowance	691	621
Balance as at 31 December	313	348

20 CURRENT TRADE PAYABLES

	31 December 2020	31 December 2019
Trade payables	52,061	63,925
Advances received	1,847	1,883
Other payables	1,091	2,128
Total current payables	54,999	67,936

Of the total amount of current trade payables, the Company recorded investment payables in the amount of EUR 33,166 thousand (as at 31 December 2019: EUR 49,359 thousand) and operating payables in the amount of EUR 21,833 thousand (as at 31 December 2019: EUR 18,577 thousand). Advances received primarily represents received payments from future contracts.

21 PAYABLES TO PUBLIC INSTITUTIONS

	31 December 2020	31 December 2019
Payables to insurance companies	9,201	8,883
Payables to tax authorities	2,037	2,008
Total payables to public institutions	11,238	10,891

22 OTHER PAYABLES

	31 December 2020	31 December 2019
Employees	17,940	17,217
Advance payments of CEF	15,295	13,323
Other payables	549	2,830
Lease liabilities	3,617	3,560
Total other payables	37,401	36,930

23 SALES OF OPERATION OF RAILWAY INFRASTRUCTURE

Fees for access to railway infrastructure represent the allocation of infrastructure capacity for service of freight and passenger transport on railway network under Contract for access to railway infrastructure. Infrastructure capacity means the potential to schedule train paths for a certain period on certain section of railway track.

	31 December 2020	31 December 2019
Fees for access to railway infrastructure – cargo transport	20,341	21,626
Fees for access to railway infrastructure – passenger transport	50,737	54,643
Total fees for access to railway infrastructure	71,078	76,269

Decrease of transport performance and related fees for access to railway infrastructure is due to measures to prevent the spread of COVID-19. Decrease in passenger transport was mainly due to Železničná spoločnosť Slovensko, a. s. by EUR 2,662 thousand. Decrease in passenger transport was caused by change in Line Timetable - international passenger transport was suspended; due to limited mobility of the population significantly decreased domestic passenger transport. Decrease in freight transport was mainly due to ZSSK Cargo, a. s. by EUR 3,197 thousand.

	31 December 2020	31 December 2019
Sales of additional services of railway infrastructure – cargo	28	22
Sales of additional services of railway infrastructure – passenger	0	32
Total sales of additional services of railway infrastructure	28	54

As at 31 December 2020, the total number of railway carriers is 52, herein the number of Slovak carriers is 31 and the number of foreign carriers is 21. In 2020, 6 carriers for passenger transport and 46 carries for freight transport operated on the railways of ŽSR.

24 SUBSIDY FOR RAILWAY INFRASTRUCTURE OPERATION

In accordance with Appendixes No. 7 – 9 to the Contract on the Operation of the Railway Infrastructure for the years 2017 - 2021 concluded between Ministry of Transport and ŽSR, the Company received in 2020 operational subsidy to cover economically eligible costs in the amount of EUR 302,495 thousand (as at 31 December 2019: EUR 290,950 thousand) and will be evaluated within the year 2021. Contract on the Operation of the Railway Infrastructure for the year 2019 was evaluated on 7 October 2020, while the submitted results were confirmed - ŽSR's balanced economic result for the year 2019 equal to zero under Contract on the Operation of the Railway Infrastructure.

Under the valid Contract on the Operation of the Railway Infrastructure, compensation of financial impact was provided to the Company, associated with reduction of charges for access to railway infrastructure for cargo carriers in the amount of EUR 22,500 thousand and ŽSR records state receivable as a claim for subsidy in the amount of EUR 1,646 thousand, that relates to granting of discounts to carriers until 31 December 2020 (as at 31 December 2019: EUR 26,397 thousand). The compensation was complied with the condition of application of non-discriminatory access to rail cargo carriers and cleared in accordance with the terms of the contract.

	31 December 2020	31 December 2019
Subsidies for railway infrastructure operation	302,495	290,950
Evaluation of Contract on the Operation of the Railway Infrastructure	0	-3
Compensation from the reduction of fees for access	24,146	26,397
Total subsidies and compensation for railway infrastructure operation	326,641	317,344

25 OPERATION AND CONCESSIONS OF INTERMODAL TRANSPORT TERMINALS

Based on the government approval, on 21 December 2018 the Company concluded concession contract on operation of the Intermodal Transport Terminal Žilina. The contract was concluded with the company TIP Žilina, s. r. o., the concession period is 30 years.

TIP Lužianky is a public service facility in which the services are provided to all customers on a non-discriminatory principle. The largest contractual partner that uses the capacity of TIP Lužianky is the company Jaguar Land Rover Slovakia s. r. o.. The railway terminal is connected to the superior railway network by a non-electrified single track, which leads to the railway station Lužianky.

	31 December 2020	31 December 2019
Sales of lease of TIP - Lužianky	1,077	1,022
Sales of operating performance - TIP Lužianky	1,572	537
Sales of fee for use of concession assets	2,400	1,600
Total operation and concessions of TIP	5,049	3,159

26 ELECTRIC ENERGY

ŽSR provides sales and distribution of electricity and gas for internal and external customers. The Company is also supplier of track energy for carriers using traction unit of electric traction.

	31 December 2020	31 December 2019
Sales of track energy	28,785	32,200
Sales of distribution of track energy	31,634	37,335
Sales of non-track energy	1,484	1,615
Sales of distribution of non-track energy	2,151	2,348
Sales of energy – national nuclear fund	1,566	1,583
Total sales of track energy	65,620	75,081



27 TELECOMMUNICATIONS SERVICES AND INFORMATICS

ŽSR provides data, voice, internet services and rental of digital circuits and network; operation of communication infrastructure including terminals, main and backup data centres, data warehousing, international data exchange and customer service.

	31 December 2020	31 December 2019
Sales of IT services	2,732	2,741
Sales of telecommunication services – data	1,746	1,705
Sales of telecommunication services – voice	376	387
Sales of telecommunication services – others	404	410
Total sales of telecommunication services and informatics	5,258	5,243

28 RENT OF PROPERTY

ŽSR provides the possibility of operating lease of buildings, premises, land and service facilities in the district of railway stations and tracks (i.e. places for information and commercial services, ramps, cranes, rail scales, etc.). Payments made under operating lease are recognized as revenue evenly throughout the period of the lease.

	31 December 2020	31 December 2019
Revenues from rental of non-residential premises	4,980	5,522
Revenues from rental – land	2,643	2,646
Revenues from rental – residential premises	602	609
Revenues from rental – movable assets	295	312
Profit from disposal of non-current assets	492	3,093
Profit from sale of material	630	206
Total revenues from rental	9,642	12,388

Pursuant to Act No. 155/2020 Coll., supplementing Act No. 71/2013 Coll. on the provision of subsidies for the payment of rent within the competence of the Ministry of Economy of the Slovak Republic as amended, ŽSR provided lessees with a 50% discount on rent in connection with the COVID-19 pandemic in the amount of EUR 34 thousand. Applications for subsidies are submitted by lessor with the cooperation of the lessee, and applications are submitted until 30 March 2021 for the period of hindered use from October 2020.

29 OTHER REVENUES

	31 December 2020	31 December 2019
Sales of trailers turned out and other technical services	1,720	1,907
Sales for heat and steam	1,350	1,370
Sales for training, education	1,000	1,342
Sales of water and sewage charges	663	688
Sales of accommodation services	598	865
Sales of works canteens and catering services	241	337
Own work capitalized	5,538	8,734
Re-earned material	1,660	1,326
Received free of charge material – COVID-19	36	0
Others revenues	3,120	3,178
Total sales of other services	15,926	19,747

30 NET SALES

	31 December 2020	31 December 2019
Sales of services	162,192	176,244
Sales of goods	82	69
Subsidy in accordance with the Contract on the Operation of the Railway Infrastructure	326,641	317,344
Total net sales	488,915	493,657

31 MATERIALS

	31 December 2020	31 December 2019
Consumption of materials	-18,764	-22,373
Fuel consumption	-3,305	-4,410
Consumption of fixed asset	-2,736	-1,671
- Creation / + Reversals of allowances for inventories	1,139	-1,903
Total materials and consumables	-23,666	-30,357

32 ENERGIES

	31 December 2020	31 December 2019
Electricity	-70,008	-79,539
Gas	-2,067	-2,047
Steam and heat	-3,885	-3,973
Water	-1,130	-1,420
Total energies	-77,090	-86,979

33 SERVICES

	31 December 2020	31 December 2019
Repairs and maintenance	-12,717	-15,035
Costs of waste disposal	-580	-380
Costs of cleaning	-4,789	-4,931
Costs of information technology	-8,022	-7,686
Costs for machineries performance with operator	-391	-745
Paid rent and remuneration	-519	-535
Costs of diagnostics, metrology, project documentation, experts opinions	-385	-1,394
Costs of telecommunication services	-1,147	-1,134
Costs for sewage, sludge disposal	-1,167	-1,256
Cost of flaw detection and diagnosis	-1,925	-2,868
Transportation if not included in the cost	-273	-469
Costs of software and software licences	-236	-185
Guarding, security and investigation services	-1,360	-1,602
IT support and consulting costs	-249	-737
of which costs of auditing services	-70	-70
Demolition and dismantling costs	-656	0
Others	-1,924	-5,057
Total services	-36,340	-44,014

34 PERSONNEL COSTS

	31 December 2020	31 December 2019
Salary costs	-196,482	-186,076
Social security costs	-74,964	-71,044
Employee benefit provision	56	-746
Other personnel costs	-15,143	-15,606
Total personnel costs	-286,533	-273,472

Average number of employees during the financial year as at 31 December 2020 was 13,630.52 (as at 31 December 2019: 13,623.01) and the Company employed 13,704 employees as at 31 December 2020 (as at 31 December 2019: 13,716 employees) of which manager employees directly responsible of general director is 34 (as at 31 December 2019: 34).

35 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	31 December 2020	31 December 2019
Depreciation and amortization and residual value of disposed assets	-148,957	-168,713
Release of accruals in the amount of depreciation	70,117	87,955
Impairment	-2,498	2,592
Total depreciation, amortization and impairment	-81,338	-78,166

36 OTHER OPERATING COSTS, NET

	31 December 2020	31 December 2019
Fare	-3,733	-4,410
Taxes and fees	-3,420	-2,832
Property insurance	-3,001	-3,348
Other costs and revenues	619	921
- Creation / + Reversal of allowances for receivables	-2,227	12,622
- Creation / + Reversal of legal claims provision	197	416
Settlement of provision for environmental burden	206	831
Total other operating costs, net	-11,359	4,200

37 OTHER FINANCIAL COSTS AND INCOME

	31 December 2020	31 December 2019
Bank charges	-20	-7
Interest expense on lease liabilities	-227	-194
Other financial expenses	-22	-12
Interest income	3	11
Other financial income	701	5
Total other financial costs and income	435	-197

38 CORPORATE INCOME TAX

	31 December 2020	31 December 2019
Profit before tax according to Slovak accounting standards	-16,738	7
of which theoretical tax at	21%	21%
	-3,515	2
Tax effect of		
Items increasing profit or loss	56,454	82,975
Items decreasing profit or loss	-31,384	-62,692
Tax base (+) / Tax loss (-)	7,332	20,291
Tax base less tax loss deduction	0	0
Deferred tax	-54,754	-55,184
Tax expense	0	0
Temporary differences arising between the tax bases of assets and their carrying amounts, of which:	352,258	376,174
Deductible	-35,883	-32,138
- allowances for property, plant and equipment	-21,308	-19,003
- allowances for receivables	-9,687	-7,108
- allowances for inventories	-4,888	-6,027
Taxable	388,141	408,312
- Property, Plant and Equipment	388,062	406,950
- Income recognized after payment	79	1,362
Temporary differences arising between the tax bases of liabilities and their carrying amounts, of which:	-65,600	-67,721
Deductible	-65,600	-67,721
- provisions recorded as expenses	-67,240	-63,450
- provisions recorded in equity	1,708	-3,923
- costs recognized after payment	-68	-348
Taxable	0	0
Possibility to carry forward tax losses in future	25,924	45,671
Tax rate	21%	21%
Deferred tax (+ assets / - liabilities):		
- deferred tax at valid tax rate, net	-59,840	-65,599
- deferred tax recorded in equity	-359	824
- deferred tax from possibility to carry forward tax losses in future	5,444	9,591
Total deferred tax (+ assets / - liabilities)	-54,754	-55,184
Change in deferred tax liability	430	-1,574
recorded in income statement	1,613	-2,477
recorded in equity	-1,183	903

In the period of taxation 2020 the Company amortized the cumulative tax losses in the amount of EUR 7,332 thousand and disclosed tax base in the amount of EUR 0 (as at 31 December 2019: after amortization of cumulative tax losses of EUR 20,291 thousand, tax base of EUR 0).

Withholding tax on interest in the amount of EUR 1 thousand was deducted in the period of taxation 2020 (as at 31 December 2019: EUR 2 thousand).

At the reporting date, the Company recorded deferred tax liability in equity from re-measurement of post-employment benefit in the amount of EUR 1,183 thousand (as at 31 December 2019: deferred tax asset in the amount of EUR 903 thousand) and deferred tax asset in the amount of EUR 1,613 thousand (as at 31 December 2019: deferred tax liability of EUR 2,477 thousand).

39 COMMITMENTS AND CONTINGENCIES

Capital commitments

The Company is engaged in a continuous capital investment program, including projects for modernization, replacement and expansion, environmental improvements, whereby the majority of these objectives is associated with the reduction of regional differences within the EU. The Company's capital expenditure budget for each of the years 2021 – 2023 is set out in the table below:

Year	Track and infrastructure	IT and telecom	Total
2021	226,318	825	227,143
2022	150,135	565	150,700
2023	68,909	565	69,474
Total	445,362	1,955	447,317

40 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

ŽSR registers legal claims in the amount of EUR 52,757 thousand, for which is not recorded a provision, where termination of the proceedings not in favor of the Company is less than probable.

If legal conditions are met, ŽSR may be obliged to pay compensation for easements in the amount of EUR 181 thousand (as at 31 December 2019: EUR 2,191 thousand).

41 RELATED PARTY TRANSACTIONS

Based on the volume of realized transactions in 2020, the most significant related parties were Železničná spoločnosť Slovensko, a. s., and Železničná spoločnosť Cargo Slovakia, a. s., whose the sole shareholder is the State. Fees for access to railway infrastructure from Železničná spoločnosť Slovensko, a. s., represent 12.10 % (as at 31 December 2019: 12.91 %) and from Železničná spoločnosť Cargo Slovakia, a. s., represent 2.93 % (as at 31 December 2019: 3.34 %) of the total revenues for rendered services including subsidy of the Contract on the Operation of the Railway Infrastructure (Note 23, Note 24).

Summary of liabilities and receivables is as follows:

	ZSSK CARGO		ZSSK	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities	24	36	77	83
Receivables	2,840	6,293	2,331	807
Allowances	5	3	29	19

In accordance with the Contract on the Operation of the Railway Infrastructure as amended, the Company received subsidy to cover economically eligible costs in the amount of EUR 302,495 thousand in 2020 and will be evaluated within the half of 2021. Based on this Contract, compensation of financial impact in the amount of EUR 22,500 thousand was provided to the Company, associated with reduction of charges for access to railway infrastructure for cargo carriers (Note 24). In accordance with the Contract, discounts for cargo carriers were provided in the total amount of EUR 24,146 thousand until 31 December 2020. The difference between the subsidy and the provided total discount is reported as a receivable from Ministry of Transport and Construction of the Slovak republic in the amount of EUR 1,646 thousand. Contract on the Operation of the Railway Infrastructure for the year 2019 was evaluated on 7 October 2020, which resulted in achieving of ŽSR's balanced economic result equal to zero for the year 2019.

The Company draws capital subsidies from the state budgeted under contract of category of budget of Ministry of Transport to modernization and development of railway property (Note 15).

ŽSR executes pension retirement supplementary insurance via pension funds managed by the subsidiary Stabilita, d. d. s., a. s., with which the employment contract was closed (Note 7). As at 31 December 2020 11,676 employees of the Company is involved (as at 31 December 2019: 11,850). Based on the Collective Labor Agreement, ŽSR contributes for employees' pension retirement supplementary insurance from 2 % up to 5 % from the base of assessment for the calculation of insurance premium. Costs of supplementary insurance are recorded monthly in personnel costs – total for year 2020 are in the amount of EUR 4,774 thousand (as at 31 December 2019: EUR 4,521 thousand). As at 31 December 2020, the Company records liabilities in the amount of EUR 554 thousand (as at 31 December 2019: EUR 540 thousand).

As at 31 December 2020, the Company records receivables from associated company Železničná priemyselná stavebná výroba, Čaňa in the amount of EUR 1 thousand (as at 31 December 2019: 1 EUR). Revenues for the year 2020 were in the amount of EUR 19 thousand (as at 31 December 2019: 16 thousand). As at 31 December 2020, the Company records liabilities from the acquisition of material in the amount of EUR 246 thousand (as at 31 December 2019: EUR 0) (Note 7).

In 2020 the Company paid out employee benefits in the amount of EUR 684 thousand (in 2019: 693 thousand) to the key management of the Company, of this Management Board in the amount of EUR 118 thousand (as at 31 December 2019: 118 thousand).

The Company as other legal entity (Note 1) is part of the summary financial statements of public accounts of Slovak republic, compiled by Ministry of Finance of Slovak republic (Note 2). Transactions within the consolidation of public accounts are not material, respectively are included in this financial statements (Note 3, Note 8, Note 10, Note 11, Note 15, Note 21, Note 22, Note 24).

42 EVENTS AFTER THE REPORTING PERIOD

There were no material events in the Company between the end of the reporting period and the date that the financial statements are authorised for issue except events stated in section Events that occurred after 2020 of Annual Report.

43 APPROVAL OF FINANCIAL STATEMENTS

Financial statements in notes 1 to 43 were prepared and signed on behalf of the Company on 9 March 2021:


Ing. Miroslav Havrila
General Director

List of signs and abbreviations

AROS	Association of Railways Operators of Slovakia	PRIME	Platform of Rail Infrastructure Managers in Europe
a. s.	joint-stock company	RFC	Rail Freight Corridor
BPG	Breitspur Planungsgesellschaft mbH	RNE	Rail Net Europe
CEF	Connecting Europe Facility	SEA	Strategic Environmental Assessment
CER	Community of European Railway and Infrastructure Companies	sj	switch unit
Coll.	Collection of Laws	SR	Slovak Republic
EIA	Environmental Impact Assessment	s. r. o.	limited liability company
ERA	European Union Agency for Railways	SŽDC	Czech Railway Infrastructure Administration
ERFA	European Rail Freight Association	TCRs	Temporary Capacity Restrictions
EU	European Union	TEN-T	Trans-European Transport Network
FTE	Forum Train Europe	TEN-T CORE	Trans-European Transport Network CORE
GSM-R	Global System for Mobile Communications – Railway – is an international standard for wireless communications designed for railway applications	TTR	Timetabling and Capacity Redesign
grtkm	gross ton-kilometre	TIOP	Intermodal Passenger Transport Terminal
GySEV	Hungarian-Austrian railway company (Győr-Sopron-Ebenfurti Vasút)	TIP	Intermodal Transport Terminal
IAS	International Accounting Standards	trkm	train kilometre
IFRS	International Financial Reporting Standards	UIC	International Union of Railways
grtkm	gross tonne kilometre	UIRR	International Union for Road-Rail Combined Transport
km	kilometre	UZ	Ukrainian Railways (Ukrzaliznycja)
m	metre	VAT	Value Added Tax
MÁV	Hungarian State Railways (Magyar Államvasutak)	ZSSK	Železničná spoločnosť Slovensko, a. s., Bratislava
No.	number	ZSSK CARGO	Železničná spoločnosť Cargo Slovakia, a. s., Bratislava
OPII	Operational Programme Integrated Infrastructure	ŽSR	Railways of the Slovak Republic (Železnice Slovenskej republiky)
OSJD	Organisation for Cooperation between Railways		
OZŽ	Trade Union of Railway Workers, Bratislava		
pc	piece		
PD	project documentation		
PEDAS	Faculty of Operation and Economics of Transport and Communications of the University of Žilina		

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