



ŽELEZNICE SLOVENSKEJ REPUBLIKY

ANNUAL REPORT 2022





INDEPENDENT AUDITOR'S REPORT
**For the Management Board of Železnice Slovenskej republiky, General Director
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 2022, 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 2022, business results 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 63,467 thousand as at 31 December 2022, 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. The value of the provision was determined based on estimates prepared by the Company's internal environmental team. The Company has conducted out a review of the provision made in accordance with the environmental policy. As a result, the Company has revised its estimate of the expected costs of remediation of environmental burdens.

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 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 243.9 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 tested 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 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 recognized.</p>	<p>We tested adjustments for non-current assets that reduce their residual value. We verified the correctness of booking and recognition of adjustments in the Company's financial statements. Therefore, in the area of assets under construction, we performed audit procedures aimed at identifying whether there is a significant reduction in the value of assets in the expected amount of not recognised depreciation 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 verified the recognition of received investment subsidies in deferred income in connection with concluded contracts. We tested the release of the subsidy in connection with the costs related to non-current assets, which were financed from the received subsidies. We tested the eligibility of accounting for the subsidy and its compliance with International Accounting Standard 20.</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 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 2022 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 15 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 20 March 2023.

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, we have not provided any other services to the Company nor to the entities in which the Company exercises control.

Banská Bystrica, 21 March 2023

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Licence 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 2022 was marked from the beginning by the ongoing coronavirus pandemic, which necessitated a number of measures not only for the permanent safeguarding of rail traffic, but also for the management and maintenance of the railway infrastructure. A not insignificant activity was also ensuring the health of our employees and of course the travelling public. Subsequently, the armed military conflict in Ukraine necessitated extraordinary measures to provide the necessary facilities at several railway stations for refugees in the eastern Slovakia and their subsequent transport within Slovakia or to neighbouring countries. Similarly, at the end of the year, when the number of refugees from third countries increased again, we created at least basic facilities for them at several railway stations.

The past year was also extraordinary because of the energy crisis, which meant a sharp rise in energy prices and a huge increase in inflation, pushing up the prices of services, goods and labour.

The beginning of 2022 was difficult for ŽSR also in connection with the low subsidy allocated for the operation of railway infrastructure from the state budget. In the Public Administration Budget for 2022 - 2024, ŽSR was allocated a subsidy for the operation of the railway infrastructure in the amount of EUR 239.1 million, which represented a year-on-year decrease by EUR 59.5 million.

From the beginning we declared that the approved subsidy for the operation of railway infrastructure does not allow to ensure all activities resulting from the subject of the Contract for the operation of railway infrastructure in full extent, also taking into account the increases in the prices of energy, services, goods and labour. Thanks to negotiations with the Ministry of Transport and the Ministry of Finance, the subsidy for the operation of railway infrastructure was increased by EUR 35 million to finance the operation and subsequently by EUR 7 million to finance deferred maintenance and EUR 73.5 million to ensure balanced economy from the Contract for the operation of railway infrastructure.

The year 2022 was also the preparation year for major investments. An important step was the adjustment of processes within ŽSR to the new conditions of investment preparation according to the new methodology. ŽSR was key in the involvement in the preparation and approval of the Schedule for the preparation and construction of railway infrastructure projects. This is a document that fundamentally influences what kind of investment and in what time it will be implemented in the conditions of ŽSR. In terms of investments, we continued to implement significant constructions financed from EU funds. At the same time, I am pleased that we have managed to get projects financed from EU funds that were originally financed from our own resources, but by transferring them to EU funds, we have managed to speed up their implementation, and thus also to remove the substandard condition earlier than originally anticipated. In this way, we have managed to raise an additional EUR 95 million and other projects are in procurement process.

We consider the elaboration of the Feasibility Study Optimization of the railway line Jelšovce - Prievidza and double-tracking of the railway line Devínska Nová Ves - Marchegg state border as a success, using ŽSR's own capacities and their successful justification at the Ministry of Finance of the Slovak Republic (Value for Money Department). I believe that we have managed the process of preparation and evaluation of the projects included in the Recovery and Resilience Plan - Electrification of the railway line Bánovce nad Ondavou - Humenné and Modernisation of the railway line Poprad-Tatry - Vydrník, for which tenders have been announced and the evaluation of the offers of the bidders is underway. We have also justified



other smaller constructions, namely the reconstruction of the sections Nové Zámky - Palárikovo, Tvrdošovce - Trnovec nad Váhom, Píal - Beša, or the reconstruction of platforms in Košice railway station. We have also managed to procure a contractor for the international V4 HSR Feasibility Study.

In 2022, one of the largest projects in terms of both scope and financial aspects was completed, namely the modernisation of the railway line Púchov - Považská Teplá with two tunnels, bridges and a flyover. At the same time, the implementation of constructions in progress from the previous years continued, such as: the completion of the Žilina marshalling yard - the so-called the Žilina Node. The modernization of the line Devínska Nová Ves - Kúty - the state border of the Slovak Republic / Czech Republic - commencement of works on the supporting object of the construction, namely the bridge over the Morava River, Modernization of the line Poprad - Lučivná, Electrification of the line Moldava nad Bodvou - Haniska. We have also started the implementation of the further section of the modernization of the line Čadca - state border of the Slovak Republic / Czech Republic after a successful public procurement.

Perhaps marginally, but from ŽSR's point of view, a significant step is the successful completion of the project Processing of the accessibility database of ŽSR railway stations, which will improve the awareness of people with disabilities about the accessibility of railway infrastructure. For its positive approach in this area, ŽSR won the MOSTY/BRIDGES award in the Czech Republic in 2022.

Our endeavour and basic responsibility is to maintain the safety and operability of railway transport, which means retaining and stabilising employees, especially in railway operations, to stop reducing the number of employees in shortage type positions such as train dispatcher, electrician of fixed traction and power-current equipment or signalists. It is precisely these occupations and workplaces that are targeted by the benefits of the Employment Retention Directive and the provision of stabilisation and recruitment allowances, as well as housing and accommodation allowances. We are becoming increasingly aware that we lack professional staff, but in the labour market we have to 'educate' them ourselves. That is why we are actively involved in the dual education system, we have a scholarship programme in place, we are implementing apprenticeships, but we are also interested in strengthening the graduate programme and its application. The transfer of experience, knowledge and expertise will be mainly up to the senior staff. To stabilise employees in the current labour market, the interplay of several components is essential, such as creating a suitable working environment, improving working conditions, but above all improving pay conditions. All this requires sufficient financial resources together with the full commitment of all employees, especially those with long service and a positive attitude towards ŽSR. The year 2022 has shown us how many new unexpected challenges the company has to face, and this brings the need to look for new financing options, to set up procurement and contracting relationships, to find human resources. As the risks from 2022 persist, it will also be necessary to monitor developments and adapt to new circumstances during this year. I believe that the situation will improve significantly this year and that the proclaimed emphasis on the need to improve the condition of the railway infrastructure, the financing of deferred maintenance, the implementation of simple reproduction and the ongoing projects for the modernisation of railway lines and stations will also become a reality in 2023.

Ing. Miloslav Havrila
Director General
Železnice Slovenskej republiky



Company profile

Železnice Slovenskej republiky (hereinafter referred to as “ŽSR” or “the Company”) was formed pursuant to Act No. 258/1993 Coll. on Železnice Slovenskej republiky 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 railroad, the traffic management and the operability of railroads.

Company 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.

In 2022, an update of the ŽSR Strategy was prepared, which focused mainly on the input factors into the ŽSR Strategy from the external environment (strategic documents of the national and international level). A significantly influencing factor was the adoption of the strategic document at the national level “Partnership Agreement of the Slovak Republic for 2021-2027” according to the Resolution of the Government of the Slovak Republic No. 253 of 6 April 2022, which has a long-term impact on the political, strategic and investment intentions of the Slovak Republic in the field of the use of financial resources from the European Union cohesion policy funds. This agreement was the basis for the creation of the document “Programme Slovakia 2021-2027” approved by the Resolution of the Government of the Slovak Republic No. 426 of 28 June 2022. It is an operational programme for the new 2021-2027 programming period, which will replace the existing 6 operational programmes of the Slovak Republic for the EU funds for the period 2014-2020.

Another important input in updating the ŽSR Strategy in 2022 was the adoption of a strategic document by the Ministry of Finance of the Slovak Republic, the development of which was carried out in close cooperation with the Value for Money Department of the Ministry of Finance of the Slovak Republic, the “Transport Service Plan for Rail Passenger Transport” aimed at identifying meaningful (prospective) connections of rail passenger transport and at the same time determines the prospective scope of rail passenger transport until 2030 and the necessary infrastructure measures to achieve the specified scope of transport.

Vision of ŽSR

Modern, interoperable, safe, accessible, competitive and environmentally friendly rail infrastructure with efficient operation.

Mission of ŽSR

Operation and development of railway infrastructure within the meaning of statutory provisions and requirements of the railroad owner.

Key strategic objective

A stabilised enterprise with a renewed and sustainable infrastructure by 2030 and its gradual modernisation by 2050. The basic strategic objective is defined **in time horizons up to 2030 and prospectively up to 2050:**

Target situation by 2030 – stabilized company, renewed and sustainable infrastructure:

- *renewed infrastructure equipment that is beyond its life cycle, other equipment brought to the required standard condition and removed POTR, TOTR (introduced due to faults on the railway infrastructure);*
- *upgraded signalling equipment and introduced remote traffic control on all priority lines;*
- *TEN-T core network lines equipped with ERTMS (ETCS + GSM-R);*
- *lines equipped with GSM-R radio communication;*
- *revitalized and energy efficient railway stations and stops;*
- *accessibility for people with reduced mobility and orientation at railway stations and stops;*
- *stabilized staff structure with regard to the required expertise;*
- *modern and effective human resource management in place;*
- *modern information systems adapted to the needs and requirements of users.*

Target situation by 2050 - upgraded infrastructure:

- *all TEN-T lines upgraded and main and secondary lines optimised - number of TOTRs minimised (significant TOTRs removed);*
- *modernised signalling equipment and introduced remote traffic control along all railway lines;*
- *TEN-T comprehensive network lines and main lines equipped with ERTMS;*
- *electrified TEN-T lines and main lines;*
- *minimised number of level crossings;*
- *sustainable circular economy.*

ŽSR bases its strategy on currently valid EU and Slovak legislation, EU and Slovak transport policy, governmental and departmental strategic documents of the Slovak Republic, requirements of the railway owner, requirements of customers (railway undertakings and travelling public), development plans of the Self-governing Regions, the position of railway transport in the national economy and its position on the competitive market and, last but not least, on its own vision and mission.



Company bodies

The bodies of the railways are the Board of Directors of ŽSR and the General Director within the meaning of § 4 and § 5 of Act No. 258/1993 Coll. on Železnice Slovenskej republiky, as amended.

Management Board is the supreme body of ŽSR.

Composition as at 31 December 2022

Management Board

Ing. Ladislav BARIAK	<i>Chairman of the Management Board</i>
Ing. Radovan MAJERSKÝ, PhD.	<i>Deputy Chairman of the Management Board</i>
Prof. Ing. Jozef GAŠPARÍK, PhD.	<i>Member of the Management Board</i>
Ing. Juraj HORSKÝ, CPA	<i>Member of the Management Board</i>
Mgr. František ZAPARANIK	<i>Member of the Management Board</i>

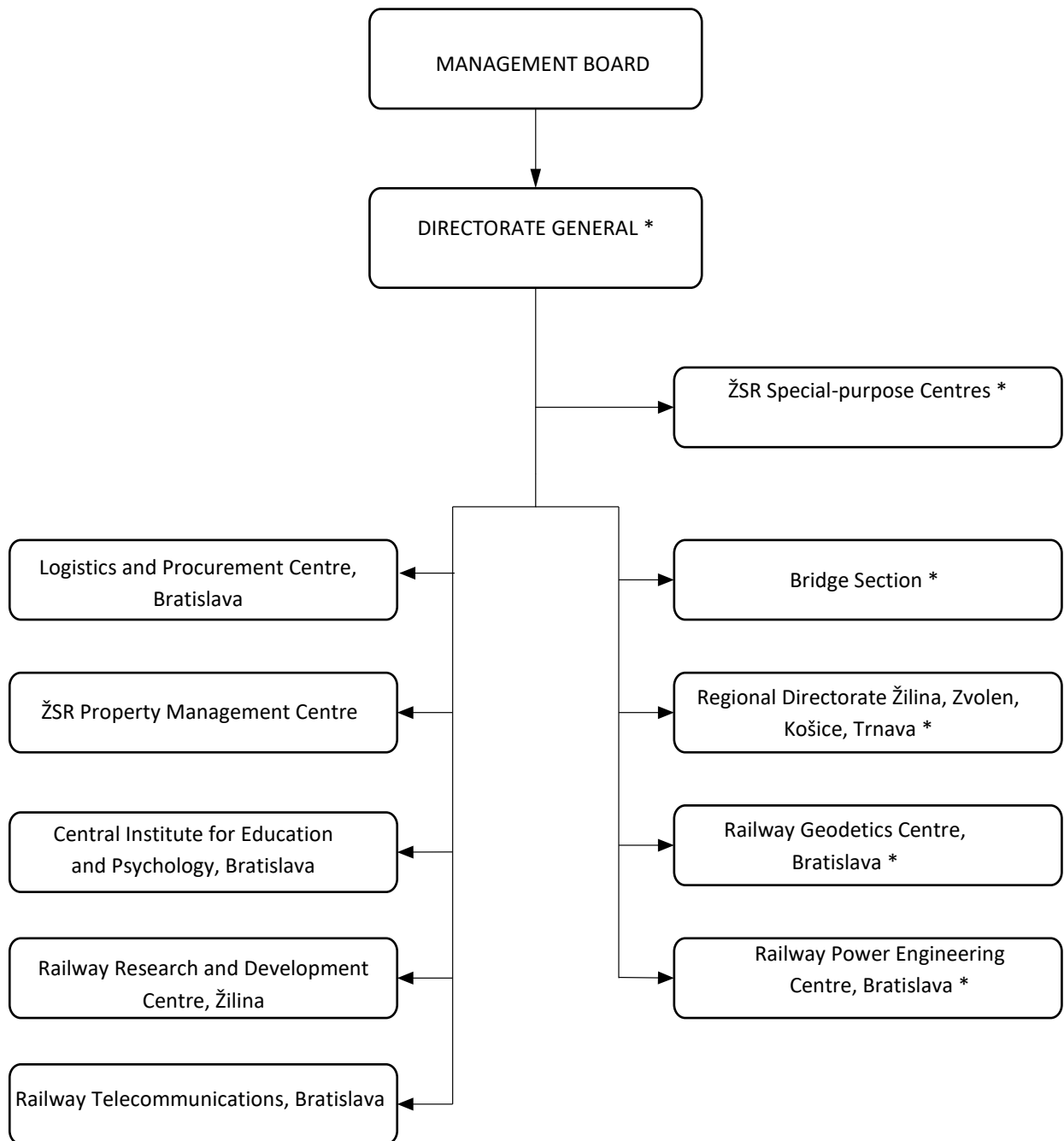
Statutory Body

Ing. Miloslav HAVRILA	<i>Director General</i>
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Board of Directors

Ing. Jozef VESELKA	<i>Deputy Director General for Development and IT</i>
Ing. Peter BAGIN	<i>Deputy Director General for Economy</i>
Bc. Milan KUBIČEK	<i>Deputy Director General for Operation</i>
Ing. Pavol KOMARŇANSKÝ, PhD.	<i>Deputy Director General for Human Resources</i>
Mgr. Alexander ZAVACKÝ	<i>Director of the Office of Director General</i>

Organizational structure of ŽSR



** Internal Organizational Units of ŽSR not registered in Commercial Register*

Railway infrastructure

Operation of the railway infrastructure

OPERATIONAL PERFORMANCE OF RAILWAY INFRASTRUCTURE

Železnice Slovenskej republiky ensures the serviceability of the railway infrastructure in the sectors of railway tracks, structures and buildings, bridges and tunnels, electrical and power engineering equipment and signalling equipment. Železnice Slovenskej republiky are in charge of railway infrastructure maintenance and development in accordance with technical progress and the requirements for safety and continuity of transport on the railroad. These activities are ensured by ŽSR through its own capacities and also through contractual relations with suppliers. The selection of suppliers is carried out in the form of procurement in accordance with the legislation in force pursuant to Act No. 343/2015 Coll. on Public Procurement and on amending and supplementing certain acts.

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

RAILWAY TRACKS AND STRUCTURES	unit	31 December 2022	31 December 2021
Construction length of operated lines	km	3,580	3,580
Construction length of managed lines	km	3,626	3,626
Construction length of lines	km	6,816	6,820
Number of crossings	pc	2,070	2,071
Number of switches	pc	8,226	8,243
Number of bridges	ks	2,326	2,326
Total length of bridges	m	52,244	52,244
Number of tunnels	pc	78	76
Total length of tunnels	m	47,954	45,007

The differences compared to 2021 are due to the reconstruction and modernisation of the railway infrastructure.

The data on “Construction length of managed lines” also comprises lines with suspended operation due to unsatisfactory technical condition. The lines with suspended operation with a total length of 46,301 km are as follows:

- *Turňa nad Bodvou – MÁV* 3.139 km;
- *Komárno – Kolárovo* 25.908 km;
- *Žabokrecká spojka* 1.279 km;
- *Plavecký Mikuláš – Plavecké Podhradie including operating control point Plavecký Mikuláš* 5.004 km;
- *Breznička – Katarínska Huta* 9.823 km;
- *Strážčanská spojka* 1.148 km.



Comparison of performances carried out in the framework of the core activity:

LINE REPAIR WORKS	unit	31 December 2022	31 December 2021
Correction of track geometric position	km	807.974	782.771
Correction of geometric position of switches	unit	588	665
Repair of rail bed of track	km	23.198	26.348
Repair of rail bed of switches	unit	30	15
Establishment and renewal of non-contact track	km	4.303	6.151
Welding of switches	unit	5	10
Replacement of tracks	km	74.162	75.529
Replacement of sleepers	pc	34,974	21,775
BUILDINGS	unit	31 December 2022	31 December 2021
Number of buildings	pc	4,725	4,802
Built-up area	m ²	1,165,827	1,182,976
Useful area	m ²	1,368,192	1,376,546



	unit	31 December 2022	31 December 2021
SIGNALLING SYSTEMS			
Track signalling systems			
Automatic block	km	482	482
Automatic block system	km	406	374
Semi-automatic block	km	698	708
Line with telephone communication system	km	1,807	1,807
Station signalling systems	ks	514	513
Remote controlled signalling systems operated by dispatcher	km	396	396
Train signalling system	km	727	727
Crossing signalling system	pc	2,070	2,071
of which:			
Passive crossings - unsecured	pc	1,000	1,001
Active crossings - secured	pc	1,070	1,070
of which:			
Automatic crossings	pc	1,025	1,025
manual crossings	pc	45	45
Hump signalling systems	pc	210	218
GSM-R			
GSM-R control centre	pc	1	1
GSM-R BTS	pc	64	64
Reporting technology			
Voice and visual information system	pc	97	82
Electrical fire alarm system	pc	217	217
Intrusion alarm system	pc	163	159
ELECTRICAL ENGINEERING EQUIPMENT			
Electrified lines	km	1,585	1,585
Developed length of overhead contact line	km	5,114	5,112
Power supply and switching stations	pc	96	94
OPERATING CONTROL POINTS ON ŽSR NETWORK			
Operating Control Points - total	pc	1,017	1,022
Operating Control Points - manned/unmanned	pc	361/656	362/660
of which:			
Railway stations	pc	292	293
Border-crossing stations	pc	22	22
Other Operating Control Points (<i>blocks, branching-off, turn-out, stops, transshipment yards, gatekeeper post, operating control points under Regulation ŽSR Z1 and others</i>)	pc	703	707

The year-on-year changes in “Operating control points on ŽSR network” were caused by changes in the organisation of transport operation of ŽSR within the systemisation of Operating control points.

LINE TIMETABLE PERFORMANCE

In the contract for the operation of railway infrastructure for 2022, the limit of the minimum percentage of absolute timetable performance for rail passenger services was set at 93.00 % and the minimum percentage of fractional timetable performance for rail passenger services was set at 97.50 %.

The percentage of absolute timetable performance for 2022 was 87.45 %. This is a qualitative indicator that provides information on the overall on-time performance of train services. This value is 5.55% below the annual limit. The parameter is considered to be fulfilled in the sense of the applicable contract for the operation of railway infrastructure as the impact of unattributed causes, the consequence of which could not be eliminated by the actions of ŽSR, is greater than 3 % and has a value of 5.23 %.

In the months of January and February, the percentage of absolute timetable performance was mostly influenced by the weather. In the month of March, temporary capacity restrictions on the ŽSR network, but also at neighbouring infrastructure managers, started to a greater extent. The number and especially the extent of temporary capacity restrictions due to modernisation, but also for repair and maintenance of railway infrastructure was significant throughout the year. This situation generated a large number of train delays. Train delays were recorded both in the primary and secondary levels. The high delays of trains entering from neighbouring railway administrations had a negative impact on the timetable performance in the secondary level. The delayed trains affected the running of other trains and thus the number of trains was increasing. Extraordinary and accident events, breakdowns of railway undertakings' mobility assets, numerous POTRs and infrastructure failures also had a major impact on the percentage of absolute timetable performance throughout the year. The accident event B 2 - Žilina, switch no. 121a/b at km 337.529 of 21 December 2022 had a major impact on train delays.

The percentage of fractional timetable performance for 2022 was at the level of 96.88 %. The qualitative indicator expresses the degree of liability of ŽSR in the delay of trains on the network. The value is 0.62 % lower than the annual limit. This result is due to the recurrence of a combination of negative factors which could not be eliminated by coordinated action of infrastructure manager's staff.

The percentage of fractional timetable performance was mainly influenced by infrastructure equipment failures, numerous POTRs and temporary capacity restrictions. The major impact on train delays included temporary capacity restrictions as follows:

- modernisation of station tracks in Svit railway station, complete reconstruction of railway superstructure of the remotely controlled Lučivná passin loop – Svit railway station,
- reconstruction of the 1st line track, bridges at km 335.300 and at km 330.994 within the section Žilina railway station - Váh branching-off – Varín railway station, construction of platforms no. 3 and no. 4 in Žilina railway station,
- dismantling of the bridge over the Morava River in the section Kúty railway station - Lanžhot railway station,
- complete reconstruction of the railway superstructure of railway line between remotely controlled operating control points Boleráz - Smolenice,
- complete reconstruction of the 1st line track between Palárikovo railway station - Nové Zámky railway station,
- complete reconstruction of switches no. 13 - 20 in Dvory nad Žitavou railway station and stabilisation of the track landslide between Čadca railway station - state border SK/CZ.



TRAIN PATHS BY TYPE OF TRAIN		unit	31 December 2022	31 December 2021
Passenger transport	Passenger trains	pc	526,395	501,416
	Express trains	pc	30,175	23,221
	Fast trains	pc	35,065	27,718
	Liner train	pc	26,100	27,416
	Locomotive train	pc	7,201	6,896
Passenger transport total			624,936	586,667
Freight transport	Locomotive train	pc	81,011	87,796
	Running freight train	pc	74,599	78,008
	Express freight train	pc	39,235	39,750
	Handlers train	pc	25,211	25,800
	Work-siding train	pc	3,433	3,684
	Service trains	pc	1,460	80
Freight transport total			224,949	235,118

TRAIN PATHS BY CATEGORY OF TRACK		unit	31 December 2022	31 December 2021
Passenger transport	Main lines	pc	363,969	345,881
	Other main lines	pc	184,318	171,747
	Secondary lines of regional importance	pc	117,367	115,357
	Secondary lines with simplified traffic management	pc	35,942	31,244
	Narrow-gauge lines	pc	37,314	27,095
	Special lines	pc	396	304
Freight transport	Main lines	pc	180,364	185,453
	Other main lines	pc	71,782	76,501
	Secondary lines of regional importance	pc	11,687	12,253
	Secondary lines with simplified traffic management	pc	3,483	3,882
	Narrow-gauge lines	pc	6	5

**SUMMARY OF TEMPORARY
LINE SPEED RESTRICTIONS
ON THE MAIN LINES BY
CATEGORY OF LINE**

	Category	Year 2022		Year 2021	
		<i>pc</i>	<i>m</i>	<i>pc</i>	<i>m</i>
The most important main lines	I. a	413	271,624	406	188,731
	I. b	15	3,307	14	3,652
Main lines	II.	82	69,791	73	49,391
Regional lines	III.	176	109,427	153	111,129
Local lines	IV.	2	630	4	1,635
Total		688	454,779	650	354,538

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 PERMANENT
LINE SPEED RESTRICTIONS
ON THE MAIN LINES BY
CATEGORY OF LINE**

	Category	Year 2022		Year 2021	
		<i>pc</i>	<i>m</i>	<i>pc</i>	<i>m</i>
The most important main lines	I. a	3	5,036	5	12,180
	I. b	0	0	0	0
Main lines	II.	2	3,728	1	54
Regional lines	III.	3	905	9	8,355
Local lines	IV.	0	0	0	0
Total		8	9,669	15	20,589

Presented permanent line speed restrictions were introduced as a substitute for long-term temporary line speed restrictions due to the unsatisfactory technical condition of railway lines and structures for the operation of railway transport at the specified line speed. The incorporation of TOTR into the train timetable eliminates train delays and thus improves its performance.

Charges for the access to railway infrastructure

The railway infrastructure has been operated in a non-discriminatory manner for all railway undertakings. In 2022, these services were provided to 49 railway undertakings, in particular 5 railway undertakings operating passenger services and 41 railway undertakings operating freight services, 3 both freight and passenger railway undertakings.

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

Charge (in thousands of EUR)	31 December	31 December
	2022	2021
	102,706	101,238
herein: Železničná spoločnosť Slovensko, a. s.	53,317	50,409
Železničná spoločnosť Cargo Slovakia, a. s.	31,702	33 865
Other railway undertakings	17,687	16,964
herein: Passenger transport	1,755	1,439
Freight transport	15,932	15,525
Charges include compensation from reduction of charges for railway undertakings in freight transport provided by MD SR	21,315	27,760

RAILWAY UNDERTAKING'S PERFORMANCES

From a year-on-year perspective, a total increase in transport performance by 1,888 thousand train-kilometres was recorded. The increase in total performance was largely driven by passenger transport, which recorded a year-on-year increase of 2,334 thousand train-kilometres. The largest increase was recorded by the railway undertaking Železničná spoločnosť Slovensko, a. s. at the level of 2,094 thousand train-kilometres. This increase was due to an increase in ordered train-kilometres. For other railway undertakings, there was a year-on-year increase in transport performance by 239 thousand train-kilometres.

In freight transport, we record a year-on-year decrease in transport performance by 446 thousand train-kilometres. The biggest decrease was reported by the carrier Železničná spoločnosť Cargo Slovakia, a. s. at the level of 614 thousand train-kilometres. On the other hand, other carriers recorded an increase of 168 thousand train-kilometres. The biggest increase was for the carrier ČD Cargo Slovakia by 151 thousand train-kilometres.

Performance	unit	31 December	31 December	annual change
		2022	2021	in %
Passenger transport	(thousand train-km)	37,056	34,722	6.72
	(million grtkm)	9,851	9,352	5.34
Freight transport	(thousand train-km)	14,827	15,273	-2.92
	(million grtkm)	17,682	18,599	-4.93
Total	(thousand train-km)	51,883	49,995	3.78
	(million grtkm)	27,533	27,951	-1.50

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 of the Slovak Republic.

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

Contract Balance (in thousands of EUR)	31 December 2022*	31 December 2021
Costs (Economically Eligible Costs total)	465,081	434,538
therein the costs of:		
Services provided under minimum access package	419,027	392,038
Services provided under track access to service facilities TIP Žilina, TIP Lužianky and TIOP Moldava nad Bodvou	44,449	40,885
	1,605	1,615
Revenues (Economically Eligible Revenues total)	465,078	407,263
therein:		
Reimbursement from the railway infrastructure owner	354,600	298,600
Payment for the access to railway infrastructure	81,391	72,628
Compensation of financial impact	21,315	27,760
Settlement of provisions	7,772	8,275
Business result for services	-3	-27,275
Coverage of loss by retained earnings of prior periods	3	27,275
Total business result	0	0

* The data in the table are before the protocol evaluation by Ministry of Transport of the Slovak Republic.

The reimbursement from the owner of the railway infrastructure - the Slovak Republic represented by the Ministry of Transport of the Slovak Republic - to cover economically eligible costs related to the administration and operation of the railway infrastructure was in the amount of EUR 354,600 thousand, which represents the year-on-year increase by EUR 56,000 thousand. In order to ensure compensation for the financial impact of the reduction of charges for the access to railway infrastructure for railway undertakings providing freight transport services in 2022, an amount of EUR 21,315 thousand was allocated and booked to revenue in 2022. This resulted in a year-on-year decrease of EUR 6,445 thousand.

Modernization and development of railway infrastructure

In 2022, investment actions were implemented in the total amount of EUR 235,386 thousand. The investments were used to modernise railway infrastructure components - railway stations, railway substructure, railway superstructure, overhead contact lines, signalling equipment, retaining walls and construction of railway bridges.

Overview of investment actions implemented in 2022:

Modernization, reconstruction and construction of railway infrastructure	223,080
Safety of operation	5,583
Improving of services for railway undertakings	3,453
Automation of traffic management	20
Other	3,250
Total	235,386

The investment actions were mainly financed by capital subsidies in the amount of EUR 200,567 thousand, by own resources of EUR 21,029 thousand and loan resources of EUR 10,540 thousand.

Investments from own resources

The most significant investment actions implemented in 2022 from own and loan resources include:

Railway station Košice – reconstruction of platforms no. 1, 2, 3 and Complete reconstruction of railway superstructure of tracks no. 11, 9, 8, 7, 6, 5, 3a, 1	6,000
Standards for railway tracks and structures – Regional Directorate Zvolen – Railway station Zvolen, reconstruction of the reception building	1,990
Railway station Nové Zámky – Railway station Palárikovo, reconstruction of tracks no. 1 and no. 2	1,150
Railway station Poprad Tatry, adjustment of premises and building of ŽT technology in the premises of the railway station	1,017

❖ ***Railway station Košice – reconstruction of platforms no. 1, 2, 3, and complete reconstruction of railway superstructure of tracks no. 11, 9, 8, 7, 6, 5, 3a, 1***

In the monitored period, all construction works within platform no. 2 were completed comprising the implementation of platform edges including foundations, restoration of water drainage, reconstruction of steel roofing structures, implementation of the lift, wiring, lighting, suspended ceilings and roofing of the platform. The substructure of the platform body and the platform surface, including the exits from the subways and the luggage tunnel were completed. The electrical connections for technology equipment and the lift were completed. In the meantime, all low-current wiring for the information systems, public notification equipment and the preparation of cabling for the future CCTV system were replaced. As part of the track reconstruction, tracks no. 7 and no. 9 were reconstructed in their entire length, including the railway substructure and drainage, as well as the waterproofing of the underpasses under these tracks.

❖ ***Standards for railway tracks and structures – Regional Directorate Zvolen – Railway station Zvolen, reconstruction of the reception building***

Finishing works were carried out on platforms no. 1, 2, 3, 4, on the reception building and premises for the ŽSR Institute of Education. Furthermore, installation works and activation of operational files such as internet connection, CCTV system, extension and relocation of the information system, electronic security systems and electrical fire alarm system were completed. The construction was completed with the final approval decisions.

❖ ***Railway station Poprad Tatry, adjustment of premises and building of Railway Telecommunication technology in the premises of the railway station***

The aim of the construction was to redirect the technology and cabling from the building of Poprad automatic telephone exchange to the premises in the administrative part of dispatch building of the Poprad – Tatry railway station. The purpose of the construction was to achieve satisfactory working conditions for ŽSR employees, optimal and economical use of existing buildings and meeting the criteria of railway station standards. The relocation of technology to premises typologically more suitably located - closer to the users brought a reduction of distances, an increase in the quality of services provided, more operative solution of incidents. The premises are supplemented with the necessary wiring, air conditioning, electrical fire alarm, electrical security alarm, CCTV system and structured cabling. In order to ensure the requirement for 1st stage power supply for the new technological equipment of Railway Telecommunication, a new alternative power source in the form of a diesel generator is implemented, which is located in a prefabricated concrete cell in the exterior. The construction completion was approved in September 2022.

Operational Programme Integrated Infrastructure 2014 – 2020 (OPII)

Implementation of OPII projects 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 objective of Priority axis 1: "Railway infrastructure (TEN-T CORE) and upgrading of rolling stock" as well as priority axis 5 - "Railway infrastructure and upgrading of rolling stock" is in particular to support sustainable mobility, economic growth, increase the competitiveness of small and medium-sized enterprises through the development of transport infrastructure. Despite the fact that the railway infrastructure in Slovakia has a relatively dense network, its main shortcomings include low line speeds, sections without electrification and the absence of equipment with technologies for smooth transport of goods and passengers.

The objective of Priority axis 3 of the OPII is the implementation of projects of park-and-ride parking lots - construction of parking lots for cars and bicycles with all its supporting elements such as CCTV surveillance, information system equipment, which is ultimately to contribute to a change in the behaviour of the inhabitants of villages and towns located in the region around Bratislava capital city of the Slovak Republic commuting from their place of residence to the city of Bratislava.

In the course of 2022, the Contracts for the provision of non-repayable financial contribution for the following OPII projects were concluded with the total amount of eligible expenditure of EUR 339,234 thousand:

ŽSR, Completion of Žilina - Teplička marshalling yard and related railway infrastructure at the Žilina Node, 1 st phase	223,707
Railway station Dvory nad Žitavou, modernization of switches no. 14 – 20	10,523
Railway station Trnovec nad Váhom – Railway station Tvrdošovce, modernization of tracks no. 1 and no. 2	35,621
Construction of integrated passenger transport terminals in Bratislava - Bratislava - Vrakuňa, project preparation (DSPRS) and implementation	4,312
Optimisation of railway line Prievidza – Jelšovce, 1 st phase	131
ŽSR, Implementation of ERTMS on the section Devínska Nová Ves - state border SK/CZ, project documentation (DSZ/DÚR, DSPRS and related engineering activities)	1,245
Modernisation of Bratislava tunnel no. 2, Bratislava Main Station	5,390
Railway station Nové Zámky – Railway station Palárikovo, modernization of tracks no. 1 and no. 2	34,542
Boleráz - Smolenice, modernization of railway superstructure, track no. 1	10,940
Railway station Barca, renewal of switches no. 1-20	12,823

Funds received in 2022 from OPII were mainly for constructions as follows (in thousands of EUR):

Completion of Žilina - Teplička marshalling yard and related railway infrastructure at the Žilina Node - implementation, 1 st phase	58,434
Electrification of railway line Haniska pri Košiciach – Moldava nad Bodvou, implementation	9,022
Modernization of railway line Púchov – Žilina, for line speed up to 160 km/hod., 1 st phase, section Púchov – Považská Teplá	8,055
Railway station Dvory nad Žitavou, modernization of switches no. 14 - 20	6,372
Boleráz - Smolenice, modernisation of railway track superstructure, track no. 1	6,198
Integrated passenger transport terminal Trebišov, implementation	5,234
Railway station Nové Zámky – Railway station Palárikovo, modernization of tracks no. 1 and no. 2	4,479

❖ **Completion of Žilina - Teplička marshalling yard and related railway infrastructure at the Žilina node - implementation, 1st phase**

Modernisation of Žilina railway node is a necessary prerequisite for the creation of a fully-fledged transit railway corridor in the north-south direction, which will meet the requirements of Technical Specifications for Interoperability of conventional railway systems in Europe and the modernisation of the technical infrastructure will achieve the parameters according to the European agreements AGC and AGTC. An important and necessary milestone of the construction is the transition of the operation to the more economically advantageous AC electric traction with single-phase 25 kV, 50 Hz system and the full transition to the dispatching control of the upgraded line sections.

Modernisation consists of rebuilding the existing railway infrastructure in order to increase its technical equipment and usability by incorporating the most modern and progressive elements, thus improving the quality and technical indicators as a whole.

The construction of Žilina node is divided into 8 integral parts of the construction, namely: Žilina Strážov - Váh, Line section Váh – branching-off and stop Varín, branching-off and stop Varín - Strečno, Completion of Žilina - Teplička marshalling yard, Infrastructure modifications in the section Žilina - Teplička related to the construction of the traction substation Žilina, Change of traction to the alternating traction system 25 kV of the sections Púchov - Žilina, Žilina - Krásno nad Kysucou and Žilina node and ERTMS system in Žilina node. The construction includes 506 construction objects and 180 operating units.

The largest part of the construction in terms of volume is the complete part of the construction Žilina Strážov - Váh. Within the complete part of the construction, the railway track superstructure of the original marshalling yard was removed, followed by terrain modifications and preparation of the area for the implementation of other construction objects. In the direction from Bratislava, the reconstruction of the railway bridge over the Rajčianka river in track no. 2, the reconstruction of the former railway bridge into a road bridge and the construction of an underpass for the public in the given locality were carried out (and will continue in 2023). Other dominant elements that started to be implemented in 2022 are a new road overpass in the Strážov town district as a connection to the mentioned road bridge over the Rajčianka river, the removal of the steel structure of the bridge over the Váh River in track no. 2 in Budatín and the construction of a new road overpass over the railway station from the side of the Váh river. In the Žilina passenger station, work was started on the extension of the underpass, the construction of platforms 3 and 4 and the railway superstructure and substructure. A visible feature, not only for passengers but also for the general public, is the construction of a new traffic management building in close proximity to the original one, which has been declared a cultural monument. Within the Žilina Strážov - Váh section, 0.687 km of track (the railway superstructure and substructure in the Budatín section and the temporary connection of the old and new railway superstructure) and modifications to the overhead contact line in the relevant sections were put into early use.

The most significant construction object of the section Váh branching-off and Varín stop is a new road overpass to Intermodal Transport Termina Žilina, including a road that connects to the original one and replaces the already cancelled level crossing. The implementation of the overpass was completed in November 2022 and the overpass is in use.

The main landmark of the branching-off and stop Varín - Strečno is the upgraded track no. 2, which was put into early use in May 2022. As part of the modernisation, the steel bridge over the Varínka river with direct track laying was completely reconstructed, noise barriers were implemented and new switches were laid in the Varín railway station, the stop includes an underpass for the travelling public with barrier-free access to the newly built platform at track no. 1 and platform no. 2, which started to be implemented in the autumn months of 2022 and will be completed in 2023.

❖ ***Electrification of railway line Haniska pri Košiciach – Moldava nad Bodvou, implementation***

The purpose of railway line electrification construction is to create conditions for increasing energy efficiency in railway transport and replacing motor traction for freight and passenger transport. This will save diesel fuel in railway operation, reduce noise pollution and improve air cleanliness in the vicinity of the railway line.

The total length of the electrification section is 21.510 km, of which 20.610 km is in the TEN-T system with line speed maintained. The subject of the proposed solution is the implementation of traction and power equipment, signalling and communication equipment, railway substructure and superstructure, platforms, roads and paved areas, ground structures and protection against the effects of stray currents. The construction was handed over to the contractor on 12 July 2021. On 20 May 2022 and 24 August 2022 war munitions were found on the construction site, which may have an impact on the completion

of the construction if found again in the future. On 11 November 2022 the early use of the construction was issued in the scope of the railway substructure and superstructure on the complete part of the construction of the railway station Moldava nad Bodvou, platform no. 1 and 2 and pedestrian crossings over the tracks no. 2a, 4 and 6.

❖ **Modernization of railway line Púchov – Žilina, 1st phase, section Púchov – Považská Teplá**

This construction project is the most investment and technically demanding construction of ŽSR since its independence. The modernisation of the line consisted of the reconstruction of the existing railway infrastructure in order to increase its technical equipment and usability by incorporating the most modern elements, thus enhancing and improving its technical parameters and indicators as a whole. Its completion will lead to the completion of the modernisation of the railway line, which will increase the speed, comfort, safety and continuity of the journey on the complete section Bratislava - Žilina.

The total length of the modernised section of the line, including stops, switches and railway stations after modernisation is 15.921 km. The new route shortened the section by 2.821 km. The dominant elements are the tunnels Diel (length 1,082m) and Miločov (length 1,861m). On 16 May 2022 the construction was completed by issuing the acceptance report.

❖ **Railway station Dvory nad Žitavou, modernization of switches no. 14 - 20**

The subject of the construction are construction works consisting in the reconstruction of the transport route- line construction of the track no. 120A Szob HU - Štúrovo - Bratislava Central Station. The construction works include:

1. Comprehensive reconstruction of switches no. 14 – 20,
2. Fitting of new changers on swithes no. 1 – 8 and no. 13 – 20,
3. Installation of electric heating of exchanges on switches no. 1 - 8 and 14 - 20,
4. Construction of new station and track signalling equipment of the 3rd category.

The reason for the implementation of the construction was the poor condition of the switches in Dvory nad Žitavou railway station. It was necessary to spend a large amount of funds to maintain the safety and continuity of railway operation. The reconstruction of the switches and the construction of new station and track signalling equipment will increase the safety and continuity of operation on the railway transport route and reduce the inefficient use of funds for maintenance work.

In addition to the above-mentioned construction works, a new cable protection route for signalling equipment, notification equipment, electrical exchange heating, overhead line modification due to the reconstruction of switches, new electrical connections, a new transformer station and a spare power supply, new local cabling and overhead line modification due to the reconstruction of switches will be constructed as well as the reconstruction of external lighting and the removal of signalbox.

The site was taken over by the contractor on 20 May 2022.

❖ **Boleráz - Smolenice, modernization of railway superstructure of track no. 1**

The investment project tackles the reconstruction of the existing single-track electrified railway line with gauge 1,435mm in the section between the railway station Boleráz and railway station Smolenice, which is a part of Trnava – Kúty railway line. The line was built as a diversion line in case of a more extensive

temporary capacity restrictions or unforeseen interruption of operation on the corridor line Moravský most - Kúty - Devínska Nová Ves - Bratislava. The construction is situated in the original alignment of the existing railway line. It starts at the beginning of the switch no. 6 in the Traffic Control Room of the remotely controlled line Boleráz and ends at the beginning of the switch no. 1 in the operation control point of the remotely controlled line Smolenice. The length of the reconstructed line section is 4,947m. The requirement for the reconstruction of the railway line in question was based primarily on its technically obsolete and currently unsatisfactory condition. The effort to reconstruct the section of the electrified line Boleráz - Smolenice follows the concept of gradual renewal of the line section Trnava - Kúty, increasing the performance of the said line and qualitative shift in the comfort of passengers using rail transport.

The aim of the reconstruction is to achieve the standard parameters of the railway transport route, to ensure safe and smooth railway operation, to achieve the prescribed standards and, last but not least, to increase the line speed. The work was completed during the year and handed over by the contractor for early use on 12 December 2022.

❖ ***Integrated passenger transport terminal Trebišov, implementation***

The project concerned is by its nature and location directly linked to the existing railway and road infrastructure. The construction of the passenger transport terminal itself, where public and individual transport will be concentrated, will allow passengers to quickly, safely and comfortably transfer between the respective modes of transport with the focus on the rail transport system - the railway. At the same time, it will allow optimising the share of passenger transport within the whole region. Road vehicles - buses, cars or bicycles will transport passengers to the terminal, from where they will continue by large-capacity transport.

On 21 December 2022, the construction objects and the operational unit of Trebišov railway station, the modification of the station signalling equipment, the railway substructure, the railway superstructure, the modification of the catenary, the modification of the remote control of the section disconnectors, the modification of the low-voltage wiring and the external lighting of ŽSR were put into early use. In 2023, the implementation will continue with the completion of construction at the end of the year.

❖ ***Nové Zámky railway station - Palárikovo railway station, tracks no. 1 and no. 2, modernization***

The project is aimed at comprehensive reconstruction of the railway line with the parameters of modernization - replacement of the obsolete type of railway superstructure and substructure between the railway stations Nové Zámky and Palárikovo to achieve the standard condition and improve the safety and continuity of railway transport, increase the line speed to 140 km/h, reduce the costs of maintenance and repairs and thus achieve a higher quality standard of passenger transport. The total length of the reconstructed section will be 7.691 km after the completion of the project implementation. There were cuttings of trees and vegetation, modifications of the line signalling equipment, complex reconstruction of the overhead line to the speed of 160 km/h, complex reconstruction of the railway substructure at track no.1, reconstruction of the railway crossing - installation of the STRAIL crossing structure, complex reconstruction of Ľudovítov railway stop - new platforms.

Capital transfer from the State budget

On the basis of the Contract no. 1426/C300/2022 of 1 August 2022 on the provision of financial means to ŽSR, the financing of several investment projects in the amount of EUR 95,328 thousand was secured from the budget chapter of the Ministry of Transport of the Slovak Republic. These funds were allocated as follows:

In the sub-programme Construction and renewal of the railway network in the amount of EUR 18,783 thousand, the funds were also allocated to the projects of the Recovery and Resilience Plan. This sub-programme mainly financed the following investment actions:

Element 07S0601

Pial - Beša, trackbed rehabilitation	5,991
Kraľovany railway station – Ľubochňa railway station, reconstruction of tracks no. 1, 2	1,414
Čierna nad Tisou, comprehensive reconstruction of switches no. 145š-147š, 150š-152š, 154š-159š, 161š, 162š - 14 switches	1,891
Hul – Úľany, remediation of the earth body in km 34.850 – 35.050	941

Element 07S0601 projekty plánu obnovy a odolnosti

Modernizácia železničnej trate Žilina – Košice, úsek trate Poprad Tatry (mimo) – Krompachy, 1.etapa (Poprad – Spišská Nová Ves), projektová príprava /majetkovoprávne vysporiadanie	5,523
ŽSR, Elektrifikácia trate Bánovce nad Ondavou – Humenné	1,981

❖ *Pial – Beša, trackbed rehabilitation*

The railway line Šurany - Levice in the section Pial - Beša passes through cuts and embankments, which are built with the original material from the place of alignment, made of earth and earth-clay soil. There is high instability in the entire inter-station section, which results in deformations and disturbances in the track geometrical position. The construction includes the modification of the railway superstructure and the catenary of the whole section between Pial passing loop and Beša railway station and trackbed rehabilitation. Within the implementation investment action the protection of the cables of the signalling and communication equipment.

❖ *Kraľovany – Ľubochňa, reconstruction of tracks no. 1, 2*

The construction included a comprehensive reconstruction of railway superstructure, railway substructure, construction of platforms at Stankovany railway stop, modifications of culverts and bridges, modifications of overhead contact line, modifications of signalling equipment, including the rehabilitation of the rock cliff with the construction of a retaining wall. Standard infrastructure was built at Stankovany railway stop to provide access to the platforms, equipped with a passenger orientation system with shelters and external lighting. The approval procedure took place on 23 February 2023.

❖ *Čierna nad Tisou, comprehensive reconstruction of switches no. 145š-147š, 150š-152š, 154š-159š, 161š, 162š – (14 switches)*

In 2022, the remaining 9 switches were reconstructed in the scope of the railway superstructure and the railway substructure of these switches and the connecting fields on individual tracks in the next stages. The engineering work was carried out and the documentation of the actual design was prepared for the

procedure for the issue of the use permit - the approval decision. The approval decision is legally valid from 21 September 2022.

❖ ***Modernization of railway line Žilina – Košice, section Poprad Tatry (outside) – Krompachy, 1st phase (Poprad – Spišská Nová Ves), project preparation/property settlement***

Modernisation of the railway line will increase the line speed up to 160 km/h in long, continuous sections, new overhead contact line, new signalling and communication equipment and related operational equipment will be built, which will meet high technical requirements. As part of the modernisation of the construction, the traction converter stations Poprad and Spišská Nová Ves will be reconstructed and the supporting converter station Vydrník will be constructed, all level crossings of the road network with the railway line will be cancelled and replaced by off-grade ones. Off-level passenger access to the platforms will be built at the stops and at Vydrník station, including access for people with reduced mobility. In order to achieve line speeds of up to 160 km/h, it is necessary to relocate the railway line to a new position in some places on the existing line.

The main criteria for the modernisation of the railway infrastructure on a given section of the line are:

- achieving the parameters of the AGC and AGTC agreements:
 - increase the line speed,
 - increase the spatial throughput,
 - increase in the load-bearing capacity of the railway substructure,
 - enhance operational safety,
 - enhance passenger safety,
- increasing the quality, comfort and smoothness of travel
- reducing the negative impacts of rail traffic on the population
- improving and enhancing the quality of the environment

The evaluation of the tender for the selection of the construction contractor is currently underway. At the same time, engineering work is underway to secure building permits. In 2022, financing for project documentation and property legal arrangement has been secured.

❖ ***ŽSR, Electrification of Bánovce nad Ondavou – Humenné railway line /property law settlement***

The purpose of investment action is electrification of the existing single-track railway line in the section Bánovce nad Ondavou - Humenné. The construction also includes the reconstruction of station signalling equipment, track signalling equipment, level crossing signalling equipment including electrical heating of switches, dismantling of insulated contacts and construction modifications of technological rooms for installation of new signalling equipment technology. Within the construction, the project documentation will be prepared and subsequently the part Bánovce nad Ondavou - Strážske, comprehensive reconstruction of the railway superstructure of track no. 1. at a speed of 120 km/h will be implemented. In 2022, the financing of the project documentation and the property-legal arrangement was secured.

In the sub-programme *Outside co-financing beyond the financial gap + NN (above GAP) OPII* in the amount of EUR 55,691 thousand. The funds were mainly allocated to the following investment actions:

	<i>in thou. EUR</i>
Modernization of Púchov – Žilina railway line, for line speed up to 160 km/hod. – 1 st phase (Púchov - Považská Teplá)	50,777
Completion of Žilina Teplička marshalling yard and connected railway infrastructure in Žilina node – implementation	3,551
ŽSR, Corridor modernization, state border CZ/SR – Čadca – Krásno nad Kysucou (outside), railway track, section Svrčinovec – state border CZ/SR (Section B)	1,195
Electrification of Haniska pri Košiciach – Moldava nad Bodvou railway line, implementation	116

❖ **ŽSR, Corridor modernization, state border CZ/SK – Čadca – Krásno nad Kysucou (outside), railway track, section Svrčinovec – state border CZ/SK (Section B)**

The modernisation of Čadca - state Border SK/CZ (3rd stage) consists of the rebuilding of the existing railway infrastructure in order to increase its technical equipment and usability by incorporating the most modern and progressive elements and thus improving and enhancing its technical parameters and indicators as a whole.

The contract between the construction contractor and the client ŽSR was signed on 12 March 2022 and on 12 August 2022 the construction site was handed over to the contractor. The construction is financed from two financial sources of the European Union, in particular from the CEF programme: section Čadca – Svrčinovec, and from the OPII programme: section Svrčinovec - state border SK/CZ.

From the technical point of view, 3rd stage represents one complete part of the construction of 4.937 km in length, which will be shortened to 4.904 m after the modernisation by building a railway line relocation. After taking over the construction site, the construction contractor started with the preparation of the area, cut down trees and bushes, made a passport of the access roads, especially with an emphasis on the inhabited part of Svrčinovec village. The main part of the construction work was concentrated on the state border, where preparatory work was carried out for the stabilization of the landslide and for the implementation of a new road underpass to the Kulovci settlement. Until the actual implementation of the new road underpass, an alternative access to the houses must be established, as the original underpass will be closed.

The construction work in 2022 consisted mainly in the construction of the access road to track no. 2, the removal of the railway superstructure from the road underpass towards the state border, and the embedment of the sheet pile wall in the high embankment. During the period since the handover of the site, additional engineering geological monitoring has been ongoing, focusing primarily on monitoring the active landslide.

In the sub-programme *CEF projects - co-financing from the State budget/NN* in the amount of EUR 15,733 thousand and temporary financing of the EU part in the amount of EUR 5,121 thousand, the funds in the total amount of EUR 20,854 thousand were allocated for the following investment projects:

	<i>in thou. EUR</i>
Modernization of railway line Žilina – Košice, section Liptovský Mikuláš – Poprad Tatry (outside), 1st phase (Poprad - Lučivná)	13,863
Modernization of railway section Váh - Varín - Strečno (Section 1)	4,334
Modernization of railway line Devínska Nová Ves – state border SK/CZ (Construction A)	2,647

❖ ***Modernization of Žilina – Košice railway line, section Liptovský Mikuláš – Poprad Tatry (outside), 1st phase (Poprad – Lučivná)***

The project addresses modernisation of double-track railway line in the section Poprad - Štrba (Lučivná) in the total length of 12.868 km in the current state. After the construction is completed, the total length of the section will be shortened to 12.700 km. The purpose of the construction project is to modernise the technical infrastructure of the line on the given section, which is a part of the TEN-T network and the European railway corridor no. V to achieve the parameters in terms of the European Community legislation (e.g. TSI), European standards, legislation and standards of the Slovak Republic and AGC and AGTC agreements. The modernisation of the line will achieve a new level of technical equipment and usability by incorporating the most modern and progressive elements and thus improving and enhancing its technical parameters, increasing the line speed to 160 km/h, reducing maintenance and repair costs and thus achieving a higher quality standard of passenger and freight transport. The subject of the solution is the construction of a new catenary, new signalling and signalling equipment, new earth body of the railway substructure and superstructure, total reconstruction of Svit railway station including lighting masts, construction of a new railway stop Lučivná, construction of 7 new railway bridges, construction of underpasses for passengers in Poprad and in the railway station Svit, relocation of the watercourse - Podhájský brook, construction of noise barriers, construction of a new road underpass including road relocation in Svit railway station.

❖ ***Modernization of the railway line Devínska Nová Ves – state border SK/CZ***

The modernisation of the line includes the reconstruction of 31 km of track superstructure and substructure to a line speed up to 200 km/h with local limitations of line speed to 160 km/h due to spatial conditions. The subject construction also includes the reconstruction of two railway stations Zohor and Malacky, which consists in the construction of two separate island platforms with grade separated access of the travelling public to the platforms with the help of a passenger underpass, comprehensive reconstruction of the superstructure and substructure, signalling equipment, lighting, overhead line, information systems of the station. Furthermore, three railway stops Devínske Jazero, Plavecký Štvrtok, Brodské are being modernised, where one-sided platforms will be built with off-level access for the travelling public, which will be solved by a passenger underpass and in Devínske Jazero stop by building a footbridge.

All level crossings along the railway infrastructure will be cancelled and replaced by grade separated crossings - overpasses, underpasses, connecting roads. The signalling equipment on the entire section concerned will be upgraded to the ERTMS system, which consists of ETCS L2 and GSM-R. In the section of the construction Devínska Nová Ves - Malacky, the territorial procedure for the purpose of issuing the territorial decision was in progress. In the section of the construction Kúty - state border SK/CZ, legally valid zoning decisions have been issued. From Brodské railway stop to the state border SK/CZ, construction works were carried out on the reconstruction of the Brodské stop, construction of a road underpass, renewal of the overhead contact line, railway superstructure and substructure, construction of bridge abutments on two bridges in front of Morava river and construction of bridge piers of the railway bridge on the 2nd line track over Morava river.

Connecting Europe Facility – CEF

The main focus of the CEF programme is to support investment in the construction of new transport infrastructure in Europe or the rehabilitation and modernisation of existing transport infrastructure. In the case of the CEF, the focus is on cross-border connections on the core TEN-T network and on innovative transport solutions.

The individual CEF projects are financed between 73.40 % and 85.00 % from EU funds and between 15.00% and 26.60 % from the co-financing from the State budget. In 2022, ŽSR received payments from the European Union in the amount of EUR 130,611 thousand.

Payments are tied to the following projects:

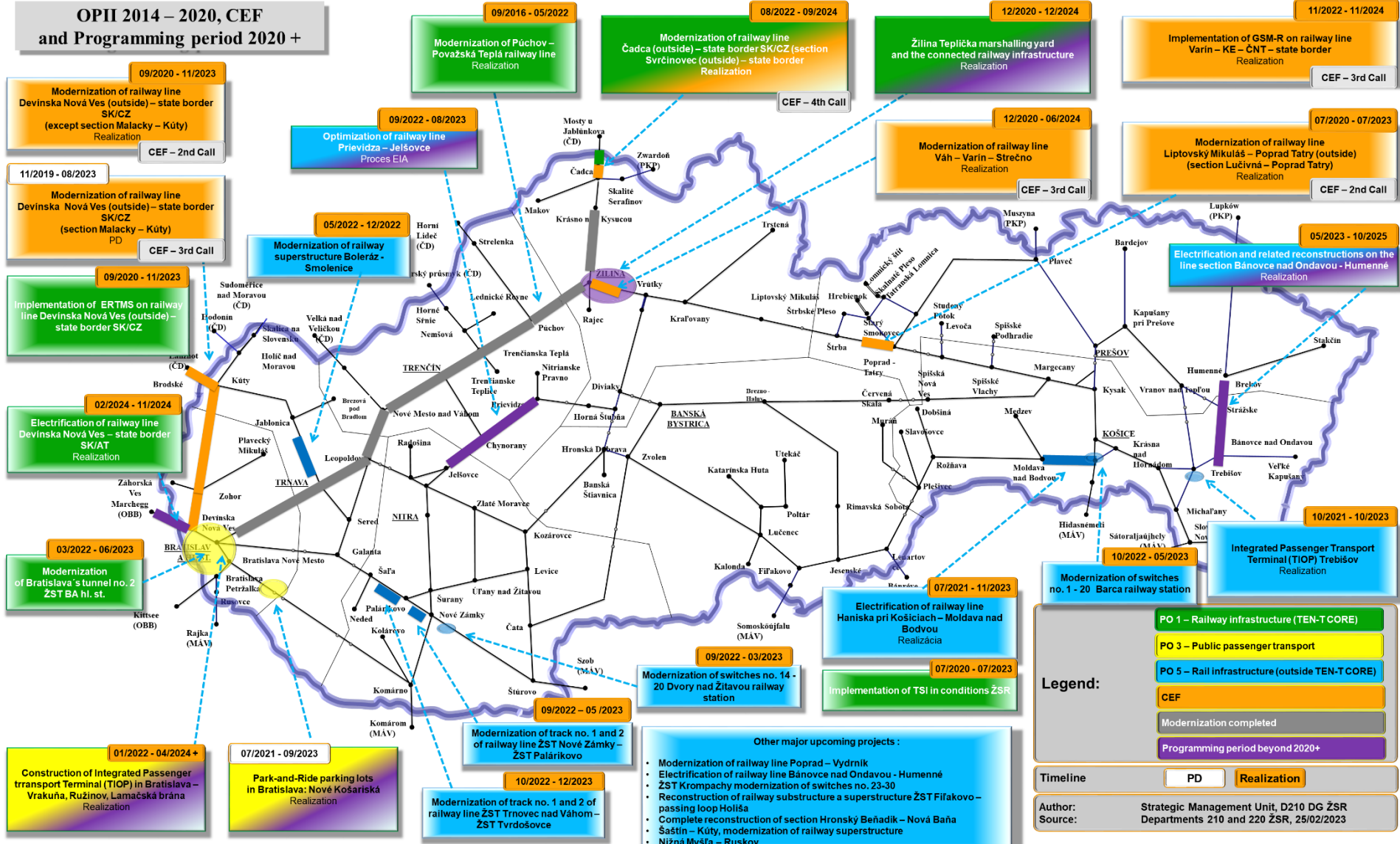
- Modernization of two sections of the railway line Devínska Nová Ves - state border SK/CZ
- Modernisation of railway line Žilina - Košice, section Liptovský Mikuláš - Poprad Tatry (outside) – 1st phase (Poprad - Lučivná)
- Modernisation of railway line Devínska Nová Ves - state border SK/CZ; section Malacky (outside) - Kúty, project documentation
- Modernisation of the railway line Váh - Varín - Strečno
- Implementation of GSM-R on railway line Varín - Košice - Čierna nad Tisou, state border
- Modernisation of railway section Čadca - Svrčinovec railway stop (incl.)

Payments received from Connecting Europe Facility (CEF) in particular covered the following projects in 2022:

Modernization of the railway line Váh – Varín – Strečno (Section no. 1)	5,728
Railway line Žilina – Košice, section Liptovský Mikuláš – Poprad Tatry (outside), 1st phase (Poprad - Lučivná)	4,568
ŽSR, Modernization of railway line Devínska Nová Ves – state border SK/CZ (Construction A)	3,468



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 2022, ŽSR achieved a negative business result. The year-on-year development of costs was strongly influenced by higher costs of consumed purchases, energy and personnel costs, where there is an increase of 6.57 %.

<i>Costs and revenues (in thousands of EUR)</i>	31 December 2022	31 December 2021
Costs	702,509	536,136
<i>herein</i>		
Payroll costs	313,591	294,259
Amortization of long-term assets	73,302	78,406
Consumed purchases	77,117	72,676
Revenues	624,336	516,507
<i>herein</i>		
Charge for the access to railway infrastructure	81,420	72,659
Operational subsidy ZPŽI	375,915	326,360
Sale of traction power	95,328	66,370
<i>Business result before tax</i>	<i>-99,076</i>	<i>-23,698</i>
Business result ŽSR	-78,173	-19,629
Other comprehensive income components	4,475	-545
Other comprehensive income	-73,698	-20,174

The settlement of the business result of ŽSR for the year 2022 will be additionally incorporated in accordance with the decision of the Management Board of ŽSR after the submission and discussion of audited financial statements for 2022.

Non-current assets represents 93 % of total assets. Railway infrastructure assets managed by ŽSR in accordance with the law represents a book value of EUR 2,998,461 thousand.

<i>Assets (in thousands of EUR)</i>	31 December 2022	31 December 2021
Non-current assets	3,700,297	3,616,344
<i>herein:</i>		
Fixed tangible assets	3,649,449	3,565,248
Current assets	265,913	185,152
<i>herein:</i>		
Trade receivables	12,176	11,723
Inventories	10,688	14,481
Cash and cash equivalents	182,841	107,217
Total Assets	3,966,210	3,801,496



Equity accounts for 40 % of total liabilities. Non-current liabilities increased by EUR 217,588 thousand. This was mainly due to the receipt of investment subsidies on fixed assets, the entry in the accounts of the provision for environmental burdens and the absorption of funds for CEF investment subsidies reported as an advance received.

Liabilities (in thou. EUR)	31 December 2022	31 December 2021
Equity	1,567,319	1,646,350
<i>herein</i>		
Registered capital	800,170	800,170
Capital funds	519,054	519,912
Non-current liabilities	2,150,658	1,933,070
<i>herein</i>		
Loans, State and EU subsidies	1,915,092	1,800,002
Current liabilities	248,233	222,076
<i>herein</i>		
Short term part of the loan	13,136	12,000
Current trade liabilities	77,644	83,388
Total Equity	3,966,210	3,801,496

Financial indicators

	unit	31 December 2022	31 December 2021
Business result	<i>thousands of EUR</i>	-78,173	-19,629
Liquidity ration indicators			
Current liquidity		0.80	0.90
Total liquidity - average		0.80	1.10
Expenditure indicators			
Expenditures	%	112.52	103.80
Wage intensity	%	33.32	38.79
Indebtedness indicators			
Self-financing indicator	%	75.68	81.59
Total indebtedness	%	24.32	18.41
Debt to equity ratio	%	32.13	22.56
Labour Productivity Indicator			
From revenues	<i>EUR/empl.</i>	46,802	38,304
From performance	<i>trkm/ empl.</i>	3,889	3,708



Equity participations

Company	Share in the equity (%)
STABILITA, d. d. s., a. s. Košice	55.26
ŽPSV, a. s. Čaňa	41.06
Breitspur Planungsgesellschaft mbH in Liqu Wien (Austria)	27.74
HIT RAIL, b. v. Amsterdam (the Netherlands)	4.00

- Stabilita is a complementary pension insurance administration company,
- ŽPSV Čaňa is a company active in production of concrete products, precast units and structures for construction purposes,
- Breitspur Planungsgesellschaft in Liqu is a company engaged in the preparation of a broad-gauge railway connection project, the company entered into liquidation on 1.1.2023,
- HIT RAIL, b. v. is a company managing international data infrastructure.

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 across 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 2022 Total /ŽSR *	31 December 2021 Total /ŽSR *	Difference Total /ŽSR *
Train collision	21/4	20/8	+1/-4
Train derailment	8/3	5/2	+3/+1
Collision with level crossings users	29/0	32/0	-3/0
Rolling stock fire accidents	6/0	8/0	-2/0
Injuries by rolling stock	115/2	80/1	+35/+1
Shunting accidents	18/11.5	16/6	+2/+5.5
Consequences of accidents			
Level crossings fatalities	2	12	-10
Unauthorised persons fatalities	91	67	24
Staff fatalities	2	2	0
Passenger fatalities	0	0	0
Fatality - another person on a platform	0	1	-1
Fatality - another person outside a platform	0	1	-1

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

Type of occupational injury	31 December 2022	31 December 2021	Difference
Total occupational injuries	41	41	0
of which major occupational injuries:	2	2	0
Fatal injuries	2	1	1
Severe injuries	0	1	-1
Number of missed calendar work days	4,130	4,596	-466
Number of injuries per 1,000 employees	3.074	3.041	0.033
Average number of employees	13,339.81	13,484.52	-144.72

Environmental protection

A necessary step to reduce the adverse impact of ŽSR on the environment was also in 2022 the fulfilment of the objectives, currently valid legislation, EU and Slovak transport policy, governmental and departmental strategic documents aimed at environmental protection.

Important tools for protecting the environment and ensuring sustainable development include the Environmental Impact Assessment (EIA) process. Within development and sustainability of railway infrastructure, the EIA process is therefore also an integral part of ŽSR projects. In order to achieve the comprehensiveness of expected environmental impacts assessment of projects, ŽSR continued to ensure a qualitatively better preparation of its own EIA projects from a professional point of view in 2022, through internal expert units. As part of the EIA process, the processing of surveys aimed at better clarifying the environmental impacts of projects was also ensured. For example, the surveys include a climate assessment to prepare the planned projects for the expected level of exposure to potential risk factors arising from changing climatic conditions. The assessment results in adaptation and mitigation measures that contribute to environmentally better transport options and a strong transport system that is resilient to the potential negative impacts of climate change.

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, electrification, etc.).
- elaboration of strategic noise maps at regular intervals and subsequently noise protection action plans in order to eliminate or minimise the negative effects of noise from railway operations on the environment.
- the continuation of a nationwide hazardous waste collection system in accordance with current waste management legislation.
- Continuation of the geological task “Operation of environmental structures and facilities in Čierna nad Tisou” and monitoring of existing water structures under the management of ŽSR.
- Remediation of bedrock as removal of old environmental burdens.

- Removal and subsequent biodegradation of hazardous waste resulting from reconstruction works and classified as hazardous waste under Act No. 223/2001 Coll. on Waste.
- Efforts to reuse some of the recovered raw materials and materials.

The quality of project assessment and qualification of employees was, as in previous years, increased by the interest of ŽSR in participation in conference meetings, the main task of which was to get acquainted with the current requirements of environmental legislation, changes in the field of environmental impact assessment, etc. In addition to its own projects, ŽSR also ensured the monitoring of EIA projects related to the construction of foreign investors, which are planned in the vicinity of the railway infrastructure. Any timely opinion of ŽSR or involvement in the EIA process with adequate comments led to the prevention of negative impacts on the environment. 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 point of view, the application of the assessment process (EIA/SEA) mainly leads to:

- Rational and efficient use of natural resources.
- Identification of key impacts and measures to eliminate or mitigate them.
- Avoiding serious and irreversible damage to the environment.
- Protecting the health and safety of people and their property.

The EIA process for the projects was completed in 2022:

- Comprehensive reconstruction of the bridge structure at km 37.910 of the railway line state border (Marchegg) - Devínska Nová Ves, TU 2805, DÚ 02, state border ÖBB Devínska Nová Ves.
- Slivník passing loop reconstruction of switches no. 1 - no. 10.
- Šelpice - Boleráz, comprehensive reconstruction of the railway superstructure, track no. 1.
- Levice railway station, renewal of switches and station signalling equipment.
- Hronský Beňadik railway station - Tekovská Breznica stop - Nová Baňa railway station, reconstruction of railway infrastructure.

During the year 2022, the EIA process was continued in the framework of “Modernisation of the Bratislava railway node - the EAST branch” and “Modernisation of the Bratislava railway node - the WEST branch” as well as in the projects “Modernisation of the railway line Žilina - Košice, section of the line Krompachy (outside) – Kysak” and “Modernisation of the railway line Žilina - Košice, section of the line Liptovský Mikuláš - Poprad-Tatry (outside), 2.3.4. stage”.

The environmental impact assessment was launched for the projects “Double-tracking of the railway line Devínska Nová Ves - state border SK/AT (Marchegg)” and “Bratislava - Nové Mesto - Bratislava - Central freight station, comprehensive reconstruction of the railway superstructure, track no. 1, 2”.

In order to identify potential environmental impacts early in the preparation of projects, environmental impact assessments are also included in feasibility studies. In 2022, the assessment of the potential impacts of individual solution variants was carried out by ŽSR's own capacities within the study “Double-tracking of railway line Devínska Nová Ves – Marchegg”.

Human Resources

Employment developments in the first half of 2022 were further affected by the impact of the COVID-19 pandemic. The number of registered employees is down compared to the previous period, and the average recalculated number of registered employees in 2022 is also lower.

Employment development	31 December 2022	31 December 2021	Difference (2021 - 2020)	Difference in %
Registered number of employees as of 31.12.	13,303	13,490	-187	-1.39
Average calculated number of employees	13,339.81	13,484.52	-145	-1.07

Out of the total number of employees of ŽSR, 76% are men and 24% are women. In 2022, 928 employees terminated their employment and 716 employees were recruited. Employees left mainly by agreement and retirement. The turnover rate for 2022 is 2.2%.

Age structure	31 December 2022	% share	31 December 2021	% share
up to 20 years of age	41	0.31	25	0.19
20 - 29 years of age	1,090	8.19	1,138	8.44
30 - 39 years of age	1,937	14.56	1,987	14.73
40 - 49 years of age	3,470	26.08	3,673	27.23
50 - 59 years of age	5,182	38.95	5,196	38.52
over 60 years of age	1,583	11.90	1,471	10.90
Total	13,303	100.00	13,490	100.00

The average age of ŽSR employees was 48.16 years. The decrease of 1.14% is in the age structure of 40-49 years. There is a slight increase of 1% in the number of employees over 60 years of age, which is a consequence of the increase in the retirement age in the Slovak Republic.

Educational structure	31 December 2022	% share	31 December 2021	% share
Elementary education	252	1.89	253	1.88
Secondary education	3,119	23.45	3,231	23.95
Complete secondary education	7,412	55.72	7,435	55.11
University education	2,520	18.94	2,571	19.06
Total	13,303	100.00	13,490	100.00

There was no change in the educational structure of ŽSR employees in percentage comparison. 29 graduates were recruited under the “Adaptation programme for graduates of selected schools”. The low number of graduates recruited is also related to their direct placement in vacant type positions.

As of 31 December 2022, ŽSR employed 483 employees with disabilities above 40 % up to 70 % and 65 employees with disabilities above 70%. In 2022, ŽSR fulfilled the employer's obligation to employ citizens with disabilities in accordance with Act No. 5/2004 Coll. on Employment Services.



Recruitment of employees

For recruitment activities, a contract for the RECRU information system was concluded at the end of January 2022 for a further two years and a new contract for electronic advertising on the Profesia.sk portal for a period of one year.

On the basis of the newly created portal of the Ministry of Labour Social Affairs and Family under the name “sluzbyzamestnanosti.sk”, ŽSR will also carry out electronic advertising on this portal from March 2022.

As part of the recruitment activities, advertisement of job opportunities and articles on employment at ŽSR were published on selected shortage positions such as train dispatcher, shunter, signal master and electrician of fixed traction and power current equipment. These articles were directed regionally to Bratislava and the surrounding area, where ŽSR is experiencing the greatest shortage of employees in the above-mentioned positions.

Information about the employment opportunities within the framework of the ŽSR Graduate Programme was sent in March to 40 secondary schools with a transport, electrical and technical orientation. Grammar schools were also contacted. Personal meetings with pupils and parents were held in several secondary schools. Their aim was to promote job opportunities and the ŽSR Graduation Programme.

The magazine “Where to go after high school” was distributed to high school students in the Slovak Republic and the magazine “Studentix” with information about employment opportunities in ŽSR was distributed to university students in the Slovak Republic. At the same time, specific offers for university graduates were sent mainly to the University of Žilina and the Slovak University of Technology in Bratislava.

In early 2022, the process of developing new and updating existing employee benefits was initiated. The objective was to maintain employment while providing incentives to fill vacant type positions in operational occupations in operational workplaces of the Regional Directorates. This effort resulted in the adoption of a new Employment Retention Allowance Guideline, effective from 1 November 2022. The Guideline updated the accommodation and housing allowance, introduced a new recruitment and stabilisation allowance and incorporated a career development allowance.

Dual Education and Scholarship Programme

In the school year 2021/2022, 37 pupils graduated from the dual education system. 33 pupils have been employed.

For the school year 2021/2022, ŽSR received EUR 62,200 from the State Institute of Vocational Training as a partial compensation for the costs related to this agenda. In 2022, ŽSR applied a reduction of the tax base of EUR 257,600 within the meaning of Act No. 595/2003 Coll. on Income Tax.

In 2022, 21 apprenticeship contracts in the dual education system, four scholarship contracts with secondary school pupils and one scholarship contract with a student of the University of Žilina were concluded. Recruitment of new pupils in the first quarter of 2022 was still affected by coronavirus-related restrictions.



Six pupils graduated from the secondary school scholarship programme. Four pupils were employed.

Seven students graduated from the college scholarship programme. Six students were employed.

Remuneration and Employee Benefits

In February 2022, ŽSR concluded Amendment No. 4 to the ŽSR Collective Agreement 2021-2023, in which an increase in the tariff wage by EUR 45 per month was agreed, effective from 1 April 2022. At the same time, based on the request of the trade unions, an increase of one tariff class was agreed for the standard positions of track worker, shunting supervisor, track supervisor and training inspector. Amendment No. 5 to the ŽSR Collective Agreement signed on 28 July 2022 specifies a provision of a special supplement for work at a height or depth exceeding 5 metres in the Guidelines for ŽSR employees remuneration. A further increase in the tariff wage during 2022 is contained in Amendment No. 6 to the ŽSR Collective Agreement signed on 1 December 2022. In this amendment, the monthly tariff wage of employees was increased by EUR 50 with effect from December 2022. In accordance with point 47 of the ŽSR Collective Agreement 2021-2023, an annual amount of the ŽSR bonuses was agreed for employees remunerated with the tariff wage in 2022 in the amount of the bonuses actually paid in 2019.

Personnel costs increased by EUR 20.57 million compared to last year. This increase is mainly related to the inflation rate, which reached an average of 12.8% for 2022. On the basis of point 49 of the ŽSR Collective Agreement, the parties agreed to pay an inflation allowance of EUR 500 per employee to mitigate the effects of inflation with the November 2022 wage bill totalling EUR 6.54 million. The inflation allowance is part of other social costs.

The average salary for 2022 amounted to EUR 1,299.47, which is EUR 61.45 more than in 2021. Included in the volume of bonuses is an extraordinary bonus of EUR 310 per employee paid in the salary for the month of December 2022 for a total amount of EUR 4.12 million.

Employees were provided with both monetary and non-monetary benefits that serve to strengthen the stabilisation and motivation of employees. ŽSR provides a wide range of benefits:

- Reduction of the weekly working time pool to 36 hours without a reduction in pay (for selected type positions)
- Application of flexible working hours in accordance with the Labour Code,
- Leave of absence with wage compensation for the purpose of examination, treatment of the employee in a medical facility, accompanying a family member to a medical facility and improvement of family care beyond the scope of the Labour Code according to the ŽSR Collective Agreement,
- Provision of income replacement for temporary incapacity for work for the first 10 days at the rate of 60% of the employee's daily assessment base,
- Contribution to supplementary pension savings, known as Pillar III,
- Contribution to life insurance DYNAMIK Ž,
- National and international travel benefits for both staff and their family members,
- Recondition stays for selected operational type positions according to the ŽSR Collective Agreement,
- Jubilee bonuses and increased redundancy payment depending on years of employment,
- Accommodation and housing allowance for selected type positions,



- Stabilisation allowance and recruitment allowance for shortage type positions,
- Professional development allowance for employees interested in the position of dispatcher,
- Recreation allowance for employees in accordance with the Labour Code.

In the area of employee welfare, the social fund is used, from which in agreement with the Trade Unions, contributions are made mainly for employee regeneration, meals allowance, social assistance, work anniversaries, blood donations and recreation in ŽSR and Trade Union's facilities.

Employee Awards

In 2022, 30 employees of ŽSR received various awards from Minister of Transport of the Slovak Republic:

Tribute of Minister of Transport of the SR	12 laureates
Title of Minister of Transport of the SR - Meritous transport employee	17 laureates
Recognition from the Minister for meritorious service	1 laureate

Professional and sectoral balance was taken into account in the selection process, assuming a predominantly operational staff representation.

Respect for human rights

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

Research and Development

Cost of research and development tasks

Operational processes (in thousands of EUR)	31 December 2022	31 December 2021
- Research expenditures	25	0
- Development expenditures	8	12
Total	33	12

The most important tasks resolved in 2022:

- Studies of the operational concept of ŽSR traction power networks unification and the related power supply concept.
- Revision of STN P 34 2651 : 1999 - Railway level-crossing installations.
- Draft of ŽSR Regulation on Verification operation of structural elements, equipment, applications and technologies of the railway infrastructure of ŽSR.
- Update of Regulation SR 103-3(TS) - Drawings of materials for railway superstructure-rail.
- Update of Regulation TS3 Railway superstructure - revision of the first part.
- Elaboration of Regulation TS3-7 Categorisation of recovered railway superstructure material.
- Regulation Maintenance of railway traction vehicles of ŽSR.
- Draft of conditions for commissioning an application for monitoring defectoscopic defects of rails and switches on the ŽSR network.
- Application of new calibration methodologies for calibration laboratory 1 Vrútky in the metrology system for calibration of pressure and length gauges.
- Wireless transmission of operating states of relay crossing signalling equipment on secondary lines.
- Limiting the adverse effect of high-voltage discharges during storms on the functionality of the automatic unit's electronic encoders.
- Solving the problem of contactless track on the ŽSR network, including the Tatra Electric Railway and the Cog Railway.
- Creation of a methodology for inspection of prestressed concrete structures of bridges in the ŽSR network part B - higher level of inspection.
- Optimization of the connection process and subsequent relationship management of electricity generation facilities with emphasis on the promotion of renewable electricity sources and combined generation of electricity and heat.

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

Risks and uncertainties

Risk management at ŽSR

Risk management is a continuous systematic and methodical activity organised and coordinated by the Strategy and International Cooperation Department. The Strategy Department is organised under the responsibility of Deputy Director-General for Development and IT.

In order to effectively meet the defined strategic objectives of ŽSR, a strategic risk management system is in place at ŽSR, which plays the role of a support system for the successful implementation of the strategy. Its task is to effectively manage the identified strategic risks that could negatively jeopardize the implementation of the strategic objectives of ŽSR.

Operational risks

The objective of operational risk management is to ensure safe and trouble-free operation of the railway infrastructure. These risks include e.g. violation of regulatory provisions by operational staff, accidents and incidents, non-compliance with technological procedures of stations and line sections. These are risks of medium to high significance, but for which measures are taken to eliminate risks ranging from one-off to process risks. In the area of rail infrastructure, transport measures to reduce the capacity of rail infrastructure (e.g. speed reduction) are being taken due to lack of funds for repair and maintenance, which are criticised by customers – railway undertakings and the travelling public. Operational risks also include the failure of power supply to electrical, signalling and signalling equipment. Also failure of maintenance and repair capacity to intervene immediately due to failure of track machinery.

Transport risks also include the risk of non-fulfilment of railway undertakings' requirements when creating or changing the Timetable, as well as unattractive products and services in terms of access conditions to the railway infrastructure.

Financial risk

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

The company is dependent on continuous state support in the form of subsidies from the state budget. The state participates in financing of current and capital expenditures of ŽSR through the budget chapter of the Ministry of Transport of the Slovak Republic. Liquidity in this area is managed with regard to the approved budget of ŽSR for the respective budget period with emphasis on compliance with the conditions of subsidy drawdown and minimisation of possible sanctions.

For the modernisation of transport corridors of pan-European importance, the Company has the opportunity to draw resources from several financial instruments of the European Union. Due to the administrative complexity of the processes of contracting financial resources, there may be a risk of a time mismatch between the real need and the provision of these resources by the EU. Such a situation may put the Company under pressure on its own sources of funding, potentially jeopardising the Company's liquidity and financial stability.

In other areas, financed primarily by revenues, a key tool for liquidity management is the ongoing monitoring of the actual cash flow development. When risk events and externalities occur, the Company reviews and models them in order to manage liquidity by operational means.

Credit risk arises from the inability of debtors to meet their obligations to the Railway Infrastructure Administration. The risk is managed by monitoring and evaluating the status of receivables and promptly resolving overdue receivables using all legal options. The procedures for monitoring, evaluation and recovery of receivables are regulated by an internal directive, and compliance with this directive is regularly monitored.

However, the management makes efforts to eliminate all of the above risks, constantly monitors the risk management situation and tries to ensure the credibility, trustworthiness and long-term financial stability of the Company through its predictions as well as ex-post analyses.

Human Resources risks

Despite targeted recruitment, recruiting employees for operational professions remains difficult, especially in the Bratislava and Trnava regions. The shortage of employees with electrical engineering qualifications is already a nationwide problem at ŽSR.

Despite 2,899 job seekers registered for employment in 2022, only 655 applicants were hired in operational positions. The majority of applicants did not meet the psychological and medical fitness requirements. Some resigned when they learnt about the high demands and responsibilities of working in operational areas of Železnice Slovenskej republiky compared to the wages provided. We anticipate that the measures taken in November 2022 to maintain employment in the form of the introduction of new allowances and changes to the terms and conditions for the provision of accommodation and housing allowances will have a positive impact on recruitment to the shortage type positions in the affected operational workplaces.

Information technology and cybersecurity risks

Current risks in the field of information technology and cyber security are identified within the framework of the initial Risk Analysis and Risk Management Plan of ŽSR. The Company, which is an operator of Basic Services within the meaning of Act No. 69/2018 Coll. on Cyber Security, has been subject to a cyber security audit conducted by an independent third party.

Significant information technology risks include, for example, misuse, corruption, loss of data and possible disruption of the functionality of critical information systems.

Significant risks in the area of cyber security include in particular the limitation of the provision of basic ŽSR services in the sense of disruption of the continuity of confidentiality, integrity and availability of key components for information and industrial technologies.

These risks are eliminated by various measures such as monitoring, anti-virus protection updates, operating system updates, managed administration of applications, servers and networks, application of security patches, implementation of external penetration tests at regular intervals and in accordance with the application of security measures resulting from Decree No. 362/2018 Coll.

Information technology and cybersecurity risks are minimised by:

- monitoring the state of information and communication technologies, their operators and administrators,
- ongoing monitoring of compliance with the security measures taken by management staff,



- checking compliance with the security measures taken by carrying out control activities and audits,
- reviewing the security measures taken and evaluating their effectiveness,
- security audits carried out by independent third parties,
- security risk assessments,
- assessing the cause of security incidents.

From the perspective of cyber security, critical elements of the network are also information systems that directly or indirectly support the operation of the identified basic services of ŽSR within the meaning of the cyber law:

- notification and signalling technology,
- electricity distribution,
- operation of critical infrastructure in relation to information systems (networks supporting the operation of the basic ŽSR service),
- networks and information systems (data networks and Internet exchange node).

In accordance with the organisational regulations of ŽSR, cyber and information security is top-managed by ŽSR Internal Organizational Unit Railway Telecommunications, which provides methodical management and control of cyber and information security, strategy and development of information systems, information technologies and electronic communication systems at ŽSR; comprehensive data protection and system protection of communication, information systems and technologies in accordance with applicable laws and standards.

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"), primarily with the intention to:

- improving anti-corruption prevention,
- improving the fight against corruption,
- increasing 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 ŽSR Anti-Corruption Programme is also incorporated into the Departmental Anti-Corruption Programme of the Ministry of Transport 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 in such a way as to help fulfil the purpose of the anti-corruption policy of the Slovak Republic, which is to improve anti-corruption prevention and fight against corruption, taking into account the current dynamics of corruption phenomena, conditions and opportunities, the emergence of new corruption situations, identified corruption risks and causes of corruption. The specifics or context of the scope, environment, relationships, circumstances and context of the activities, procedures and obligations performed by ŽSR, and in particular the identified corruption risks, are taken into account in the Anti-Corruption Programme of ŽSR.

Based on the analysis of the current situation, the following **priorities of the anti-corruption policy of ŽSR** were identified in the Anti-Corruption Programme of ŽSR:

- preventing the development of causes of potential corrupt behaviour,
- an effective way of reporting manifestations and risks of possible corrupt behaviour and investigating complaints received,
- ongoing evaluation of the functionality and effectiveness of measures already in place or the appropriateness of the introduction of proposed new measures to combat and prevent corrupt behaviour in the future.

The aim in enforcing the Anti-corruption policy of ŽSR is to the widest possible extent:

- create an environment that emphasises the protection of the public interest and rejects corrupt behaviour,
- identify and eliminate corruption risks, including the detection of corruption schemes, and improve awareness of corruption risks,
- raise awareness of corruption, activate anti-corruption behaviour and actions of employees,
- comply with the principles of transparency, economy, efficiency, non-discrimination, equal treatment, proportionality, and in particular,
- to build and strengthen the confidence of the public (including its own employees, business partners, third parties - candidates, bidders in the process of public procurement and, in particular, every whistleblower of corrupt behaviour) in the fact that ŽSR perceives the fight

against corruption not only as a formal declaration of commitment to the solution of a societal problem,

- to prevent, reduce and eliminate corruption risks in the handling of subsidies, in the use of EU funds and in public procurement,
- to reduce the discretionary power of individual staff members and to eliminate identified opportunities for arbitrary decision-making,
- reduce corruption risks through fair remuneration commensurate with staff responsibility.

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

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

ŽSR has adopted the ŽSR Code of Ethics, which represents a set of ethical principles, standards and requirements that are binding for members of ŽSR bodies as well as ŽSR employees, and it can be stated that the objectives and priorities set out in the ŽSR Anti-Corruption Programme are continuously fulfilled.

In the ŽSR Code of Conduct, ŽSR undertakes in all legal relations within ŽSR as well as in relations with the external environment to act in accordance with legal regulations, good manners and principles of fair business dealings. ŽSR considers compliance with legal regulations, internal rules and ethical principles as the basis for successful and sustainable operation and achievement of the objectives of ŽSR. ŽSR binds all members of its bodies as well as its employees to this. ŽSR also binds its contractual partners to comply with the ŽSR Code of Conduct. ŽSR is preparing a donation policy concept, which represents a significant development in the fight against corruption. The donation policy as part of the ŽSR Code of Conduct will significantly contribute to reducing potential corruption risks, while at the same time making it easier to identify or detect possible corrupt behaviour in negotiations with potential contractors, as well as in the conclusion and execution of contracts.

ŽSR Code of Conduct also sets out an effective way of reporting suspected breaches of this Code, subsequent assessment of the validity of such suspicions and the adoption of follow-up measures in the event of proving the validity of suspicions.

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

ŽSR has adopted a Procurement Code of Conduct, the main objective of which is to establish basic rules and principles of conduct not only for ŽSR employees, but also for candidates, bidders, concessionaires, members of a group of suppliers, including their subcontractors, who in any way participate, take part or have an interest in participating in procurement processes. The aim of the Code is to promote, as far as possible, compliance with the established rules, values and principles by the entities concerned at all stages of the procurement process and thus to avoid inefficient use of public funds, taking into account the obligations arising from the applicable legislation and the internal rules of Železnice Slovenske republike.

International cooperation

ŽSR is a member of several international organizations and groupings:

- CER – Community of European Railway and Infrastructure Companies

CER is working to support rail development and promote modal shift to more environmentally friendly modes, minimising external costs and improving the economic performance of railways. Membership in the CER is important because it creates the conditions for railways to work together in submitting, drafting and commenting on European railway legislation.

- UIC – International Union of Railways

For the longest time ŽSR has been a member of the international organisation UIC, which maintains and develops the overall interconnection of the railway system and enables its interoperability in order to improve railway competitiveness. At present, UIC is actively involved in standardisation issues and the preparation of IRS - International Railway Solutions (previously Leaflets), global and regional project activities, digitalisation, research and innovation and quality management system activities.

- RNE – European Infrastructure Managers Association

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

- OSJD – Organization for Cooperation between Railways

Organization for Cooperation between Railways lays the foundations for cooperation between member countries. It is an organisation bringing together the relevant ministries of transport of the member countries. OSJD together with UIC are currently preparing joint decrees aimed at unifying and simplifying East-West transport procedures.

- G4 – Association of Southern and Eastern European Railways
- V4 – Association of Visegrad Four Countries Railways

Both associations ensure cooperation between railway organisations within their respective 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 the different rail paths.

ŽSR is a member of four Rail Freight Corridors and is involved in Corridor's activities by participating in their governance structures and working groups:

- Rail Freight Corridor 5 – “Baltic - Adriatic“
- Rail Freight Corridor 7 – “Orient/East Mediterranean“
- Rail Freight Corridor 9 – “Rhine-Danube“
- Rail Freight Corridor 11 – “Amber“

- PRIME – Platform of Rail Infrastructure Managers in Europe

The platform is aimed at improving cross-border cooperation between railway infrastructure managers, promoting the implementation of European railway law and exchanging and comparing best practices.

PRIME platform activity in 2022

Since 2018, ŽSR has been a member of PRIME, a platform of the European Commission. The objectives of PRIME are the implementation of the Single European Rail Area, better deployment of European Rail Traffic Management System (ERTMS), performance benchmarking and exchange of best practice amongst infrastructure managers.

The year 2022 showed that even as a relative newcomer in the activities of individual working groups, ŽSR can be a stable partner in an international team working under the auspices of the European Commission.

The Funding Subgroup successfully completed the second part of the in-depth study, which focused on state funding. It was confirmed that for an efficient rail network it is necessary to deal with deferred maintenance, to have certainty about the volume and flexibility of the available budget and to coordinate funding sources, based on long-term investment plans, which can be challenging for many infrastructure managers as funding is usually awarded on different timetables (e.g. annually) and most are dominated by state funding.

The Charges Subgroup managed to deal with two in-depth studies. The first examined the corporate opportunities in carving out a new market segment specifically for night trains. In fact, a unified market segment could offer an opportunity for carriers to reduce the costs of track access requests to individual infrastructure managers. The European Commission is currently seeking to engage in a dialogue with carriers on future options. The second in-depth study dealt with by the sub-group looked at the services offered in cross-border long-distance transport. At the heart of the issue were track access charges. At present, charges are not designed and intended to support long-distance cross-border passenger rail services, despite the fact that the investigation has not shown that track access charges for cross-border long-distance services should be higher than for domestic services. Meanwhile, strengthening cross-border services seems to be an appropriate solution to raise finance to cover the costs of the infrastructure manager.

Three initiatives in particular were examined by the Digital Subgroup at its meetings. The first was the communication of digital infrastructure information. These include first and last mile information, a clear definition of the points used for data exchange as specified in the TAF/TAP TSI, and a register of infrastructure (RINF). The second initiative addresses digital capacity management. A pan-European digital capacity strategy and model should be developed in the short term, which will also include the planned constraints. The sub-group thus strongly supports the implementation of TTR and DCM projects. The third initiative is digital train tracking, which is already available across Europe. On the basis of a daily timetable, all digital information should be shareable in up-to-date form between all partners. All information is based on common reference data.

The KPI's and Benchmarking Subgroup continued its work in 2022 to produce internal and external benchmarking reports. In doing so, the main themes were data relating to renewal and maintenance costs and train delays. Ongoing discussions on internal processes helped to align the definitions of individual data, resulting in infrastructure managers refining their methodology for extracting relevant data and reflected in more accurate benchmark values. Within this working group, two smaller sub-groups have been formed, which have brought in specialists from the expert units of the infrastructure managers represented and have looked more closely at indicators from the environmental and operational field. Their work should be reflected in reports published in 2023. At this point, we must express our gratitude to all the units of Železnice Slovenske republike which support the activities of these sub-groups with their constant and willing cooperation and professionally covered the exchange of the necessary information.

Thus, the activities of ŽSR in the PRIME platform can be assessed as very stimulating and fruitful in 2022. It has shown that ŽSR can be a relevant partner in solving the issues of international rail transport in various professional communities, thus fulfilling the objective of the platform set by the European Commission and supporting the continuous development of a single European railway area.

International events and activities in 2022

In the first half of 2022, the measures put in place due to the global pandemic associated with COVID-19 will be gradually relaxed, and so will travel. Especially in early 2022, working meetings of international organisations and groupings continued to take place by video conference calls.

Among the most important international negotiations with the participation of Železnice Slovenske republike were:

- CER General Assembly (9 February 2022),
- RNE General Assembly (31 May 2022),
- CER Human Resources Directors's Meeting (21 June 2022),
- RFC 9 Management Board (21 June 2022),
- PRIME Plenary Meeting (23 June 2022),
- UIC Regional Assembly Europe (27 June 2022),
- UIC General Assembly (29 June 2022),
- CEO Summit 2022 (8 - 9 July 2022),
- CER General Assembly (20 September 2022),
- General Assembly and RFC 5 and RFD 11 Management Board (6 - 7 October 2022),
- RFC 7 and RFC 9 Management Board (19 - 20 October 2022),
- Railway Transport Conference 2022 (15 - 16 November 2022),
- PRIME Plenary Meeting (24 November 2022),
- RNE General Assembly (6 December 2022),
- UIC Regional Assembly Europe and UIC General Assembly (6 and 8 December 2022).

Key events in 2022

January

According to the provisions of § 152 of the Labour Code, ŽSR employees have the option to choose the method of providing meals either by electronic card or by financial contribution. The employee's decision is valid from 1 January 2022 and the employee is bound by this decision for 12 months.

February

The Ministry of Transport of the Slovak Republic, the Capital City of the Slovak Republic Bratislava and ŽSR signed a Memorandum of Cooperation on the future shape of the Bratislava Central Station. The Central Station represents an important connection hub between capacity railway transport, urban public transport and individual transport. It is one of the gateways to Bratislava, with thousands of residents and tourists passing through daily. It forms the first impression of the capital and as an important public space it also influences the quality of everyday life. The announcement of the architectural competition will be preceded by the elaboration of an urban-economic study, which, among other things, will analyse the financing options, including the possibility of a PPP model for the investor's entry into the project. A traffic study will also be an essential input, analysing passenger flows and different traffic solution options.

On 24 February 2022, the invasion of Ukraine started, where a military conflict is ongoing. The armed campaign is a continuation of the escalation of tensions lasting since early 2022 and an extension of the conflict in eastern Ukraine lasting since 2014. The railway stations of ŽSR have been used for the concentration of refugees from Ukraine. With the cooperation of the Self-governing Region, Municipalities and Third sector organisations, contact centres have been set up at stations in Košice, Michalovce, Žilina and Bratislava, with the possibility of using the stations' services free of charge (including, for example, charging of mobile phones).

In February, the Report on the status of railway transport safety, occupational health and safety, fire protection and environmental protection on the ŽSR network for the year 2021 was approved. The report gives a deeper overview of railway transport safety and presents its current status of occupational health and safety, fire protection and environmental protection for the specified previous period.

March

Free trains have been introduced for Ukrainian citizens. In response to the conflict, the Ministry briefly suspended passenger train services between Slovakia and Ukraine. However, this resumed after a few days, but freight traffic has not been stopped. Announcements in Ukrainian language are gradually being introduced at stations and on trains, and infopoints have been added in station lobbies where volunteers helped those who have left to find the necessary train connection.

The government has approved the railway timeline. The Timeline for the preparation and construction of railway infrastructure projects is a strategic plan which will invest approximately EUR 5 billion in railway transport over the next 10 years. Approximately half of the aforementioned EUR 5 billion should go to the reconstruction of railway lines, which should be repaired at least to the originally designed line speeds. More than EUR 473 million is planned for this year, and next year it could be as much as EUR 572 million. The Timeline has been developed in cooperation with the Value for Money Department with significant

cooperation from ŽSR and the resources will come from the State budget, from EU funds or from the Recovery plan.

After negotiations, ŽSR decided to withdraw from the contract with the electricity supplier due to breach of contract in a substantial way. Consequently, the process of concluding three electricity supply contracts was initiated with an effective period of three months, pending a proper procurement process.

ŽSR signed a contract with the successful tenderer for the project “Modernization of the corridor, state border CZ/SK - Čadca - Krásno nad Kysucou (outside), railway line, 3rd phase. The purpose of the construction is to modernise the existing double-track railway line and to enable better accessibility to the Trans-European Transport Network and to the transport network of neighbouring countries. The main purpose of the construction is to modernise the technical infrastructure in order to achieve the parameters in the sense of the European agreements AGC - European Agreement on Main International Railway Lines and AGTC - European Agreement on Important International Combined Transport Lines.

Representatives of the railways signed contracts with contractors for 6 new projects at the Ministry of Transport. The contractors will work on three upgrades, two structures and one reconstruction. The Bratislava railway tunnel, the Boleráz - Smolenice railway line and the switches in Dvory nad Žitavou will be modernised. The railway line between Trnovec nad Váhom and Tvrdošovce will undergo reconstruction and two Terminals of Integrated Passenger Transport in Bratislava - TIOP Lamačská Brána and TIOP Vrakuňa will be under construction.

April

Director General of Železnice Slovenskej republiky Mr Miloslav Havrila and Mayor of Bratislava-Nové Mesto Mr Rudolf Kusý signed a Memorandum of Mutual Cooperation. The unused land, which is under the administration of ŽSR, will be used as a priority for the creation of a relaxation zone. The mutual cooperation between ŽSR and the municipality will also increase the safety, cleanliness and quality of public greenery in this area.

After a two-year break, the Railway Museum of Železnice Slovenskej republiky marked the beginning of the museum season in the form of steam. On Saturday 23 April, the Museum welcomed the visitors to the old Bratislava East locomotive depot for an event called First Steam Day.

May

The former premises of the ŽSR training centre in Rudňany were handed over to the municipality of Rudňany on 12 May 2022. This is an exceptional and justified case, in which the economic justification of the transfer is proven, in addition to the future public benefit of the transferred property by the municipality of Rudňany, due to the saved costs of the administrator, in particular the costs of administration, maintenance, repairs, maintenance and security works or the remediation of the building, or the tax costs calculated by the administrator.

On 13 May 2022 the foundation stone of the new railway stop was laid down in Sídliisko Juh in Vranov nad Topľou. The aim of the project is to enable the inhabitants of the two new residential areas and the wider region easier access to public transport.

The first and only hydrogen-powered train in the world was presented to the public in several cities on the ŽSR infrastructure. Test presentation rides of the train took place on 19 - 21 May 2022 on the route Prievidza - Topoľčany - Nitra - Nové Zámky - Komárno - Dunajská Streda - Bratislava Central Station - Devínska Nová Ves - Hodonín CZ.

On 23-24 May 2022, the 16th International Conference on Railway CCS Technology took place. The conference itself was preceded by the opening ceremony of the exhibition 100 years of CCS in Slovakia in the premises of Košice railway station.

June

ŽSR issued tenders for electricity suppliers for the period 07-12/2022 and for the year 2023 at spot prices with the result of the contracted supplier.

The Department of Human Resource Management organised the 13th edition of the FISAIC Film and Video Competition, which attracted a total of 28 films with 21 entries. This year, the meeting of amateur fans of the art of filmmaking took place in mid-May at SIP Strečno.

The last weekend of June, 25 - 26, belonged to Rendez after a 2-year forced break, which took place in the old Bratislava East locomotive depot. It was the 22nd edition of the nationwide meeting of historic railway vehicles, which is the largest railway event.

On 28 June, the event Where to go after primary school - STUDY TRANSPORT was held under the auspices of Minister of Transport and Construction of the Slovak Republic Mr Andrej Doležal with the aim of increasing the interest of pupils in studying at secondary vocational schools and universities in the field of transport and postal services.

July

In cooperation with Železnice Slovenskej republiky, the Slovak and Czech Post issued a postage stamp commemorating the 150th anniversary of the Košice-Bohumín Railway with a nominal value of EUR 1.85.

The Government of the Slovak Republic has taken stock of the mechanism that addresses the increase in prices of building materials for construction projects already under construction. In the transport sector, it will help in the construction of railways, roads and rental housing. Earlier, the ministry also introduced the so-called indexation formula for constructions that are yet to go out for public procurement process.

August

Železnice Slovenskej republiky announced a public procurement for the Implementation of GSM-R into the ŽSR network on the section Varín - Košice - Čierna nad Tisou - state border. It concerns the construction of the GSM-R line radio dispatching communication system, which will ensure mobile telecommunication and data communication for the needs of railway operation and for the introduction of the ERTMS system, i.e. the European Rail Traffic Management System, on the section of the railway infrastructure Varín - Košice - Čierna nad Tisou.

The tender for electrification and related reconstruction of the single-track railway line Bánovce nad Ondavou - Humenné in the length of 33.5 kilometres was also announced. The main purpose of the contract is to increase the parameters of the railway line on the electrified section of the line.

A public procurement was also announced for the modernisation of the railway line "Žilina - Košice, section Poprad Tatry (outside) - Krompachy. Part: A.1 Poprad Tatry (outside) – Vydrník". The subject of the project is the modernisation of the line section Vydrník railway station - Poprad-Tatry with a total length of 14.217 km. The aim of the construction is the modernisation of the railway infrastructure in the section Poprad Tatry (outside) - Vydrník (including) as well as the reconstruction of the existing railway transport route in order to improve its technical equipment and usability by incorporating modern and progressive elements and thus improving its parameters.

From 11 - 14 August, the Railway's Summer Camp for YouTuber's took place for the fifth time, which is traditionally based in SIP Strečno. This year 47 children registered for the camp.

September

Železnice Slovenskej republiky suspended the sale of health-care facilities in Bratislava, Košice, Zvolen and Žilina on the basis of a decision of the ŽSR Management Board. The suspension was due to the objections of the lessor of the Košice health-care facility and the President of the Košice Self-governing Region. The previous bidding rounds were not successful.

On 9 September, 53 laureates received awards for outstanding work results, extraordinary abilities, contribution or meritorious deeds and celebrated the Railway Workers' Day together with their guests. The joint celebration of the Railway Workers' Day of all three railway companies, i.e. ŽSR, ZSSK and ZSSK Cargo.

October

On 5 October, a festive meeting was held in Košice on the occasion of the 70th anniversary of the founding of the Internal Organizational Unit of ŽSR - Bridge Section. A book publication prepared by Section's staff on the occasion of the anniversary of the Bridge Section, entitled "From the diary of the Bridge Section's activities" for the last decade, was officially christened.

At the beginning of October, the first year of the career event called Career EXPO took place in Bratislava. Železnice Slovenskej republiky was not absent among the exhibitors. Throughout the event, visitors had the opportunity to meet dozens of employers from the region and various fields of work. At the same time, they could take part in workshops and get inspiration for starting their careers from the guests of the accompanying programme.

The Department of Railway Construction and Track Management of the Faculty of Civil Engineering of the University of Žilina in cooperation with the Regional Directorate Košice and the General Directorate of Železnice Slovenskej republiky organized the 19th STRAHOS 2022 Track Management Seminar on 13-14 October 2022 in Poprad. The seminar was devoted to current information on legislation and strategy, implementation of construction activities in railway construction, modernization of railway lines and stations, structures and structural elements improving the service life of the existing ones.

Železnice Slovenskej republiky implemented a continuous temporary capacity restriction on the railway line Šurany - Levice from 1 June to 18 October. The temporary capacity restriction was implemented gradually and its aim was to modify the railway superstructure and the catenary of the whole section. The stabilisation of the embankment slopes and the body of the railway substructure will increase the load-bearing capacity and thus keep the track level within the permissible limits set by the standard. Steel stabilisation structures were used for the first time in the ŽSR to stabilise the slopes in the cuts.

November

Železnice Slovenskej republiky completed the reconstruction of track no.1 on the line section Boleráz - Smolenice. The reason for the reconstruction of the line track between the railway stations Boleráz and Smolenice was its operational wear and the expiry of the service life of individual track elements.

In connection with the modernisation of the Žilina Node project, the underpass under the railway line on Kysucká street was closed, where it is necessary to carry out construction modifications and change the traffic-organisational measures from 21 November 2022 for a period of 12 months. The traffic restrictions are related to the project of completion of the Žilina - Teplička marshalling yard and the connecting infrastructure.

December

A new photographic publication with the theme of railways was christened in the presence of representatives of ŽSR and State Secretary Jaroslav Kmeť. The book "Tracks" thematically and originally captures a general view on the railway and life around railway. The photographs directly name the current state of affairs by focusing on the genius loci - human intervention, modernity and nostalgia all in one moment.

On 11 December, the new Train Timetable 2022/2023 came into force. The draft currently includes the initial implementation of the Transport Service Plan of the Slovak Republic in railway transport, approved by the Ministry of Transport of the Slovak Republic in March this year, which is to be directed towards the systemic development of public railway transport services on all railway line sections and towards the sustainable development and harmonisation of public passenger transport in Slovakia.

The Institute of Education in Zvolen has returned to its renovated premises. The reconstruction of the premises for the Institute of Education was carried out as part of the comprehensive reconstruction of the Zvolen railway station operational building. The opening ceremony took place in the new premises of the Institute on 12 December 2022. As the Zvolen railway station is a hub station in the area of Regional Directorate Zvolen, applicants are assured of direct access to train connections.

Železnice Slovenskej republiky obtained a long-term loan of almost EUR 13 million from Slovak Investment Holding (SIH). The amount is intended for the reconstruction project of the Košice railway station, which is under implementation. After the modernisation is completed, the station in the eastern metropolis will be the most modern station in Slovakia.

On Christmas Eve, President of the Slovak Republic Zuzana Čaputová visited and greet railway workers who have to be at work even on such days at the Bratislava Central Station. She thanked them for their work, wished them a Merry Christmas and brought them Christmas pastries.

Director General of ŽSR Mr. Miloslav Havrila presented the President with a locomotive made of parts of rails to remind her of the blue army.



Events that occurred after 2022

In December 2022, the infrastructure owner Slovak Republic represented by the Ministry of Transport of the Slovak Republic concluded with the infrastructure manager ŽSR the Partial Contract No. 2513/C300/2022 for the operation of railway infrastructure and service facilities for the year 2023. The contract is concluded in accordance with the Framework Contract for the operation, development and modernisation of railway infrastructure for the years 2023-2032 dated 4 July 2022. In accordance with the Act on the State Budget for the year 2023, the Ministry of Transport of the Slovak Republic will provide ŽSR with funds in the amount of EUR 243,600 thousand for the year 2023. The amount of the subsidy provided is insufficient. ŽSR is not able to use these funds to ensure the requirements of the infrastructure owner for quantitative and qualitative parameters and the scope of operation of the railroad and its components. The amount of funds is associated with risks which have an impact on increasing the extent of unsatisfactory design technical parameters of railway lines, which will result in reduction of line speeds or a complete restriction of railway operation, diversion of transport routes due to the loadability and transitivity of bridge structures and negative restrictions in the area of quality of services provided to the travelling public.

In order to increase the subsidy from the state budget for ŽSR, negotiations are underway at the level of the Ministry of Transport and the Ministry of Finance of the Slovak Republic, while in case of need, ŽSR has the possibility to temporarily cover the shortfall of expenses related to the operation of the railway infrastructure by using an operating loan in the amount and under the conditions set by the Ministry of Finance of the Slovak Republic in accordance with the Act on Public Administration Budgetary Rules. As of the date of the financial statements, the negotiations had not been finalised.

In connection with the high energy prices, the company is negotiating with the Ministry of Finance of the Slovak Republic regarding the allocation of financial assistance to cover the increase in energy prices.



Separate financial statements

Prepared in accordance with International Financial Reporting Standards
as adopted by the EU for the year ended 31 December 2022



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STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	3,649,449	3,565,248
Investment property	5	26,190	27,914
Intangible Assets	6	13,480	15,159
Financial Investment	7	7,624	7,624
Non-Current receivables	8	3,554	399
Total Non-Current Assets		3,700,297	3,616,344
CURRENT ASSETS			
Inventories	9	10,688	14,481
Trade receivables	10	12,176	11,723
Other receivables and assets	11	60,208	51,731
Cash and Cash Equivalents	12	47,934	70,847
Restricted Cash	12	134,907	36,370
Total Current assets		265,913	185,152
TOTAL ASSETS		3,966,210	3,801,496
EQUITY AND LIABILITIES			
EQUITY			
Registered capital		800,170	800,170
Capital funds		519,054	519,912
Legal reserve fund		19,597	19,597
Earnings from previous periods		306,671	326,300
Loss for accounting period		-78,173	-19,629
Accumulated earnings		228,498	306,671
Total Equity	13	1,567,319	1,646,350
NON-CURRENT LIABILITIES			
Loans	3,14	95,770	98,477
State and EU subsidies	15	1,819,322	1,701,525
Provisions and accruals	16,17,18	112,143	68,341
Deferred tax liability	38	30,613	50,181
Other non-current liabilities	19	92,810	14,546
Total Non-Current Liabilities		2,150,658	1,933,070
CURRENT LIABILITIES			
Short-term loans and current portion of long-term loans	3,14	13,136	12,000
Short-term state and EU subsidies	15	62,635	68,832
Trade liabilities	20	77,644	83,388
Payables to the public institutions	21	14,698	12,844
Other liabilities	22	71,595	37,258
Provisions and accruals	16,17,18	8,525	7,754
Total Current liabilities		248,233	222,076
TOTAL EQUITY AND LIABILITIES		3,966,210	3,801,496

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

STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
REVENUES			
Railway infrastructure operation	23	81,420	72,659
Subsidies for railway infrastructure operation	24	375,915	326,360
Operation and concessions of intermodal transport terminals	25	4,927	5,541
Electric energy	26	99,288	70,404
Telecommunication services and IT services	27	5,197	5,239
Property revenues	28	15,796	14,230
Other revenues	29	17,365	18,005
Total revenues		599,908	512,438
OPERATING COSTS			
Materials	31	-31,362	-26,636
Energy	32	-174,844	-81,893
Services	33	-45,755	-46,040
Payroll costs	34	-313,591	-294,259
Depreciation, amortization and impairment	35	-73,302	-78,406
Other operating costs, net	36	-63,655	-8,575
Total operating costs		-702,509	-535,809
LOSS FROM OPERATIONS		-102,601	-23,371
FINANCIAL COSTS / INCOME			
Interest from loans	14	-190	-127
Other financial costs / income	37	3,715	-200
Total financial costs / income		3,525	-327
LOSS before tax		-99,076	-23,698
Income tax	38	20,903	4,069
LOSS after tax		-78,173	-19,629
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurements of post-employment benefit obligations	18	5,665	-690
Deferred tax related to re-measurements	38	-1,190	145
COMPREHENSIVE LOSS FOR PERIOD		-73,698	-20,174

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 2021	800,170	519,611	19,597	326,300	1,665,678
Loss for the period	0	0	0	-19,629	-19,629
Non-cash increase in capital	0	487	0	0	487
Other comprehensive income	0	-186	0	0	-186
As at 31 December 2021	800,170	519,912	19,597	306,671	1,646,350
As at 1 January 2022	800,170	519,912	19,597	306,671	1,646,350
Loss for the period	0	0	0	-78,173	-78,173
Non-cash decrease in capital	0	-5,188	0	0	-5,188
Other comprehensive income	0	4,330	0	0	4,330
As at 31 December 2022	800,170	519,054	19,597	228,498	1,567,319

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

STATEMENT OF CASH FLOWS

	<i>31 December</i>	<i>31 December</i>
	2022	2021
Profit before tax	-99,076	-23,698
<i>Adjustments by non-cash transactions</i>	13,801	49,957
Depreciation, amortization and impairment	147,445	151,436
Dividends and other profit sharing recorded against revenues	-338	-2
Interest recorded against expenses	273	299
Interest recorded against revenues	-3,496	-4
- Gain / + Loss from the sale of property, plant and equipment	-4,926	-4,351
+ Increase / - Decrease in provisions	48,062	-693
Amortization of state subsidies	-74,143	-73,030
<i>Effect on changes in working capital</i>	9,071	3,636
- Increase / + Decrease in receivables and other assets	-12,085	-9,026
+ Increase / - Decrease in liabilities	17,363	15,923
- Increase / + Decrease in inventories	3,793	-3,261
Cash flow from operating activities	22,872	53,593
Interest received	64	4
Interest paid	-471	-367
Net cash flows from operating activities	22,465	53,230
Property, plant and equipment and non-current intangible assets	-230,818	-212,337
Subsidies for acquisition of non-current assets	185,743	179,377
Revenue from the sale of property, plant and equipment and non-current intangible assets	6,643	5,498
Advance payments CEF	96,810	-14,858
Net cash flows from investment activities	58,378	-42,320
Cash receipts from dividends and other profit sharing	338	2
Cash receipts from loans and borrowings	10,424	10,000
Spending for loans and borrowings	-12,000	-11,500
Repayment of liabilities related to leasing	6	-3,980
Net cash flows from financial activities	-5,218	-5,759
Net increase / decrease in cash and cash equivalents	75,625	5,151
Cash and cash equivalents at the beginning of the year	12	107,217
Exchange differences on cash and cash equivalents	-1	0
Cash and cash equivalents at the end of the year	12	107,217

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:	Other legal entity established in accordance with Act No. 258/1993 Coll. on Railways of the Slovak Republic

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 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 2022:

Ing. Ladislav BARIAK	chairman
Ing. Radovan MAJERSKÝ, PhD.	deputy chairman
Prof. Ing. Jozef GAŠPARÍK, PhD.	member
Ing. Juraj HORSKÝ, CPA	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 2022 composed of

Ing. Jana KRUPCOVÁ	chairman
Ing. Miroslav GARAJ	member
Ing. Štefan SEDLÁČEK	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 2021 were approved by Management Board of ŽSR on 31 March 2022 in Bratislava.

For the year ended 31 December 2022 the Company reported loss of EUR 78,173 thousand (for the year ended 31 December 2021 loss of EUR 19,629 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.

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 2022 are resented 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 and a valid decision to remove the building was issued. 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 Value added tax 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: infraštruktúry, z predaja energie, z predaja telekomunikačných služieb a výkonov v oblasti Identifikácia zmlúv so zákazníkom



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, exceed 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 2022, 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 16 „Property, Plant and Equipment“, effective from 1 January 2022,
- Amendments to IAS 37 „Provisions, Contingent Liabilities and Contingent Assets“, effective from 1 January 2022.

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 2022 in preparing the financial statements:

- Amendment to IAS 1 „Presentation of Financial Statements“, amendment clarify 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 2023 (deferred from 2022)
- Amendment to IAS 1 and IFRS Practice Statement 2: The amendments define what is “material accounting policy information” and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures, effective from 1 January 2023
- Amendment to IAS 8 „Accounting policies, changes in accounting estimates and errors“, amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period, effective from 1 January 2023
- Amendment to IAS 12 „Income Taxes“, amendment requires companies to recognise deferred tax on transactions that, in initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities, effective from 1 January 2023

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 14.98 % of trade receivables as at 31 December 2022 (as at 31 December 2021: 17.50 %) 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 of the Slovak republic.

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

	<i>31 December 2022</i>	<i>31 December 2021</i>
Receivables within maturity	79,988	68,966
Up to 1 month	7,428	7,571
From 1 to 3 months	3,700	3,055
From 3 to 12 months	59,687	52,337
From 1 to 5 years	9,124	5,863
Over 5 years	49	140
Receivables overdue	66,445	4,331
Total receivables	146,433	73,297

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 subsidies):

	Loans and borrowings		Payables		of which: lease liability	
	31 December		31 December		31 December	
	2022	2021	2022	2021	2022	2021
Payables within maturity	108,906	110,477	392,774	258,362	2,351	5,856
On demand	0	0	0	0	0	0
Up to 1 month	5	0	60,312	59,484	5	100
From 1 to 3 months	0	0	42,958	31,762	100	2
From 3 to 12 months	13,131	12,000	67,226	47,833	1,501	3,435
From 1 to 5 years	47,490	46,740	92,152	25,519	745	2,319
Over 5 years	48,280	51,737	130,126	93,764	0	0
Payables overdue	0	0	199	739	0	0
Total payables	108,906	110,477	392,973	259,101	2,351	5,856

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 introduced 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. Due to the normalization of monetary policy from the half year of 2022, the European Central Bank started to raise interest rates and thus ended the period of negative rates.



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/decreased 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 -1%	-327/+327

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	31 December
	2022	2021
Debt (Note 14)	108,906	110,477
Cash and cash equivalents (Note 12)	182,841	107,217
of which restricted cash of CEF, SIH and others	135,918	38,502
Net debt	61,983	41,762
 Equity	 1,567,319	 1,646,350
 Ratio Net debt to Equity	 3.95%	 2.54%

4 PROPERTY, PLANT AND EQUIPMENT

	<i>Buildings and infrastructure</i>	<i>Lands</i>	<i>Machinery, Equipment and other assets</i>	<i>Assets under construction</i>	<i>Total</i>
Cost					
As at 1 January 2021	4,762,732	536,220	1,111,450	520,084	6,930,486
Additions	36,770	1,162	3,276	226,470	267,678
Disposals	-12,063	-991	-21,226	-56,212	-90,492
Transfers	145,712	3,665	28,526	-177,903	0
Transfer to investment property (Note 5)	-27	-192	0	0	-219
Transfer from investment property (Note 5)	3,801	738	0	0	4,539
As at 31 December 2021	4,936,925	540,602	1,122,026	512,439	7,111,992
Accumulated depreciation / Impairment					
As at 1 January 2021	2,498,091	165	923,131	14,286	3,435,673
Additions	94,111	6	41,763	2,598	138,478
Disposals	-10,386	-2	-21,161	-1,939	-33,488
Transfers	2,875	0	3,206	0	6,081
As at 31 December 2021	2,584,691	169	946,939	14,945	3,546,744
Net book value					
As at 1 January 2021	2,264,641	536,055	188,319	505,798	3,494,813
As at 31 December 2021	2,352,234	540,433	175,087	497,494	3,565,248
Cost					
As at 1 January 2022	4,936,925	540,602	1,122,026	512,439	7,111,992
Additions	21,858	19,816	13,950	242,701	298,325
Disposals	-14,024	-25,359	-33,260	-48,528	-121,171
Transfers	106,271	1,056	34,442	-141,769	0
Transfer to investment property (Note 5)	-100	-216	0	0	-316
Transfer from investment property (Note 5)	1,020	751	0	0	1,771
As at 31 December 2022	5,051,950	536,650	1,137,158	564,843	7,290,601
Accumulated depreciation / Impairment					
As at 1 January 2022	2,584,691	169	946,939	14,945	3,546,744
Additions	98,677	5	32,994	3,027	134,703
Disposals	-11,781	-13	-33,389	-1,571	-46,754
Transfers	2,265	0	4,194	0	6,459
As at 31 December 2022	2,673,852	161	950,738	16,401	3,641,152
Net book value					
As at 1 January 2022	2,352,234	540,433	175,087	497,494	3,565,248
As at 31 December 2022	2,378,098	536,489	186,420	548,442	3,649,449



Part of non-current assets as at 31 December 2022 is railway infrastructure assets in use in original cost in the amount of EUR 6,345,054 thousand (as at 31 December 2021: EUR 6,222,767 thousand) and in carrying value in the amount of EUR 2,998,462 thousand (as at 31 December 2021: EUR 2,975,120 thousand) of which assets acquired from subsidies in carrying value in the amount of EUR 1,428,717 thousand (as at 31 December 2021: EUR 1,364,250 thousand) and assets held for sale as at 31 December 2022 in carrying value of EUR 782 thousand (as at 31 December 2021: EUR 629 thousand).

Acquisition cost of all fully written off property, plant and equipment that are utilized by the Company as at 31 December 2022 is in the amount of EUR 1,929,383 thousand (as at 31 December 2021: EUR 1,817,168 thousand). Temporary unused assets in original cost are in the amount of EUR 32,657 thousand (as at 31 December 2021: EUR 34,758 thousand) and in carrying value in the amount of EUR 20,610 thousand (as at 31 December 2021: EUR 22,201 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 19,117 thousand (as at 31 December 2021: EUR 25,278 thousand) and which is not reflected in the Company's statement of financial position. Company is engaged in resolving these claims. During the year 2022, title to land was transferred to the Company and capitalized in its statement of financial position in the amount of EUR 5,910 thousand (as at 31 December 2021: EUR 13 thousand). Overall though administrative values assigned to land already reflected in the Company's statement of financial position were decreased by an amount of EUR 5,188 thousand (as at 31 December 2021: increased by EUR 499 thousand). These value adjustments are recorded to Capital funds in Equity based on land improvements of the register of renewed land registration carried out by Land Register. At the same time, in 2022, lands that had already been included in the accounting through capital funds in previous years were removed from the accounting. The Company also manages land in the amount of EUR 25,426 thousand (as at 31 December 2021: EUR 21,240 thousand) reported on acquisition account and the Company is heavily involved with their transfer into use. During the year 2022, lands were transferred into use in the amount of EUR 1,615 thousand (in 2021: EUR 3,999 thousand).

The Company recorded capitalized borrowing costs due to financing of constructions in the amount of EUR 204 thousand (in 2021: EUR 85 thousand).

Low-value tangible assets not included in the Statement of financial position as at 31 December 2022 is in the amount of EUR 38,136 thousand (as at the date of inventory of 2021: EUR 38,869 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 2022. 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:

	<i>Buildings and infrastructure</i>	<i>Lands</i>	<i>Machinery, Equipment and other assets</i>	<i>Assets under construction</i>	<i>Total</i>
As at 1 January 2021	4,500	165	30	14,286	18,981
Creation	1,500	6	645	2,598	4,749
Reversal	0	0	0	-224	-224
Reversal of impairment loss	-735	-2	-27	-1,715	-2,479
As at 31 December 2021	5,265	169	648	14,945	21,027
As at 1 January 2022	5,265	169	648	14,945	21,027
Creation	1,888	5	10	3,027	4,930
Reversal	0	0	0	-184	-184
Reversal of impairment loss	-1,989	-13	-590	-1,387	-3,979
As at 31 December 2022	5,164	161	68	16,401	21,794

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 - the annual indemnity limit in the case of natural disaster insurance for all insured events, except for catastrophic damages, is EUR 10,000 thousand and the annual indemnity limit for all insured events for catastrophic damages risks is EUR 6,000 thousand. Catastrophic damage is: landslide, vehicle impact, floods and inundations, storm, hail, earthquake, falling objects. In the case of insurance of machinery, equipment and electronics, the annual limit of indemnity for all insured events is EUR 2,000 thousand. ŽSR has also liability insurance (the annual limit of indemnity for all insured events is EUR 2,000 thousand). The Company records in revenues received and claimed insurance claims in the amount of EUR 1,759 thousand (in 2021: EUR 1,267 thousand).



5 INVESTMENT PROPERTY

	<i>Buildings and infrastructure</i>	<i>Lands</i>	<i>Total</i>
Cost			
As at 1 January 2021	42,524	11,553	54,077
Additions	0	0	0
Disposals	-45	-123	-168
Transfer from Property, Plant and Equipment (Note 4)	27	192	219
Transfer to Property, Plant and Equipment (Note 4)	-3,801	-738	-4,539
As at 31 December 2021	38,705	10,884	49,589
Accumulated depreciation / Impairment			
As at 1 January 2021	22,988	0	22,988
Additions	457	0	457
Disposals	-869	0	-869
Transfers	-901	0	-901
As at 31 December 2021	21,675	0	21,675
Net book value			
As at 1 January 2021	19,536	11,553	31,089
As at 31 December 2021	17,030	10,884	27,914
Cost			
As at 1 January 2022	38,705	10,884	49,589
Additions	0	0	0
Disposals	-476	-169	-645
Transfer from Property, Plant and Equipment (Note 4)	100	216	316
Transfer to Property, Plant and Equipment (Note 4)	-1,020	-751	-1,771
As at 31 December 2022	37,309	10,180	47,489
Accumulated depreciation / Impairment			
As at 1 January 2022	21,675	0	21,675
Additions	571	0	571
Disposals	-380	0	-380
Transfers	-567	0	-567
As at 31 December 2022	21,299	0	21,299
Net book value			
As at 1 January 2022	17,030	10,884	27,914
As at 31 December 2022	16,010	10,180	26,190



According to IAS 36 – Impairment of Assets, as at 31 December 2022 the Company recognized allowance in the amount of EUR 802 thousand (as at 31 December 2021: EUR 922 thousand).

Allowances for IAS 40	Year 2022	Year 2021
As at 1 January	922	1,754
Creation	0	0
Reversal	-120	-832
As at 31 December	802	922

The following table presents assets disclosed at fair value.

Assets	Level 1	Level 2	Level 3
Hospital	0	27,710	0
Land	0	787	20,572
Building	0	1,296	7,144

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 2022.

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 2022 is in the amount of EUR 57,509 thousand (as at 31 December 2021: EUR 61,638 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 340 property items (as at 31 December 2021: 422), simplified method of positional differentiation was used for a total 1,361 items (as at 31 December 2021: 1,369), income method was used for a total 385 items (as at 31 December 2021: 426) and acquisition cost method was used for a total 278 items (as at 31 December 2021: 319) and a comparative method (determination of fair value by comparison with a similar type of land in a given locality for which an expert valuation was available) was used for a total 42 items (as at 31 December 2021: 33 items).

The fair value of buildings was determined by time value method for a total 386 items (as at 31 December 2021: 407), simplified income method for a total 45 items (as at 31 December 2021: 55),



objectification method expertly determined general value for a total 62 items (as at 31 December 2021: 71), acquisition cost method for a total 48 items (as at 31 December 2021: 52), and qualified estimate was used for a total 51 items (as at 31 December 2021: 51).

Costs related with investment property represent the amount of EUR 600 thousand (as at 31 December 2021: EUR 684 thousand) and revenues related with investment property represent the amount of EUR 3,079 thousand (as at 31 December 2021: EUR 3,078 thousand).



6 INTANGIBLE ASSETS

	<i>Capitalized Development Cost</i>	<i>Software</i>	<i>Assets under construction</i>	<i>Right of use</i>	<i>Total</i>
Cost					
As at 1 January 2021	4	42,515	2,525	14,951	59,995
Additions	0	794	1,779	12	2,585
Disposals	0	-624	-230	-233	-1,087
Transfers	0	1,476	-1,476	0	0
As at 31 December 2021	4	44,161	2,598	14,730	61,493
Accumulated depreciation / Impairment					
As at 1 January 2021	3	31,401	573	5,654	37,631
Additions	0	5,865	476	3,495	9,836
Disposals	0	-624	-509	0	-1,133
Transfers	0	0	0	0	0
As at 31 December 2021	3	36,642	540	9,149	46,334
Net book value					
As at 1 January 2021	1	11,114	1,952	9,297	22,364
As at 31 December 2021	1	7,519	2,058	5,581	15,159
Cost					
As at 1 January 2022	4	44,161	2,598	14,730	61,493
Additions	0	8,036	1,216	65	9,317
Disposals	0	-3	-1,016	-295	-1,314
Transfers	0	1,238	-1,238	0	0
As at 31 December 2022	4	53,432	1,560	14,500	69,496
Accumulated depreciation / Impairment					
As at 1 January 2022	3	36,642	540	9,149	46,334
Additions	0	7,423	9	3,596	11,028
Disposals	0	-573	-458	-315	-1,346
Transfers	0	0	0	0	0
As at 31 December 2022	3	43,492	91	12,430	56,016
Net book value					
As at 1 January 2022	1	7,519	2,058	5,581	15,159
As at 31 December 2022	1	9,940	1,469	2,070	13,480



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.

V According to IAS 36 – Impairment of Assets, the Company recorded allowance for assets under construction in the amount of EUR 9 thousand (as at 31 December 2021: EUR 476 thousand). As at 31 December 2022 the Company recognized allowance for assets under construction in the amount of EUR 90 thousand (as at 31 December 2021: EUR 540 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 2022	year 2021
interest expense on lease liabilities	83	156
the expense relating to short-term leases	12	4
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 2022	Carrying amount 31 December 2021	Depreciation 2022
Buildings	217	253	-36
Structures	369	395	-59
Power and propulsion machinery and equipment	19	22	-3
Working machinery and equipment	6	7	-1
Means of transport	1,223	4,504	-3,196
Land	235	399	15
Right-of-use assets total	2,069	5,580	-3,280

Total cash outflow for leases for 2022 represents amount of EUR 3,980 thousand (as at 31 December 2021: EUR 4,261 thousand).



7 FINANCIAL INVESTMENTS

	Subsidiaries	Associated companies	Other investments	Total 2022	Total 2021
Opening balance as at 1 January	1,009	6,464	151	7,624	5,649
Additions	0	0	0	0	1,975
Disposals	0	0	0	0	0
Closing balance as at 31 December	1,009	6,464	151	7,624	7,624

Structure of capital participation as at 31 December 2022 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)	11,193	493	Slovakia	55.26	Management of supplementary pension funds
Associated companies					
ŽPSV, a. s., Čaňa (Note 41)	5,379	28	Slovakia	41.06	Manufacturing of concrete products, prefabricated components and structures for construction purposes
Breitspur Planungsgesellschaft mbH in Liqu, Vienna (Austria)	2,026	-1,060	Austria	27.74	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	3,384	219	Netherland	4.00	Implementation of the interconnection of information systems within the UIC

The presented financial data of associated companies are not prepared in accordance with IFRS.

The company Breitspur Planungsgesellschaft mbH in Liqu, Vienna went into liquidation on 1 January 2023 based on the resolution of the General Assembly held on 13 December 2022. The resolution was published in the official gazette on 3 January 2023. The Company did not record allowance due to declaration of liquidation, as the associated company was acquired from subsidies.

In 2022, There was a transfer of shareholder interest in the company Stabilita, d. d. s., a. s.. From 22 February 2022, the shareholders of Stabilita, d. d. s., a. s. are IAD Investment with a share of 44.69%, Marek Szabo with a share of 0.05% and ŽSR with a share of 55.26%. As a result of transfer of shareholder interest and due to method of decision-making of General Meeting of Stabilita, there has been change of control over the company, jointly exercised by ŽSR and IAD Investment.



8 NON-CURRENT RECEIVABLES

	<i>31 December</i> 2022	<i>31 December</i> 2021
Non-current trade receivables	38	51
Provided advances for Property, Plant and Equipment	9,003	5,703
Receivables from sale of flats	95	152
Other non-current receivables	36	98
Allowances for receivables	-5,618	-5,605
Total non-current receivables	3,554	399

Non-current receivables increased due to increase in provided advances for connection fees on realized constructions.

Progress in allowances for non-current receivables:

As at 31 December 2021	5,605
Creation	13
Reversal	0
As at 31 December 2022	5,618

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

9 INVENTORIES

	Cost 2022	Book value 2022	Cost 2021	Book value 2021
Products of engineering and metal industry	5,788	3,866	7,793	5,758
Products of electro-technical industry	3,013	1,837	3,608	2,730
Products of steel industry	2,290	1,922	2,807	2,459
Products of chemical industry	1,363	1,263	1,212	1,093
Personal protective equipment and uniforms	919	903	786	770
Building materials and products of wood industry	633	528	1,415	1,191
Other materials	495	369	601	480
Total inventories	14,501	10,688	18,222	14,481



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 in operating warehouses (i) constant backup which must be stored in certain warehouses to ensure immediate and extraordinary maintenance and repair in the event of malfunctions threatening the safety and the fluidity of railway operation and natural disasters and (ii) long-needed supplies that are not commonly available on the market and are intended for devices in use, while their supply must be proportional to the number of these devices. Allowances are not recorded for these stocks.

The Company records from total inventory:

	31 December 2022	31 December 2021
Constant backup	2,315	1,498
Long-needed supplies	653	569

Within the inventory, the Company has a defined list of strategic goods in the amount of EUR 10,224 thousand.

The Company recorded allowances for slow moving and obsolete inventories following comparison of valuation with net realizable value as at 31 December 2022.

Progress in allowances for inventories:

Balance as at 31 December 2021	3,741
Creation	2,428
Disposal of inventories	-301
Dissolution of relevance	-2,055
Balance as at 31 December 2022	3,813

The Company registers off balance sheet records inventories of material of mobilization reserves - program 222 in the amount of EUR 11,197 thousand (as at 31 December 2021: EUR 11,231 thousand) and material in civil defence warehouses in the amount of EUR 731 thousand (as at 31 December 2021: EUR 736 thousand).



10 CURRENT TRADE RECEIVABLES

	<i>31 December</i>	<i>31 December</i>
	2022	2021
Trade receivables	74,008	12,006
Provided advances	226	207
Other trade receivables	1,129	1,627
Allowances for receivables	-63,187	-2,117
Total current receivables	12,176	11,723

Trade receivables increased due to record of claim for damages against the company A.En. Slovensko s.r.o. The receivable is recorded after the due date.

Overdue trade receivables are in the amount of EUR 64,359 thousand (as at 31 December 2021: EUR 2,536 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	<i>Of which: Allowances for debtors in bankruptcy</i>
Balance as at 31 December 2021	2,117	1,008
Creation	61,593	14
Reversal because of receivable write-off	-187	-40
Reversal because of full or partial collection	-336	-28
Balance as at 31 December 2022	63,187	954



11 OTHER RECEIVABLES AND ASSETS

	<i>31 December</i> 2022	<i>31 December</i> 2021
Other receivables	2,295	3,294
State receivables	58,993	49,509
Prepaid expenses	610	651
Allowances for receivables	-1,690	-1,723
Total other receivables and assets	60,208	51,731

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 55,460 thousand (as at 31 December 2021: EUR 46,435 thousand). The highest claim is for the Finishing of Marshalling yard “Žilina Teplička” (Hub Žilina) in the amount of EUR 21,699 thousand, electrification of railway track Haniská pri Košiciach – Moldava nad Bodvou in the amount of EUR 7 769 thousand and modernization of railway track “Liptovský Mikuláš – Poprad” in the amount of EUR 5,922 thousand.

Also in states receivables the Company recorded receivable from excess Value added tax in the amount of EUR 3,533 thousand (as at 31 December 2021: EUR 1,909 thousand).

Progress in allowances for other receivables:

Balance as at 31 December 2021	1,723
Creation	27
Reversal because of receivables write-off	-9
Reversal because of full or partial collection	-51
Balance as at 31 December 2022	1,690

12 CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash on hand	42	56
Cash in bank	47,892	70,791
Restricted cash	134,907	36,370
Total cash and cash equivalents in statement of financial position	182,841	107,217
Credit cards	0	0
Total cash and cash equivalents in statement of cash flow	182,841	107,217

Cash and cash equivalents include advance payments purposefully bound for financing of Connecting Europe Facility („CEF“) projects in the amount of EUR 113,449 thousand (as at 31 December 2021: EUR 16,639 thousand).

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

	<i>(in thousands of EUR)</i>
Advance payments as at 31 December 2022 are bound to following projects:	
Modernization of two track sections of railway track Devínska Nová Ves - state border Slovak republic / Czech Republic	86,472
Modernization of railway track Devínska Nová Ves - Kúty state border	10,846
Modernization of railway track Žilina - Košice, track section Liptovský Mikuláš - Poprad Tatry (except), stage I.	7,347
Modernization of corridor - state border Slovak republic / Czech Republic - Čadca - Krásno nad Kysucou (except), stage III., Čadca - state border Slovak republic / Czech Republic - realization	4,362
Finishing of Marshalling yard “Žilina Teplička” and the related railway infrastructure at Hub Žilina, track section Žilina (except) - Varín	4,158
Implementation of GSM-R into ŽSR network, track section Varín - Košice - Čierna nad Tisou, state border	221
Modernization of railway track Devínska Nová Ves - state border Slovak republic / Czech Republic, track section Malacky (except) - Kúty“, project documentation	43

Interest rates on deposits on current accounts in banks ranged from -0.7 % p. a. to 0.01 % 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 31 March 2022, loss from previous accounting period in the amount of EUR 19,629 thousand was used to retained earnings from previous years.

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 2022, administrative value of lands were corrected and total reduced in the amount of EUR 5,188 thousand (as at 31 December 2021: increased by EUR 487 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 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 2022 is in the amount of EUR 182,001 thousand (as at 31 December 2021: EUR 196,987 thousand). The legal reserve fund is in the amount of EUR 19,597 thousand (as at 31 December 2021: EUR 19,597 thousand), which represent more than 5 % of the value of assets less the value of railway infrastructure.

14 LOANS

	<i>31 December 2022</i>	<i>31 December 2021</i>
Short-term loans and current portion of long-term loans		
Euro		
Tatrabanka - capital expenditure loan, maturity 31 December 2023	10,000	10,000
Tatrabanka - capital expenditure loan, maturity 31 December 2023	1,500	1,500
SLSP - capital expenditure loan, maturity 31 December 2023	500	500
SIH - diagnostic vehicles, maturity 31 December 2023	1,131	0
	13,131	12,000
Interest on loans	5	0
Total Short-term loans and current portion of long-term loans	13,136	12,000
Loans		
Euro		
Tatrabanka - capital expenditure loan, maturity 30 June 2026	22,740	32,740
Tatrabanka - capital expenditure loan, maturity 31 December 2027	24,750	26,250
SLSP - capital expenditure loan, maturity 31 December 2041	9,000	9,500
SIH - diagnostic vehicles, maturity 31 December 2042	29,280	29,987
SIH – Railway station Košice-reconstruction, maturity 31 December 2045	10,000	0
Total Long-term loans	95,770	98,477
Total loans	108,906	110,477

In October 2022, the Loan Agreement was concluded between the National Development Fund II. a. s. (SIH) and ŽSR for funding capital project – Railway station Košice - reconstruction of platforms No. 1, 2, 3 and complex reconstruction of railway tracks No. 11,9,8,7,5,4,3a,1 with credit limit of EUR 12,774 thousand. As at 31 December 2022, total of EUR 10,000 thousand was drawn. From the drawn loan, invoices were paid in the amount of EUR 5,378 thousand as at 31 December 2022. Repayment of the principal will begin after the approval of the work.

In December 2022, Appendix No. 4 to the Loan Agreement between the National Development Fund II. a.s. (SIH) and ŽSR was concluded for the financing of diagnostic vehicles, the subject of which was also an increase in the credit limit by EUR 423,600 due to an increase in the contract price. The said increase was drawn as at 31 December 2022. In 2022, an invoice in the amount of EUR 3,322 thousand was paid from loan. Repayment of the principal will begin after signing the Acceptance Protocol.

In 2022, ŽSR paid principal repayments from the investment loans in total amount of EUR 12,000 thousand. As at 30 June and as at 31 December, paid interest on loans were in the total amount of EUR 389 thousand. In 2022, interest on loans were recorded as expenses in the amount of EUR 190 thousand (for the year 2021: EUR 127 thousand) and interest within acquisition cost of investment in the amount of EUR 204 thousand (for the year 2021: EUR 84 thousand).

15 STATE AND EU SUBSIDIES

Operational Programme Integrated Infrastructure 2014 - 2020 (OPII)

Within the project Operational Programme Integrated Infrastructure, in 2022 the Company drew subsidies in total amount of EUR 99,782 thousand (in 2021: EUR 25,826 thousand) for the actions listed below.

	2022	2021
Priority axis No. 1		
Railway track "Púchov – Žilina", stage I., track section "Púchov - Považská Teplá"	8,055	19,713
Finishing of Marshalling yard "Žilina Teplička" and the related railway infrastructure at Hub Žilina – realization	58,434	0
Implementation of the technical specification for interoperability in the conditions of ŽSR	1,128	621
Modernization of the Bratislava tunnel No. 2, Railway station Bratislava hlavná stanica	347	0
Implementation of ERTMS track section "Devínska Nová Ves - state border Slovak republic / Czech Republic (Construction B)	360	0
Transport hub Bratislava - feasibility study	0	49
Priority axis No. 3		
Intermodal Passenger Transport Terminal in Bratislava, section "Devínska Nová Ves - Bratislava hlavná stanica - Podunajské Biskupice", PD	115	147
Train stop Nové Košariská - parking lot for individual car transport	38	0
Priority axis No. 5		
Electrification of railway track "Haniska pri Košiciach - Moldava nad Bodvou", realization	9,022	0
Intermodal Passenger Transport Terminal Trebišov, realization	5,234	0
"Boleráz – Smolenice", modernization of railway superstructure of track No. 1	6,198	0
Railway station Dvory nad Žitavou, modernization of switches No. 14 - 20	6,372	0
Railway station Nové Zámky – Railway station Palárikovo, modernization of switch No. 1 and No. 2	4,479	0
Communication infrastructure of telematics services	0	5,296
	99,782	25,826

Capital subsidies from state budget

In 2022 the Company drew capital subsidies from state budget under contract of category of budget of Ministry of Transport in the amount of EUR 95,328 thousand (as at 31 December 2021: EUR 104,453 thousand). From the above subsidy, investment projects were provided as follows:

	2022	2021
Construction and renovation of railway network	18,783	15,475
<i>Of which the most significant drawing to investment projects:</i>		
Pial - Beša, remediation of terrestrial body	5,991	0
Modernization of railway track "Žilina – Košice", track section "Poprad Tatry (except) – Krompachy, stage I.	5,523	0
Reconstruction of railway tracks No. 1,2 in track section Kraľovany - Ľubochňa	1,414	2,790
Remediation of the rock wall in km 3.150 – 3.750 of track Kraľovany - Párnica	0	2,691

State budget outside co-financing + ineligible costs of OPII	55,691	60,074
<i>Of which the most significant drawing to investment projects:</i>		
Railway track “Púchov – Žilina”, stage I., track section Púchov - Považská Teplá	50,777	33,608
Finishing of Marshalling yard “Žilina Teplička” (Hub Žilina), realization	3,551	23,542
CEF projects - co-financing from the state budget/ineligible costs and the temporary EU	20,854	28,904
<i>Of which the most significant drawing to investment projects:</i>		
Modernization of Railway track “Žilina – Košice”, track section Liptovský Mikuláš - Poprad Tatry (except), stage I. (Poprad - Lučivná)	13,864	15,773
Modernization of railway section Váh - Varín - Strečno (section 1)	4,334	10,982
	95,328	104,453

Within interministerial subprogram Support of defence, under Contract for provision of funds, funds in the amount of EUR 374 thousand were allocated from Ministry of Transport of the Slovak republic in 2022 (in 2021: EUR 374 thousand) intended for the construction of loading and unloading spaces and access roads in railway station Kamenica nad Cirochou. The transferred funds were not used in 2022.

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 mainly for, Finishing of Marshalling yard “Žilina Teplička” (Hub Žilina) in the amount of EUR 21,699 thousand, Electrification of railway track Haniská pri Košiciach - Moldava nad Bodvou in the amount of EUR 7,769 thousand, modernization of railway track Liptovský Mikuláš - Poprad in the amount of EUR 5,922 thousand.

Balance of state and EU subsidies

Balance as at 31 December 2021	1,770,357
Drawing on subsidies	
Operational Programme Integrated Infrastructure 2014-2020	99,782
Used and received investment subsidy from state budget	96,822
Claim for subsidies (increase)	9,025
Release of the subsidy in the amount of depreciation and refunds	-127,828
Use of the advance payment of CEF (increase)	33,799
Balance as at 31 December 2022	1,881,957
Of witch short term portion	1,819,322
long term portion	62,635



16 ACCRUALS

	<i>31 December</i> 2022	<i>31 December</i> 2021
Received free of charge depreciable non-current asset	13,192	13,167
Received free of charge material – COVID 19	11	12
Other accrued income	192	189
Prepaid expenses	13	34
Total accruals	13,408	13,402

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 3,005 thousand (as at 31 December 2021: EUR 3,104 thousand), received donated adjustments of signalling systems from company Žilina Invest, s. r. o. in carrying value of EUR 1,503 thousand (as at 31 December 2021: EUR 1,732 thousand) and objects of induced modifications from Ministry of Transport in carrying value of EUR 780 thousand (as at 31 December 2021: EUR 812 thousand).

17 PROVISIONS

	<i>31 December</i> 2022	<i>31 December</i> 2021
Environmental burden – long-term portion	63,467	12,215
– short-term portion	0	206
Legal claims	1,426	1,401
Provisions for demolition of buildings	2,331	1,883
Total provisions	67,224	15,705

Progress in provisions:

	Environmental burden provision	Provision for legal claims	Provisions for demolition of buildings	Total provisions
Balance as at 31 December 2021	12,421	1,401	1,883	15,705
Creation	56,232	65	875	57,172
Interest income	-3,432	0	0	-3,432
Reversal due to provision drawing	-184	-6	-347	-537
Cancellation as not justified	-1,570	-34	-80	-1,684
Balance as at 31 December 2022	63,467	1,426	2,331	67,224

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 1 – 10 years. In 2022, 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. Based on this, the Company re-evaluated the estimate of the expected costs for the remediation of environmental burdens. Long-term portion of provision is calculated by a fixed interest rate of 4.0 % as at 31 December 2022 (as at 31 December 2021: 2.0 %).

Interests from discounting as a result of the passage of time are in the amount of EUR 0 (as at 31 December 2021: EUR 16 thousand), interest income due to change in the discount rate to 4.0 % is in the amount of EUR 3,432 thousand (as at 31 December 2021: EUR 0).

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 1,426 thousand (as at 31 December 2021: EUR 1,401 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 2022 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 2022 is in the amount of EUR 2,331 thousand (as at 31 December 2021: EUR 1,883 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

	<i>31 December</i> 2022	<i>31 December</i> 2021
Employee benefit - long -term portion	35,246	42,783
- short-term portion	<u>4,790</u>	<u>4,205</u>
Total employee benefit	<u>40,036</u>	<u>46,988</u>

Progress in employee benefit:

	2022	2021
Balance as at 1 January	46,988	46,331
Creation	1,636	2,587
Reversal due to provision drawing	-2,923	-2,620
Re-measurement of post-employment benefit	-5,665	690
Balance as at 31 December	<u>40,036</u>	<u>46,988</u>

Employee benefit provision

As at 31 December 2022 the Company recognized provision in the amount of EUR 40,036 thousand (as at 31 December 2021: EUR 46,988 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).

Company has defined benefit plans based on which pays out to employees 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	4.16 % p. a.
Future salary increases	in 2023 by 10 % p. a. and in subsequent years by 5 % p. a.
Mortality	Mortality of the Slovak population based on the mortality tables issued by the Statistical office of the Slovak Republic from 2015 – 2019

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 7.47 %;
- change in wage by +1 % for all subsequent years, provided that the other assumptions in calculation remain unchanged, results in increase of liability by 3.51 %;
- decrease of fluctuation by 10 % for all subsequent years, provided that the other assumptions in calculation remain unchanged, results in increase of liability by 0.53 %;
- 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 0.92 %.

The structure of employee benefit costs

	Employment benefits	Post-employment benefits	Total
Balance as at 31 December 2021	6,282	40,706	46,988
Current and past service cost	381	1,641	2,022
current service cost	287	1,641	1,928
past service cost	94		94
Interest expense	77	501	578
Re-measurements (gains and losses of actuarial)	-964	-5,665	-6,629
- changes in demographic assumptions	11	337	348
- changes in financial assumptions	-1,002	-5,899	-6,901
- resulting from practice	27	-103	-76
Payments program (benefits paid)	-719	-2,204	-2,923
Balance as at 31 December 2022	5,057	34,979	40,036

The average maturity of employment benefits is 6 years, future benefits is 11.17 years and the average maturity of post-employment benefits is 8.33 years, future benefits is 15.61 years.

As at 31 December 2022, re-measurements of post-employment benefit in the amount of EUR 5,665 thousand (profit) are disclosed in equity and other comprehensive income (as at 31 December 2021: loss EUR 690 thousand).

19 OTHER NON-CURRENT LIABILITIES

	<i>31 December</i> 2022	<i>31 December</i> 2021
Social fund liabilities	218	254
Other non-current liabilities	3,716	3,730
Lease liabilities	744	2,319
Rent received in advance	1,660	1,843
Advance payments of CEF	86,472	6,400
Total other non-current liabilities	92,810	14,546

Other non-current liabilities increased due to receive of advance payments purposefully bound for financing of Connecting Europe Facility („CEF“) projects.

Structure of social fund:

	2022	2021
Balance of fund as at 1 January	254	313
Creation	1,897	1,837
Spending	1,933	1,896
of which:		
meal allowance	833	850
contribution to the regeneration of the workforce	535	539
Balance as at 31 December	218	254

20 CURRENT TRADE PAYABLES

	<i>31 December</i> 2022	<i>31 December</i> 2021
Trade payables	72,322	79,722
Advances received	3,941	2,420
Other payables	1,381	1,246
Total current payables	77,644	83,388



Of the total amount of current trade payables, the Company recorded investment payables in the amount of EUR 44,907 thousand (as at 31 December 2021: EUR 50,578 thousand) and operating payables in the amount of EUR 32,737 thousand (as at 31 December 2021: EUR 32,810 thousand). Advances received primarily represents received payments from future contracts.

21 PAYABLES TO PUBLIC INSTITUTIONS

	<i>31 December</i> 2022	<i>31 December</i> 2021
Payables to insurance companies	11,934	10,440
Payables to tax authorities	2,764	2,404
Total payables to public institutions	14,698	12,844

22 OTHER PAYABLES

	<i>31 December</i> 2022	<i>31 December</i> 2021
Employees	22,573	20,854
Advance payments of CEF	26,977	10,239
Other payables	20,439	2,628
Lease liabilities	1,606	3,537
Total other payables	71,595	37,258

Total other liabilities increased due to receive of advance payments purposefully bound for financing of Connecting Europe Facility („CEF“) projects. Other payables increased due to record of the liability to the Ministry of Transport of the Slovak Republic due to the obligation to return funds for OPII.

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.

	<i>31 December</i> 2022	<i>31 December</i> 2021
Fees for access to railway infrastructure – cargo transport	26,319	20,801
– passenger transport	55,072	51,827
Total fees for access to railway infrastructure	81,391	72,628

	<i>31 December</i> 2022	<i>31 December</i> 2021
Sales of additional services of railway infrastructure – cargo	29	31
Sales of additional services of railway infrastructure – passenger	0	0
Total sales of additional services of railway infrastructure	29	31

As at 31 December 2022, the total number of railway carriers is 49, herein the number of Slovak carriers is 28 and the number of foreign carriers is 21. In 2022, 5 carriers for passenger transport, 41 carries for freight transport and 3 carriers for passenger and freight transport operated on the railways of ŽSR.

24 SUBSIDY FOR RAILWAY INFRASTRUCTURE OPERATION

In accordance with Appendix No. 14 – No. 16 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 2022 operational subsidy for the operation of the railway infrastructure in the amount of EUR 354,600 thousand (as at 31 December 2021: EUR 298,600 thousand). Final evaluation of performance of the Contract on the Operation of the Railway Infrastructure for the year 2022 will be evaluated during the year 2023. Contract on the Operation of the Railway Infrastructure for the year 2021 was protocol evaluated on 13 September 2022 and ŽSR's results were confirmed – balanced economic result equal to zero.

In 2022, under the Contract on the Operation of the Railway Infrastructure, compensation of financial impact associated with reduction of charges for access to railway infrastructure for cargo carriers was budgeted to the Company in the amount of EUR 22,500 thousand (as at 31 December 2021: EUR 28,241 thousand). Discounts for cargo carriers for access to railway infrastructure were provided in accordance with the Contract until 31 December 2022 in the total amount of EUR 21,315 thousand (as at 31 December 2021: EUR 27,760 thousand). A receivable for discounts for December 2021 in the amount of EUR 1,165 thousand and discounts for the year 2022 in the amount of EUR 21,315 thousand was paid from the provided compensation. The Company did not draw the difference between discount provided and the budgeted amount under the Contract on the Operation of the Railway Infrastructure in the amount of EUR 20 thousand. Providing of discounts 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 2022	31 December 2021
Subsidies for railway infrastructure operation	354,600	298,600
Compensation from the reduction of fees for access	<u>21,315</u>	<u>27,760</u>
Total subsidies and compensation for railway infrastructure operation	<u>375,915</u>	<u>326,360</u>



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.

	<i>31 December</i>	<i>31 December</i>
	2022	2021
Sales of lease of TIP Lužianky	1,133	1,097
Sales of operating performance - TIP Lužianky	2,234	2,044
Sales of fee for use of concession assets - TIP Žilina	1,560	2,400
Total operation and concessions of TIP	4,927	5,541

26 ELECTRIC ENERGY

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

	<i>31 December</i>	<i>31 December</i>
	2022	2021
Sales of traction energy	66,988	30,257
Sales of distribution of traction energy	26,733	34,472
Sales of non-traction energy	1,976	1,840
Sales of distribution of non-traction energy	1,984	2,194
Sales of energy – national nuclear fund	1,607	1,641
Total sales of track energy	99,288	70,404

Sales of traction energy increased due to higher contracted prices for carriers. Sales of distribution of traction energy decreased due to decrease in the tariff for operating the system for the year 2022.

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.

	<i>31 December</i>	<i>31 December</i>
	2022	2021
Sales of IT services	2,715	2,753
Sales of telecommunication services – data	1,735	1,734
Sales of telecommunication services – voice	320	352
Sales of telecommunication services – others	427	400
Total sales of telecommunication services and informatics	5,197	5,239

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.

	<i>31 December</i>	<i>31 December</i>
	2022	2021
Revenues from rental of non-residential premises	4,955	4,876
Revenues from rental of land	2,684	2,665
Revenues from rental of residential premises	581	591
Revenues from rental of movable assets	432	426
Profit from disposal of non-current assets	4,926	4,351
Profit from sale of material	2,218	1,321
Total revenues from rental	15,796	14,230

29 OTHER REVENUES

	<i>31 December</i> 2022	<i>31 December</i> 2021
Sales of trailers turned out and other technical services	1,925	1,777
Sales for heat and steam (heat production)	1,313	1,383
Sales for training, education	1,356	1,146
Sales of water and sewage charges	715	677
Sales of accommodation services	695	501
Sales of works canteens and catering services	294	182
Own work capitalized	4,559	6,236
Re-earned material	2,498	2,657
Received free of charge material – COVID 19	0	31
Others revenues	4,010	3,415
Total sales of other services	17,365	18,005

30 NET SALES

	<i>31 December</i> 2022	<i>31 December</i> 2021
Sales of services	206,620	169,015
Sales of goods	78	66
Subsidy in accordance with the Contract on the Operation of the Railway Infrastructure	375,915	326,360
Total net sales	582,613	495,441

31 MATERIALS

	<i>31 December</i> 2022	<i>31 December</i> 2021
Consumption of materials	-24,919	-22,538
Fuel consumption	-5,288	-3,920
Consumption of fixed asset	-1,083	-1,325
+ Creation / - Reversals of allowances for inventories	-72	1,147
Total materials and consumables	-31,362	-26,636

32 ENERGIES

	<i>31 December</i> 2022	<i>31 December</i> 2021
Electricity	-164,582	-75,012
Gas	-4,640	-1,803
Steam and heat	-4,343	-3,735
Water	-1,279	-1,343
Total energies	-174,844	-81,893

The increase in energy costs was caused by higher purchase prices.

33 SERVICES

	<i>31 December</i> 2022	<i>31 December</i> 2021
Repairs and maintenance	-22,149	-21,248
Costs of waste disposal	-502	-356
Costs of cleaning	-5,039	-4,885
Costs of information technology	-6,950	-8,767
Costs for machineries performance with operator	-588	-614
Paid rent and remuneration	-464	-504
Costs of diagnostics, metrology, project documentation, experts opinions	-483	-463
Costs of telecommunication services	-1,095	-1,113
Costs for sewage, sludge disposal	-1,037	-1,183
Cost of flaw detection and diagnosis	-2,277	-2,424
Transportation if not included in the cost	-257	-262
Costs of software and software licences	-48	-180
Guarding, security and investigation services	-1,360	-1,137
IT support and consulting costs	-329	-460
of which costs of auditing services	-70	-70
Demolition and dismantling costs	-395	-585
Others	-2,782	-1,859
Total services	-45,755	-46,040

34 PERSONNEL COSTS

	<i>31 December</i> 2022	<i>31 December</i> 2021
Salary costs	-207,718	-201,316
Social security costs	-81,820	-76,934
Employee benefit provision	1,287	33
Other social costs	-25,340	-16,042
Total personnel costs	-313,591	-294,259

Average number of employees during the financial year as at 31 December 2022 was 13,339.81 (as at 31 December 2021: 13,484.52) and the Company employed 13,303 employees as at 31 December 2022 (as at 31 December 2021: 13,490 employees) of which manager employees directly responsible of general director is 34 (as at 31 December 2021: 35).



35 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	<i>31 December</i> 2022	<i>31 December</i> 2021
Depreciation and amortization and residual value of disposed assets	-147,235	-150,246
Release of accruals in the amount of depreciation	74,143	73,030
Impairment	-210	-1,190
Total depreciation, amortization and impairment	-73,302	-78,406

36 OTHER OPERATING COSTS, NET

	<i>31 December</i> 2022	<i>31 December</i> 2021
Fare	-4,639	-3,699
Taxes and fees	-3,425	-3,441
Property insurance	-2,847	-2,846
Other costs and revenues	62,796	-552
- Creation / + Reversal of allowances for receivables	-61,037	1,317
- Creation / + Reversal of legal claims provision	-25	441
- Creation / + Settlement of provision for environmental burden	-54,478	205
Total other operating costs, net	-63,655	-8,575

37 OTHER FINANCIAL COSTS AND INCOME

	<i>31 December</i> 2022	<i>31 December</i> 2021
Bank charges	-35	-33
Interest expense on lease liabilities	-83	-156
Other financial expenses	-1	-17
Interest income	64	4
Other financial income	3,770	2
Total other financial costs and income	3,715	-200



38 CORPORATE INCOME TAX

	31 December 2022	31 December 2021
Profit before tax according to Slovak accounting standards	-102,688	-23,773
of which theoretical tax at	21%	21%
	-21,564	-4,992
Tax effect of		
Items increasing profit or loss	135,409	101,778
Items decreasing profit or loss	-23,315	-61,644
Tax base (+) / Tax loss (-)	9,406	16,361
Tax base less tax loss deduction	0	0
Deferred tax	-30,613	-50,181
Tax expense	0	0
Temporary differences arising between the tax bases of assets and their carrying amounts, of which:	256,918	315,088
Deductible	-96,040	-34,667
- allowances for property, plant and equipment	-22,686	-22,488
- allowances for receivables	-69,542	-8,438
- allowances for inventories	-3,812	-3,741
Taxable	352,958	349,755
- Property, Plant and Equipment	352,885	349,679
- Income recognized after payment	73	76
Temporary differences arising between the tax bases of liabilities and their carrying amounts, of which:	-111,142	-66,712
Deductible	-111,142	-66,712
- provisions recorded as expenses	-116,667	-65,850
- provisions recorded in equity	5,665	-690
- costs recognized after payment	-140	-172
Taxable	0	0
Possibility to carry forward tax losses in future	0	9,418
Tax rate	21%	21%
Deferred tax (+ assets / - liabilities):		
- deferred tax at valid tax rate, net	-29,423	-52,304
- deferred tax recorded in equity	-1,190	145
- deferred tax from possibility to carry forward tax losses in future	0	1,978
Total deferred tax (+ assets / - liabilities)	-30,613	-50,181
Change in deferred tax liability	19,568	4,573
recorded in income statement	20,903	4,069
recorded in equity	-1,334	504

In the period of taxation 2022 the Company amortized the cumulative tax losses in the amount of EUR 9,406 thousand and disclosed tax base in the amount of EUR 0 (as at 31 December 2021: after amortization of cumulative tax losses of EUR 16,361 thousand, tax base of EUR 0).

Withholding tax on interest in the amount of EUR 129.60 was deducted in the period of taxation 2022 (as at 31 December 2021: EUR 243.66).

At the reporting date, the Company recorded deferred tax liability in equity from re-measurement of post-employment benefit in the amount of EUR 1,334 thousand (as at 31 December 2021: deferred tax asset in the amount of EUR 504 thousand) and deferred tax asset in the amount of EUR 20,903 thousand (as at 31 December 2021: deferred tax asset of EUR 4,069 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 contracted expenditure budget for years 2023 – 2025 is set out in the table below:

Year	<i>Track and infrastructure</i>	<i>IT and telecom</i>	<i>Total</i>
2023	471,326	1,205	472,531
2024	344,665	654	345,319
2025	36,759	0	36,759
Total	852,750	1,859	854,609

40 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

ŽSR registers legal claims in the amount of EUR 54,503 thousand (as at 31 December 2021: EUR 53,166 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 131 thousand (as at 31 December 2021: EUR 83 thousand).

41 RELATED PARTY TRANSACTIONS

Based on the volume of realized transactions in 2022, 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 11.63 % (as at 31 December 2021: 12.63 %) and from Železničná spoločnosť Cargo Slovakia, a. s., represent 3.29 % (as at 31 December 2021: 2.93 %) 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 2022	31 December 2021	31 December 2022	31 December 2021
Liabilities	104	29	58	51
Receivables	2,824	2,732	672	739
Allowances	0	10	25	35

In accordance with the Contract on the Operation of the Railway Infrastructure, the Company received subsidy in the amount of EUR 354,600 thousand in 2022, and will be evaluated during the year 2023. Based on this Contract, compensation of financial impact associated with reduction of charges for access to railway infrastructure for cargo carriers was also provided in the amount of EUR 22,500 thousand (Note 24). In accordance with the Contract, discounts for cargo carriers were provided in 2022 in the amount of EUR 21,315 thousand. A receivable for discounts for December 2021 in the amount of EUR 1,165 thousand and discounts for the year 2022 in the amount of EUR 21,315 thousand was paid from the provided subsidy. The Company did not draw the difference between discount provided and the budgeted amount under the Contract on the Operation of the Railway Infrastructure in the amount of EUR 20 thousand.

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 2022, 11,103 employees of the Company is involved (as at 31 December 2021: 11,416). Based on the Collective Labour 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 2022 are in the amount of EUR 5,305 thousand (as at 31 December 2021: 4,912 thousand). As at 31 December 2022, the Company records liabilities in the amount of EUR 684 thousand (as at 31 December 2021: EUR 607 thousand).



As at 31 December 2022, the Company records receivables from associated company Železničná priemyselná stavebná výroba, Čaňa in the amount of EUR 2 thousand (as at 31 December 2021: EUR 2 thousand). Revenues for the year 2022 were in the amount of EUR 21 thousand (as at 31 December 2021: EUR 14 thousand). As at 31 December 2022 the Company records no liabilities (as at 31 December 2021: EUR 663 thousand) (Note 7).

In 2022 the Company paid out employee benefits in the amount of EUR 668 thousand (in 2021: EUR 703 thousand) to the key management of the Company, of this Management Board in the amount of EUR 145 thousand (as at 31 December 2021: EUR 133 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 of Annual Report that occurred after 2022.

43 APPROVAL OF FINANCIAL STATEMENTS

Financial statements in notes 1 to 43 were prepared and signed on behalf of the Company on 9 March 2023:



Ing. Milošlav Havrila
General Director

List of signs and abbreviations

AGC	European Agreement on Main International Lines
AGTC	European Agreement on Important International Combined Transport Lines
a. s.	joint-stock company
AT	Austria
ATÚ	Automatic Telephone Exchange
BOZP	Occupational Health and Safety
BTS	Base Transceiver Station
CEF	Connecting Europe Facility
CEO Summit	Summit of Chief Executive Officers
CER	Community of European Railway and Infrastructure Companies
ČR	Czech Republic
DCM	Digital Capacity Management
DHM	long-term tangible assets
DNM	long-term intangible assets
DSPRS	Documentation for construction permit and construction realization
DSZ	Documentation for construction intention
DÚR	Documentation for territorial decision
EIA	Environmental Impact Assessment
EON	economically eligible costs
EOV	economically eligible revenues
ERTMS	European Rail Traffic Management System
ETCS	European Train Control System
EÚ	European Union
GSM – R	Global System for Mobile Communications – Railway
GVD	Train timetable
GWP	Global Warming Potential
hrtkm	gross-tonne kilometre
IS	information systems
IKT	Information and communication technologies
IRS	International Railway Solution
km	kilometre
ks	piece
KT	capital transfer
KZ	Collective Agreement
m	metre
m. j.	measurement unit
MÁV	Magyar Államvasutak Zrt – Hungarian Railways
MD SR	Ministry of Transport of the Slovak Republic
MF SR	Ministry of Finance of the Slovak Republic
NN	non-eligible costs
NR SR	National Council of the Slovak Republic
ÖBB	Österreichische Bundesbahnen – Austrian Federal Railways
OPII	Operational Programme Integrated Infrastructure



OR	Regional Directorate
OSŽD	Organization for Cooperation of Railways
PD	project documentation
POTR	temporary track speed restriction
PRIME	Platform of Rail Infrastructure Managers in Europe
RFC	Rail Freight Corridor
RINF	Register of Infrastructure
RNE	Rail Net Europe
SEA	Strategic Environmental Assessment
SR	Slovak Republic
ŠR	state budget
STN	Slovak technical standard
TEN –T	Trans-European Transport Network
TEN – T CORE	Trans-European Transport Network CORE
TIOP	Integrated passenger transport terminal
TIP	Intermodal transport terminal
TOTR	permanent track speed restriction
TSI	Technical specifications for interoperability
TSI TAF	technical specifications for interoperability relating to the subsystem 'telematic applications in freight' of the rail system
TSI TAP	technical specifications for interoperability relating to the subsystem 'telematic applications in passenger transport' of the trans-European rail system
TTR	Timetabling and Capacity Redesign
UIC	International Union of Railways
vlkm	train kilometre
v. j.	switch unit
VOJ ŽSR	Internal Organizational Unit of Železnice Slovenskej republiky
v z. n. p.	as amended
ZSSK	Železničná spoločnosť Slovensko, a. s., Bratislava
Z. z.	Collection of Laws
ZPŽI	Contract on the operation of railway infrastructure
ŽSR	Railways of the Slovak Republic (Železnice Slovenskej republiky)
ŽST	railway station
ŽT	Railway Telecommunications



Contact

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